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ORDINARY, MS.

Public DEPARTMENT.
G.O., DATED 29-11-92
No. 824

INDEXED.

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[Despatch Abstract.]

Copy to the Collector
of Godavari. pro of
the P. W. Dept. regard-
ing the proposal that
the Andhra Railway
work the Bezvada
Godavari section East
Coast Railway—

FURTHER PAPER, No. 3491 1205- OF 18 9.2
10 72-82

READ AGAIN ORDER OF GOVERNMENT, DATED
18, No. MISCELLANEOUS.

ENCLOSURES.

CURRENT No. 3279

STATEMENT WITH DITTO.

ORDER OF GOVERNMENT.

LETTER OF GOVERNMENT.

STATEMENT WITH DITTO.

PAPERS NOT FILED UP, BEING MEANT FOR DESPATCH
IN ORIGINAL (not paged).

N.B.—

- A = Copy in full.
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- P = Copy abstract only.
- Q = Copy heading only.

CURRENT NO. 32

6TH OCTOBER 1892, No. No. 2383 R., PUBLIC WORKS.

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

Railway.

Read the following papers:—

Telegram from the Chamber of Commerce, Madras, dated 13th August 1892.

From the Chairman, Chamber of Commerce, Madras, to the Joint Secretary to Government, Public Works Department, Railway Branch, dated Madras, 17th August 1892.

I had the honour of despatching the following telegram to you on Saturday, the 13th instant:—

“Chamber understands Madras Government has sanctioned proposals handing over to Nizam's Railway of temporary working of sections East Coast Railway about be completed. Chamber earnestly begs Government will withdraw its sanction earliest date for Chamber considers it most undesirable in interests Madras that such arrangement even temporary should made owing probable diversion of trade to Bombay which once established could not altered. Letter follows.”

I beg now to confirm this telegram, and, on behalf of the Chamber, to make the following representations.

The recent reports in the public Press to the effect that it is in contemplation by Government to entrust the working of that portion of the East Coast Railway between Bezvada and Cocanada about to be opened for traffic to His Highness the Nizam's Guaranteed Railway Company have caused grave anxiety to this Chamber as representing the mercantile community interested in the trade of Madras.

The public utterances of their Excellencies the Lords Connemara and Wenlock have led the Chamber to entertain the hope that the Government shared with it the anxiety that the East Coast Railway should not only develop the trade of the districts through which it passes, but should enable the ports on the coast to serve the trade of those districts and to some extent replace the port of Madras in the position of commanding the trade of its own Presidency, of which the course of recent railway extension has to so great an extent deprived it. The Chamber would especially refer to the Order of the Madras Government, No. 1880 R., dated the 15th August 1891, in which, when recommending the construction of a direct line between Madras and Bezvada by the Madras Railway Company, Government added a strong expression of opinion that the working of the East Coast Railway should also be entrusted to that Company, a recommendation which led the Chamber to believe that the Government was fully alive to the fact that complete community of interest between the railway serving the new districts and those more fully developed was the surest means not only of securing the fullest development of their trade but also of remedying in some degree those errors of alignment which have so adversely affected the older railway in the past.

As the Government has not informed the Chamber of its contemplated action or of the reasons which have influenced it, the Chamber has only the newspaper reports to guide it and it learns from these that it is proposed to entrust the working of the new line to His Highness the Nizam's Guaranteed State Railway Company for a period of one year upon a payment of the same percentage of gross receipts which its working expenses, exclusive of maintenance, form on its own line *plus* 5 per cent. for the use of rolling-stock. The Chamber would invite attention to the following table of distances from Bezvada, the southern terminus of the East Coast Railway :—

	MILES.
Bezvada to Bombay <i>via</i> Wadi	716
" to Madras <i>via</i> "	756
" to " <i>via</i> the Southern Mahratta Railway and Guntakal.	554

the last route implying a ferry across the Kistna river and two breaks of gauge. These figures show, in the opinion of the Chamber, that the cost of transport to Bombay and to Madras is nearly the same and that an administration having the control of the through rates can decide whether the trade shall go to Madras or Bombay.

The Chamber believes that the Government fully shares with it the opinion that the trade of these districts legitimately belongs to Madras and the Chamber considers it sufficient, therefore, to point out that, while crediting His Highness the Nizam's Railway administration with every desire to act fairly, it is but natural that it should favour its long distance traffic and so move traffic to the west, which, with equal rates, would be shipped more economically at the coast ports, and, further, that the Great Indian Peninsula Railway Company, as the owner of the line on both sides of Wadi junction, will naturally favour traffic going to Bombay over its longer length of line rather than to Madras over its shorter length. Centralising the trade of these districts at a long distance instead of a short one is conducive to the prevention of their development and is, therefore, in the opinion of the Chamber, a fair question for the consideration of Government.

The Chamber believes that, from the point of view of the public interests, entrusting the line under reference to His Highness the Nizam's Railway Company can yield no benefit which cannot equally be secured by granting it to the Madras Railway Company, assuming the latter to be willing to accept the same terms. The last-named line, from its greater magnitude, is in the best position to spare both trained staff and rolling-stock and its percentage of working expenses to gross receipts has been less, on the average of the last few years, than on the Native State line, and it may be assumed, therefore, that the proportion remaining to Government would be greater. An important point, moreover, in the opinion of the Chamber, is that in the case of the Madras Railway Company the profits of the line—profits derived from British trade in British territory—would go to reduce the payment by Government on account of the guaranteed interest on the older line, whereas in the other event they would pass away from the Government entirely.

The Chamber considers that any arrangements entered into in the present should be made with due consideration for the necessities of the future, when, and as the Chamber hopes at an early date, Madras will be linked to Bezvada by a direct line of railway. The Chamber looks upon it as extremely important that the trade should at the commencement be assisted into that route which it will eventually have to take, and, above all, it considers it most dangerous to the future welfare of Madras that an administration, whose interests are all antagonistic to Madras, should be admitted into a position where it can acquire vested interests which will in the future be difficult to withdraw and may become a source of very serious embarrassment to the Government.

I may mention, in conclusion, that I telegraphed to the Government of India on Saturday requesting it to postpone its decision in regard to the working of the line under reference until it was in receipt of this letter, a copy of which I enclose for favour of despatch at an early date to Simla.

From the Consulting Engineer for Railways, dated Madras, 19th Aug. 1892, No. 637.

From the Agent and Manager, His Highness the Nizam's Guaranteed State Railway, to the Consulting Engineer to Government, Madras, dated Secunderabad, 17th August 1892, No. 1597 W.

I noticed last week in the *Times of India* a leading article giving the details of the proposal this Company has made for working the first section of the East Coast Railway and expressing general approval thereof.

The article in question was not written by me nor did I directly or indirectly inspire it and I knew nothing of it until I saw it in the newspaper.

I should not have written to you on the subject had it not been that I saw a leading article in the *Madras Mail* of the 11th instant, in which the writer stated that, should the working of the section of the East Coast Railway from Bezvada to Cocanada be entrusted to this Company, that it would be our policy in our own interests to so arrange rates that we would draw the traffic from the East Coast districts to Bombay and thereby injure the trade of Madras, and the article went on to represent that the working of the line from Bezvada to the Godavari should be entrusted to the Madras Railway, so that the interests of the trade of Madras would be protected.

It also suggested that the Chamber of Commerce should call a public meeting to protest against this diversion of the trade from Madras.

The writer of the article in the *Madras Mail* seems to me to be so strangely ignorant of the facts of the case that I dare say you will think I am unnecessarily taking up your time in troubling you on the subject, nor would I do so were it not that I am informed (I have not seen the article) that the *Madras Times* has also been writing in the same strain and it occurs to me that, should a public meeting be in contemplation, that you might think it worth while to explain to the Chairman, or some member of the committee, of the Madras Chamber of Commerce how incorrect and indeed absurd are the statements made in the Madras newspapers.

I can assure you that, so far from it being the policy of this Company to divert the trade of the East Coast to Bombay, it is in point of fact exactly the opposite and all that the writer in the *Madras Mail* states as the intention of our Company is incorrect.

If you will refer to the Salt Commissioner of Madras you will find that I have been trying to divert the salt traffic, amounting to about 25,000 tons a year, from the Bombay to the East Coast. I have also made representations and sent samples of salt made on the Bombay side to the merchants at Cocanada and also to Madras and at the present time one firm (Messrs Hall, Wilson and Company of Cocanada) is sending trial consignments with a view, considering the shorter distance from the East Coast than from Bombay, to ousting the Bombay salt in our districts and replacing it with salt made on the East Coast.

So far from its being our interest to encourage the traffic on our own railway to Bombay, it is our interest to divert it *via* Bezvada, as we have a number of stations from which oil-seeds are largely consigned to Bombay on which we obtain a very short mileage, but, if we can induce the merchants when the East Coast Railway is open to send this *via* Bezvada, we would obtain a longer lead than we at present obtain from the carriage to Bombay.

I absolutely deny that such an idea as diverting the traffic from the East Coast to Bombay ever entered into my mind, for the simple reason that it could not be done owing to the great difference between the two distances to the sea.

The policy I shall pursue, if the Government of India entrust the working of the first section of the East Coast Railway to this Company, is to encourage traffic to follow its natural channel and a glance at the map will show that at present the port of Cocanada is its natural outlet to the sea.

When the East Coast Railway is extended from Bezvada to Madras then I have no doubt that a good portion of the traffic will find its way to Madras no matter by what agency the East Coast Railway is worked, but, until that section of the line is made, the trade will not go by railway to Madras owing to the distance and for the same reason it could not be attracted to Bombay.

I trust the incorrect and misleading statements in the Madras newspapers will not in any way prejudice Government against our being allowed to work the line from Bezvada to the Godavari river, or to Cocanada, as we can work it as part of our own system. Our train, for example, which runs through from Wadi to Bezvada would simply continue its run on to the Godavari.

The idea of the line in its present stage being worked by the Madras Railway is simply absurd, but I think I may leave the matter in your hands, for, should a public meeting be thought of by the Chamber of Commerce, I think if you showed the Chairman this letter it would be sufficient to put the Chamber right.

Submitted, for the information of Government, with reference to G.O., No. 1892 R., dated 4th August 1892.

Telegram to T. Kipping, Esq., Hall, Wilson and Co., dated 26th August 1892, No. A. 27.
 " from " " " " " " 27th " "
 Letter " " " " " " 1st Sept. "

Telegram from the Secretary to the Government of India, Public Works Department, to the Joint Secretary to the Government of Madras, Public Works Department, Railway Branch, dated Simla, 3rd September 1892, No. 989 R.C.

Your letter numbered and dated as follows:—1893 R., 4th August last. Has any letter on the subject been received from Madras Chamber of Commerce. If so Government of India wishes to know the purpose of it before passing orders on the proposed arrangements with Nizam's Guaranteed State Railway for working Bezvada-Godavari section, East Coast Railway.

Note by the Officiating Consulting Engineer for Railways and Joint Secretary to Government, Public Works Department, Railway Branch, dated 22nd September 1892.

In requesting that the working of the Bezvada-Godavari section of the East Coast Railway should be given to the Madras Railway instead of to the Nizam's Guaranteed State Railway, it appears to me that the Chamber of Commerce is asking for a concession to which they have no reasonable claim.

They simply ask Government to permit the Madras Railway to do work far outside its present natural limits for the purpose of diverting traffic in an unnatural direction.

In the first place the Madras Railway is separated from the East Coast line by two foreign railways covering a distance of 405 miles, whereas the Nizam's Railway ends where the East Coast line commences; again the head shops of the latter are all within 218 miles of Bezvada, an easy 10 hours' run, while the nearest shops on the Madras line are 405 miles from the same place.

The station buildings at present at Bezvada will do for the opening and working of the line for a start. The staff with a little addition are on the spot or near, whereas if a Madras Railway staff were imported to Bezvada it would lead to endless trouble, expense and friction.

From an economical point of view, I don't think that there is any comparison between one Company working practically on their own ground and another separated from their base by over 400 miles. Other things being equal the arguments are altogether in favour of the line being worked by the Nizam's Company.

Now the Madras Chamber of Commerce say that the other things are not equal and that by handing over this working to the Nizam's line a great injustice will be done by diverting the trade of this 90 miles of country between Bezvada and

Rajahmundry to Bombay instead of to Madras. It may be argued that it would be the interest of the Nizam's Agent to haul all stuff raised on this 90 miles over, say, an average of 45 miles of this extension and 338 of his railway to Wadi, but there his interest in the transaction would naturally end, as from Wadi it would be immaterial to him whether it went 417 miles to Madras or 376 to Bombay. It is only stuff intended for export that may be diverted one way or the other, and, so long as the keen competition in Bombay keeps the freights from 14 to 17 shillings a ton lower than those in Madras, Madras must expect to go to the wall in the matter of exports. Trade in Madras appears to be in the hands of a few liner Companies and so high rates obtain, while in Bombay the competition keeps rates low. Exporters from that port can afford to pay for longer railway carriage and so tap a larger area of country.

I fancy it is here that the Madras shoe pinches and will continue to pinch so long as they fail to compete with Bombay in the matter of freights and I cannot see how any juggling with railways will help them out of the difficulty.

In making this claim I notice that the Chamber of Commerce never allude directly or indirectly to the port of Cocanada where large export houses are established, which is a good and safe harbour for ships where large cargo boats of 20 to 50 tons are available for shipping purposes, where boat hire is only about 8 annas a ton and which place will be only 89 miles by rail or 75 miles by canal from the centre of this length of East Coast line about to be worked.

Now so far as I can learn the advantage Madras has at present over Cocanada in the matter of freight is about 2/6 to 3/6 a ton, say 2 to 3 rupees or about the railway fare for 1 ton for 100 miles, or in other words the difference of freight would only pay to take the produce exported off this length to a point half way between Bezvada and Secunderabad, leaving the cost of carriage of over 600 miles of railway in favour of Cocanada.

The difference of freights between Madras and Bombay would pay the railway freight from the middle of this belt to within 200 miles of Bombay against 800 to Madras or supposing the cost of carriage to Madras and Bombay to be equal the difference in sea freight would still be in favour of Bombay.

Whether the shippers at Cocanada by getting cheaper freights in the future can induce the produce of this southern part of the East Coast Railway to come to them instead of going to Bombay remains to be proved, but I don't think that any manipulation of this southern part of the East Coast line by the Madras or any other Railway Company will divert the sea-going produce from it to Madras instead of to Cocanada or Bombay.

Should it be proposed to take the produce to be exported over the Southern Mahratta Railway *via* the Kistna terminus and Guntakal, even then Bombay would have the advantage, for, although the distance to Madras is shorter, viz., 597 miles against 759, a difference of 162, or in railway carriage of Rs. 4/4, yet the difference in sea freight still far outweighs this, to say nothing of extra cost involved in breaking bulk at two or three places as well as a great loss of time.

A sketch plan is attached for ready reference.

(Signed) F. B. WALKER,
 Offg. Joint Secy. to Govt., P.W.D.,
 Railway Branch.

Telegram from the Government of India, Public Works Department, dated 27th September 1892, No. 1071 R.C.

ORDER—dated 6th October 1892, No. 2383 R., Public Works.

His Excellency the Governor in Council concurs in the views expressed in the note by the Officiating Consulting Engineer for Railways and Joint Secretary to Government, Public Works Department, Railway Branch, dated 22nd September 1892, read above.

2. The Madras Chamber of Commerce will be informed that the Government is as anxious as they are to promote the interests of the Madras Presidency, but that it is satisfied that no possible advantage either to the public or to the port of Madras could be attained by entrusting the working of the Bezvada-Godavari section to the Madras Railway. The traffic to and from the coast will take the route which offers the greatest advantages both in regard to cheapness of the transit to the coast and the rates of freight obtaining at the seaport reached. It is quite clear that the conditions of the case as to distance by railway and as to rates of freight absolutely preclude at present any of the traffic reaching the port of Madras. If this line from Madras to Bezvada were constructed and freights at Madras were reduced, some of the traffic might be drawn to Madras, though even then Cocanada will prove a formidable competitor. To suppose, however, that the Madras Railway Company could possibly divert the traffic now is a mistake nor would it be to the general interest that they should do so. That Company could not advantageously work a section of railway detached and at such a distance from their own.

3. The following telegram will be despatched to the Government of India and a copy of these Proceedings will be forwarded to that Government for information with reference to its telegrams, Nos. 989 R.C. and 1071 R.C., dated 3rd and 27th September 1892 :—

A. 70. Referring to your telegram numbered and dated as follows :—989 R.C., 3rd ultimo, and reminder 1071 R.C., 27th ultimo. This Government cannot approve the proposal that Madras Railway work Bezvada-Godavari extension. Views of this Government follow by post.

(Here enter No. 2384 R., Public Works, dated 6th October 1892.)

(True Extract.)



Major, R.E.,
Offg. Under-Secy. to Govt., P.W.D.,
Railway Branch.

To the Consulting Engineer for Railways.
" Engineer-in-Chief, East Coast Railway.
" Public Department.
" Chairman, Chamber of Commerce.

Exd. S. J. Pereira.

6 Spare Copies

CURRENT No. 3277

Public

RAILWAY.

Govt. of {1892} Madras.

PUBLIC WORKS.

order 29. 10. 92 k 024

forwarded to the collector of Godavari.

2. These Nos. were dated the 6th Oct. were recd. on the 23rd Nov.

Dated October, 6th.

Recd.

23 NOV 92
GOVERNMENT OF MADRAS

*Encl. one
+ 6 S.C. Genl.*

G.O., 6th Oct. 1892, No. 2383 R.

28 Nov.
24/11.

OCTOBER.

*Collr. of Godavari.
P.W. O (Ry Bldg)
6/11/92*

RECEIVED
29 NOV 92
IN 113

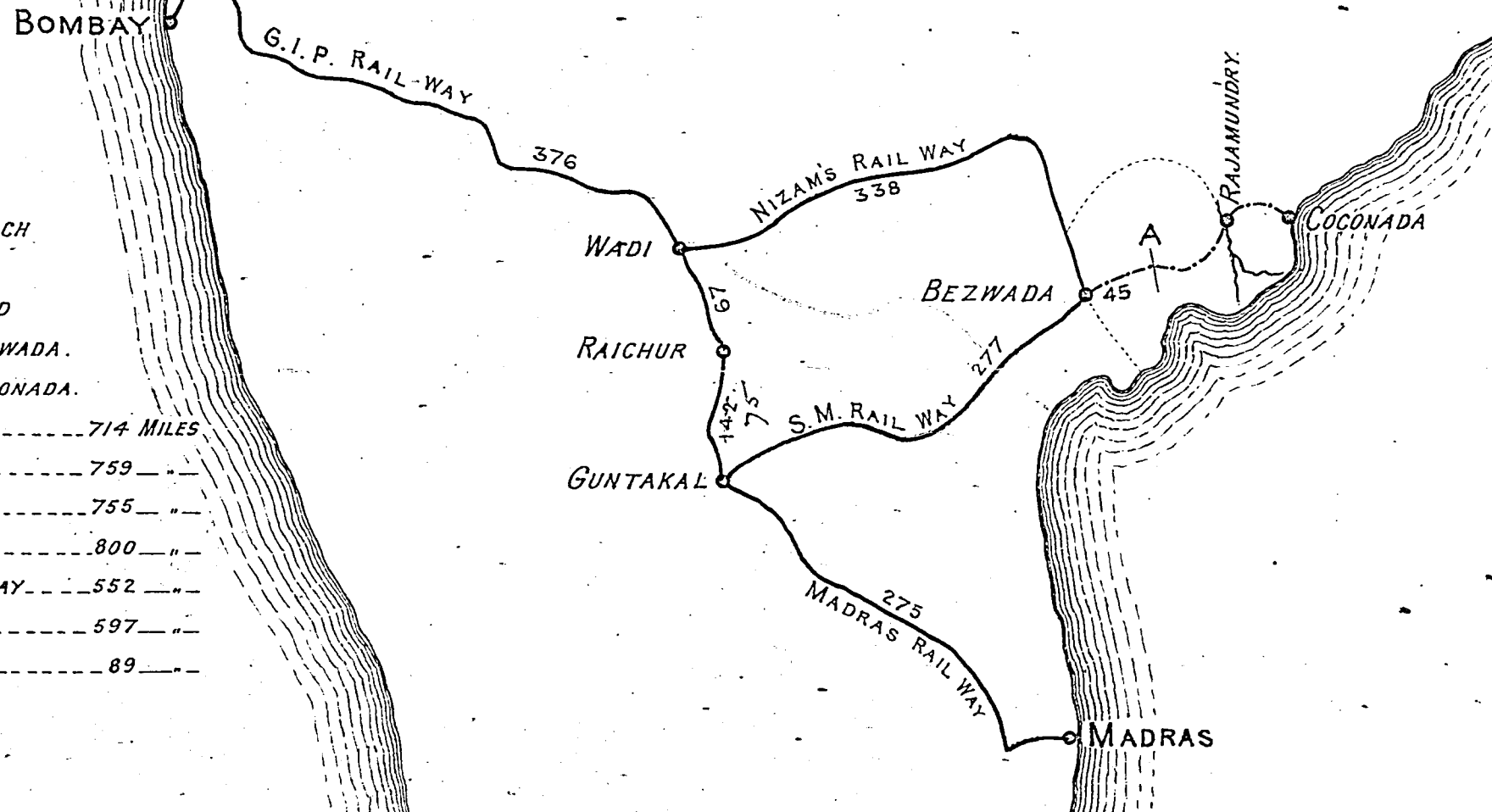
**Bezvada-Godavari Section,
East Coast Railway**

Passing orders regarding the proposed working of the — by the Madras Railway instead of by the Nizam's Guaranteed State Railway; telegram to the Government of India intimating the decision of this Government forwarded; and a copy of these Proceedings ordered to be forwarded to the Government of India.

WITH ORDER

AREA COLORED RED IS THAT FROM WHICH
TRAFFIC IS EXPECTED.
POINT A IS CENTRE OF THIS TRACT AND
IS 45 MILES FROM BEZWADA.
AND 89 MILES FROM COCONADA.

BOMBAY TO BEZWADA	-----	714 MILES
D ^o -----POINT A	-----	759
MADRAS TO BEZWADA <i>via Wadi</i>	-----	755 "
D ^o -----POINT A	-----	800 "
D ^o -----TO BEZWADA VIA S. M. RAILWAY	-----	552 "
D ^o -----POINT A	D ^o -----D ^o -----	597 "
POINT A TO COCONADA	-----	89



1892

Dept.

Incls. No. 1

To

No. 3279