P.W.D. Rly. [illegible] 279
23-4-1897

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Restored 6/1/69

CALL FOR RECORDS

No.

MADRAS RECORD O

Date

Hours

Minutes

From

Telephone Clerk's Initials.

Records called for G.O. No. of 18

Department	Number	Date	Subject

Public Works (1897) Department.

SERIAL No. 62

G.O., No. 279 R

DATED 23rd April 1897

[Despatch Abstract.]

Extension of the Nilgiri Railway from Coonoor to Ootacamund – Letter to the Government of India forwarding with remarks copy of letter from the Agent, Nilgiri Railway, giving cover to a letter from his Board forwarding proposals for financing the ——

P.W. 33.
6,000—30-11-96.

Indexed.

M.R.O. 2—165 Bks.—19-11-42.

P

CALL FOR RECORDS.

No. 2914A ~~8414~~ MADRAS RECORD OFFICE. 1949. Urgent / Special.

Date 28.7 Hours Minutes

From E & P. H. G.

Records called for C. No. 38272 of 1949.

Department.	Number.	Date.	Subject.

Public Works (1897) Department.

SERIAL No. 62

G.O., No. 279 R

DATED 23rd April 1897.

[Despatch Abstract.]

Extension of the Nilgiri Railway from Coonoor to Ootacamund — Letter to the Government of India forwarding with remarks copy of letter from the Agent, Nilgiri Railway, giving cover to a letter from his Board forwarding proposals for financing the ——

P.W. 25.
5,000—30-11-96.

Indexed.

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.
—	3 R	—	4-1-97				
—	140 R	—	10-3-97.				
—	205 R	—	25-3-97				

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.
—	417 R	—	25-6-97				
—	504 R	—	27-7-97				
—	245-46 Rys	—	12-2-98				

The Nilgiri Railway Company, Limited.

Letter No 43.

All communications to be
addressed to
"The Secretary."

Cable Address,
"Weightman," London.

251, Winchester House,
Old Broad Street,
London, E.C.

5th March 1897. 189

W. J. Weightman, Esq., M.I.C.E.,
Agent & Chief Engineer,
The Nilgiri Railway Co., Ld.,
Coonoor,
Madras Presidency.

Dear Sir,

Extension to Ootacamund.

1. The question of raising further capital for this extension is by no means easy of solution.

2. One thing at least may be assumed, that no further capital is likely to be forthcoming on a basis so favorable to Govt. as that of the present contract: it is, in fact, very doubtful if any guarantee of gross earnings - within a limit that would be acceptable to Govt. - would at present find favor. At the same time, the Board are most anxious to co-operate with Govt. in furthering the very early construction of this extension. The Board would have been much pleased if the Govt. could have seen their way to complete this line as a Govt. work, but as they appear from your letters to have decided not to adopt this course, the Board authorise you to put forward the scheme outlined in Appendix A. as one deserving of favorable consideration, not only from the small risk that it throws on Govt., but also as following closely the general lines laid down by Govt. for the construction of Branch Railways.

3. The Board venture to think that on its own merits alone

The schême is likely to bespeak the favorable consideration of Govt.; and they think themselves justified in expressing the hope that having regard to the very slight financial risk that attaches to Govt. in respect of the line now under construction, they may rely on the active assistance of Govt. in furthering this extension, not only for the convenience of the travelling public, but also because the extension will at the same time be likely to develop considerably the traffic on the Coonoor section (in which Govt. has already an interest,) and will enable the Company to effect a very appreciable reduction in the working expenses of that section by spreading the supervision charges in England and India over a greater mileage.

4. The interests of the Trading and Planting community of Coonoor and Ootacamund will be considered by the Govt. as taking a superior position in this question; and far beyond anything which might attach to the interests of the Government, is the use which Wellington Ootacamund as a Hill station is to the Government itself. It is on the Public interests as a whole we must rely as a basis for our appeal to the Government for that amount of help which the Board feel must be forthcoming if this extension is to be carried out.

Yours faithfully,

Secretary (pro tem).

APPENDIX A.

Proposals for the extension of the Nilgiri Railway from Coonoor to Ootacamund.

It is assumed that the capital required will amount to about £125,000.

1. Govt. to give a rupee guarantee of 3½ p.c. on the capital required, the conversion into rupees being made at the exchange of the day at which the contract is entered into.

2. A sum of £75,000 to be raised by debentures, the interest on which would be a first charge against the above guarantee. These debentures, which probably could not now be raised under 3 per cent., would be thus practically guaranteed by Govt., as the value of the Rupee would have to fall below 8d before the Sterling interest on these Debentures would cease to be covered by the Govt. guarantee.

3. The balance of the rupee guarantee to be divided by way of dividend amongst the share capital of say £50,000, but not in excess of £3½ per cent. Any such excess to revert to Govt.

4. The extension to be worked under the following conditions:

(a) The capital cost of rolling stock on the whole length (Metapollium-Ootacamund) to be divided in mileage proportion between the two sections,

(b) The capital cost of buildings at Coonoor to be borne equally by each section,

(c) Store balances, and other joint capital expenditure, that cannot be definitely apportioned to either section, to be divided in mileage proportion,

(d) The earnings of each section to be accounted for separately.

(d) (contd)

Traffic originating or terminating at Coonoor to belong wholly to the section over which it passes. Any sundry receipts that cannot be definitely assigned to either section to be divided in mileage proportion,

(e) Working expenses to be divided in proportion to the gross earnings of either section.

5. The net earnings of the extension to be applied,

1st. To the recoupment of the Guarantee;

2nd. To the making up (if necessary) of the dividend to the shareholders to 3½ per cent.;

3rd. Any surplus after the shareholders have received 3½ °/o, to be divided equally between Govt. and the Company.

6. The contract to run so as to be conterminous with the first period of the existing contract.

7. That the existing schedule of rates and fares be sanctioned for the extension.

Should the detailed estimates show that a larger capital is necessary, or that a smaller will suffice, the amount to be raised by debentures to be altered (as nearly as may be) proportionately.

SCHEME.

APPENDIX A.

		Rs.
Capital (say) £125,000 raised with exchange at 1/3	=	20,00,000
Limit of Govt. liability thereon 3½ per cent.	=	70,000

To be raised by debentures, £75,000 at say 3 p.c. Interest £2,250.

,, ,, ,, ,, share capital £50,000 Interest at 3½ = £1,750.

Exchange at

		1/3	1/2	1/1½	1/1	1/-
Amount required for debenture interest (£2250)	(1)	36,000	38,571	40,000	41,538	45,000
Amount required for 3½ p.c. on shares(£1750) within the limit of Rs70,000	(2)	28,000	30,000	30,000	28,462	25,000
equal to a dividend		3.5	3.5	3.375	3.08	2.5

Example of Surplus.

	Rs.
Gross earnings (say)	200,000
Working expenses (say)	125,000
Net earnings,	75,000.

Amount required for debenture int. Item 1 as above		36,000	38,571	40,000	41,538	45,000
Amount required for share interest (£1750)	(3)	28,000	30,000	31,111	32,307	35,000
Total,		64,000	68,571	71,111	73,845	80,000
Surplus over 75,000	(4)	11,000	6,429	3,888	1,155	-5,000
½ surplus	(5)	5,500	3,214	1,944	577	Deficit (-5,000)
Total to Shareholders (3) and (5)		33,500	33,214	33,055	32,884	30,000
or per cent. sterling,		4.19	3.87	3.71	3.56	3

1 C. No. 1576 of 1897
1123 5.4.97
A & Ch Engr N Ry

The Nilgiri Railway

SERIAL No. 59

No. 1123

Coonoor, 5th April 1897.

FROM

THE AGENT AND CHIEF ENGINEER,
NILGIRI RAILWAY,
COONOOR.

To

The Consulting Engineer
for Railways.
Madras.

Sir,

I have the honor to forward for submission to the Govt. of India the proposals of the Directors of this Company for financing the Extension from Coonoor to Ootacamund.

2. The main principle of the proposal is the grant of a 3½ per cent rupee guarantee on the rupee equivalent of the capital, that is assuming that the capital be 20 lakhs a guarantee of Rs: 70,000 per annum.

3. Considering that the Estimated net earnings of the Mettapolliam-Coonoor Section, based on trustworthy data, amount to over 2 lakhs per annum, I think there can be little doubt that the net earnings of the Coonoor Ootacamund Section will considerably exceed Rs: 70,000 per annum although unfortunately there are no reliable figures to put before Govt. to prove this: a

a count of traffic is now being kept but has not been maintained for a sufficiently long time to afford the required information.

4. I think the proposals appear fair and reasonable ones and I would ask that in forwarding them to the Govt. of India you will do all you can to obtain the strong support of the Madras Govt., pointing out the many advantages which will accrue to Govt. if the line is made.

In the first place there will be less chance of Govt. being called upon to make up any deficit in the earnings of the line from Mettapolliam to Coonoor.

The enormous cost of the up keep of the existing tonga road (I believe Rs: 60,000 per annum) would be almost entirely saved: while in Travelling Allowances and Carriage of records &c in the annual move between Ooty and Madras a very large saving would be effected: nor should it be forgotten that this extension includes a Station at Wellington whereby the cost of carriage of invalids and Commissariat and other Stores to the Convalescent Depôt will be very considerably decreased.

5. I trust you will impress upon Govt. the importance of a speedy sanction being given for this extension so that it may be undertaken in continuity with the present line to Coonoor before the Staff and Contractors are dispersed.

I have the honor to be
Sir
Your most obedt: Servant.

E. J. Weightman
AGENT AND CHIEF ENGINEER.

C. E. 1576
8/4/97

Special

Cons: Engr's Current No. 1576

SERIAL
No. 60

H.E. The Governor
The Hon. Mr. Bliss C.I.E.
" " Mr. Grose C.I.E.

As I required to see this case again for the preparation of the Memorandum for the Railway Conference I received it back from H.E. before Hon. Members had seen it. Having then had a talk about it with the Government Examiner for Railway Accounts, I took the opportunity, while his remarks were fresh in my memory, of drafting a letter to India.

I hope that the draft expresses what H.E. the Governor wished to be said, and that Hon. Members will also approve of it.

F.J.S.
14/4/97

Apps.
A.A.H. 18.4.97

J.G. 21/4/97

It seems to me that the Examr. has failed to attach suffct. weight to the consideration that Govt. may in the end actually make a profit out of this extension. The risk seems to me very small & I would accept it – It will, I presume, be a Provl. charge.

B.
21/4/97

issue letter
F.J.S. 21/4/97

J.H. 21/4/97

R 22/4/97 [illegible] 21/4/97 [illegible] 21/4/97

cir 8/4/97

Neilgherry Railway Extension

This is a definite proposal from the Directors of the Neilgherry Railway Company, through their Agent Mr. Wightman, for financing the proposed extension to Ootacamund. The terms proposed for the Govt. of India's acceptance by the Directors are based upon a 3½ per cent State guarantee upon the rupee value of £125,000 [illegible] of the capital, and a Shareholders guarantee of interest on £75,000 worth of Debentures [illegible]. I cannot express the exact terms of the offer more concisely than they are expressed in the Directors' letter, so I need not further epitomise them.

I see no need of further statistics. We know enough of the traffic between Ootacamund and the plains especially as it will be after the Common line is open. I feel fairly confident that the risk in the giving of a Govt. Guarantee of 3½ per cent will be very slight. The saving in the present annual cost of maintaining the cart road too must not be lost sight of.

I think that this Government may well support the Director's application in strong terms when sending it on to the Govt. of India. It will be as well not to lose much time, because the date for the submission to India of all Railway projects for the coming year (May 15th) is not far off.

This may be done.
A.S.H.
13.4.97

F.J.E.S.
8/4/97

E.R. Draft shown to C.R.

SERIAL No. 61

19/4

If the Local Govt. has already made up its mind to strongly support proposals involving an absolute Govt. guarantee of a minimum interest of 3½% on the capital to be raised, I think the draft expresses all that it is necessary to say.

At the same time considering the price of Govt. Paper & the terms on which money can now be borrowed by Govt., I think there is not much prospect of the Govt. of India accepting these proposals, and that it would not be a very wise financial measure for them to do so

EWaller

C.R. 14/4/97

Though called a "railway" this line partakes rather of the character of a piece of machinery. Investors are shy of lines of this character - and a higher guarantee will be necessary than would suffice to get the money for an ordinary Railway. FRS 21/4/97

R. Form No. 11.

B/

No. 279 R

SERIAL No. 62

Government of Madras

PUBLIC WORKS DEPARTMENT,

RAILWAY BRANCH.

To

The Secretary to the Govt. of India P.W.D.

Simla,

Ootacamund, dated 23d April 1897.

Sir,

I am directed to forward for the orders of the Govt. of India a copy of a letter from the Agent Nilgiri Ry. Co. No. 1123 dated the 5th April 97 giving cover to a letter from his Board of Directors, No. 43 of March 5th 97, in which they put forward proposals for financing the extension from Coonoor to Ootacamund.

FRS
21/4/97

JG
21/4/97

2. The terms proposed by the Company may briefly be summarised as follows. That £125,000 be raised of which £50,000 shall be in Shares and £75,000 in Debentures. That Government give a guarantee of 3½ per cent on the rupee value of the entire amount. That the Debenture holders receive ~~from~~ out of the rupee guarantee a ~~[illegible]~~ sterling guarantee of 3 per cent. That the balance of the rupee guarantee be distributed as dividend amongst the holders of the £50,000 worth of shares, but not in excess of 3½ per cent., any excess to revert to Government. That the net earnings of the extension be applied 1st to the recoupment of the guarantee, 2nd to making up the £50,000 shareholders' dividend to 3½ per cent in sterling. 3rd

any surplus to be equally divided between Government and the Company. There are also proposals for the partition of the cost of rolling stock between the old and the new sections, as well as for ~~[illegible]~~ buildings and stores, and for ~~[illegible]~~ the apportionment of earnings and of working expenses: ~~[illegible]~~ provision has also been made for the termination of the contract as well as for the scale of rates and fares.

3.- Amongst the points that suggest themselves as being worthy of notice are the following. 1st, the value of the proposed investment for the shareholders will be somewhat higher than that of 3½ per cent Government paper. 2nd There is no provision for the recoupment of the Guarantee if in any half year it should not be covered by net earnings. 3rd No mention is made of half years or of full years for the calculation of the extent to which net earnings are to go towards the recoupment of the Guarantee; and it might be possible in negotiation with the Company to secure that all arrears of Guarantee not covered by net earnings in past half years shall have a first claim against net earnings in future half years.

4.- H.E. The Governor in Council is of opinion that the prospects of the proposed extension requiring, after once it is opened, to fall back upon the Guarantee are so small, and the character of the work, a rack mountain railway with which English investors are not yet very familiar, is so special, that there would be less objection in this case than in that of other Indian railways, and especially of ordinary adhesion railways, to the offer to the Company of terms somewhat more favourable than the regular Branch Line Terms.

5.- I am desired to say that the general tenour of the Directors' application, apart from such detailed modification of the proposed terms as may be agreed to as desirable, has the strongest support of the Government of Madras, and that H.E. the Governor in Council hopes that this useful and long deferred extension may now be brought to a practical issue. The Company's Agents' argument, based less on exact statistics than on general considerations of utility, though not the only one that might be advanced, is yet, at this early stage, of very great weight. More detailed statistics of existing traffic are now being collected and shall in due course go forward. Information shall also be collected as to the probable money value of the anticipated saving on the transport of Government stores and records, of military invalids for the Depot at Wellington, and of travelling allowances and other expenses contingent on Ootacamund being the Hill head quarters of the Government.

6.- Meanwhile the Agents' letter and its enclosures are sent forward without delay in order to allow of due consideration being given to them at the coming Railway Conference.

I have &c

14/4/97

Documents accompanying:
Copy of letter from Agent, N.R.y
No. 423 of 5/4/97 with 3 enclosures

Despat[illegible] 23/4/97

R. No. 13.—500—5-3-96.

Copy for the Indexes
B/f

No. ~~278~~ 279 R

Government of Madras.

PUBLIC WORKS DEPARTMENT,

RAILWAY BRANCH.

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,
PUBLIC WORKS DEPARTMENT,
Simla.

Ootacamund, the 22nd April 1897.

SIR,

I am directed to forward for the orders of the Government of India a copy of a letter from the Agent, Nilgiri Railway Company, No. 1124, dated the 5th April 1897, giving cover to a letter from his Board of Directors, No. 43 of 5th March 1897, in which they put forward proposals for financing the extension from Coonoor to Ootacamund. 3/

2. The terms proposed by the Company may briefly be summarised as follows:-

That £ 125,000 be raised of which £ 50,000 shall be in shares and £ 75,000 in Debentures.

That Government give a guarantee of 3½ per cent on the rupee value of the entire amount.

That the Debenture~~s~~ holders receive out of the rupee -- guarantee a sterling guarantee of 3 per cent.

That the balance of the rupee guarantee be distributed as dividend amongst the holders of the £ 50,000 worth of shares, but not in excess of 3½ per cent. any excess to revert to Government.

That the net earnings of the extension be applied, 1st, to the recoupment of the guarantee, 2nd, to making up the £ 50,000 shareholders' dividend to 3½ per cent

in

in sterling, 3rd, any surplus to be equally divided between Government and the Company. There are also proposals for the partition of the cost of ~~xkx~~ rolling stock between the old and the new sections, as well as for buildings, and stores, and for the apportionment of earnings and of working expenses; provision has also been made for the termination of the Contract ~~struct~~ as well as for the scale of rates and fares.

3. Amongst the points that suggest themselves as being worthy of notice are the following:-1st, the value of the proposed investment for the share-holders will be somewhat higher than that of 3½ per cent Government paper. 2nd, there is no provision for the recoupment of the guarantee if in any half year it should not be covered by net earnings. 3rd No mention is made ~~need~~ of half-years or of full years for the calculation of the extent to which net earnings are ~~as~~ to go towards the recoupment of the guarantee; and it might be possible in negociation with the Company to secure that all arrears of guarantee not covered by net earnings in past half years shall have a first claim against net earnings in future half years.

4. His Excellency the Governor-in-Council is of opinion that the prospects of the proposed extension requiring, after once it is opened ~~proposed~~, to fall back upon the guarantee are so small and the character of the work, a rack Mountain railway with which English investors are not yet very familiar, is so special, that there would be less objection in this case than in that of other Indian Railways, and especially of ordinary ~~addition~~ adhesion railways, to the offer to the Company of terms somewhat more favourable than the regular Branch Line Terms.

5. I am desired to say that the general tenour of the Director's application, apart from such detailed modification of the proposed terms as may be agreed to as desirable, hasthe strongest support of the Government of Madras, and that His Excellency the Governor in Council hopes that this useful and long deferred extension may now be brought to a practical issue. The Company's Agent's arguments, based less on exact statistics than on general consideration of utility, though not the only one that might be advanced, are yet, at this early stage, of very great weight. Those ~~hitmof~~ detailed statistics of existing traffic are now being collected ~~mantonthanprobablm~~ and shall in due course go forward. Information shall also be collected as to the probable money value of the anticipated saving on the transport of Government stores and records, of Military invalids for the depot at Wellington, and of travelling allowance and other expense contingent on Ootacamund being the Hill Head Quarters of this Government.

6. Meanwhile the Agent's letter and its enclosures are sent forward without delay in order to allow of due consideration being given to them at the coming Railway Conference.

I have the honour to be,

Sir,

Your most obedient servant.

(Signed) Francis J. E. Spring

Offg. Joint Secretary.

Documents accomp. Nil -

Despatched on 22/4/97

2/6/97

Chr. 5594 of 1897

R.K.

Put this up with Original G.O. 279 R of 23rd April 1897 – a copy has been put into the case. –

26/6/00

18f

G.O. 279. R dated 22/4/97

SERIAL No. 69

Public Works (1897) Department.

CURRENT No. 5594

Order Circulated

E.N.

File W.F. 11/6/97

From Govt. of India

No. 913 R-C

Dated 3.6.97
Received 9.6.97
Enclosures
Spare copies

SUBJECT.

Coonoor-Ootacamund Extension.

Pointing out that in letter No. 279 R dated 23rd April 1897 re: ~~proposals~~ for financing, the —— the previous correspondence is not quoted.

BACK PAPERS.

G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.

All communications should be addressed to the Secretary.

No. 913 R.C.

GOVERNMENT OF INDIA.
PUBLIC WORKS DEPARTMENT.
RAILWAY CONSTRUCTION.

To

The Joint Secretary to the Government of Madras,
Public Works Department, Railway Branch.

Simla, the 3rd June 1897.

Sir,

× Serial No 62

With reference to your letter No. 279 R., dated 23rd April 1897, on the subject of the proposals of the Nilgiri Railway Company for financing the Coonoor-Ootacamund Extension, I am directed to point out that this letter is apparently in reply to Government of India letter No. 569 R.C., dated 8th April 1897, but neither is that letter, nor even the correspondence ending with your letter No. 205 R., dated 25th March 1897, on the same subject referred to.

Ordy CRM 9/6

2. As the omission to quote previous correspondence when such exists, may especially when the correspondence is not of recent date, lead to inconvenience and delay in the disposal of business I am to ask that this may always be done in future.

I have the honour to be,
Sir,
Your most obedient servant.

G M Binck
Colonel, R.E.,
Secretary.

There were very good reasons for this. The letters referred to related simply and solely to survey. Our letter just forward, quite apart from all question of mere survey, is definite proposal about terms asked for by the intended Company. File. FM 11/6/97

Documents accompanying :-
Nil.

S.s.S.