Government of Madras.

Public Works (~~19~~ 1897) Department.

~~Endorsement~~
~~D. O.~~
~~Memorandum~~
~~Lodged~~

G. O. No. 91 Rev.

DATED 8th February ~~19~~ 1897.

FURTHER PAPERS.

Department.	Number.	Series.	Date.

RAILWAY.

Government {1897} of Madras.

PUBLIC WORKS.

Recd. } 1897. *Enclosures*

Regd. } *Spare copies*

G.O., No. 91 R, 8th February 1897.

FEBRUARY.

Agreement

The orders of the Government of India on correspondence regarding certain modifications proposed by the Agent, Madras Railway Company, in the — under which the Madras-Ennur section is at present worked by that Company, communicated to the Agent and Manager for guidance.

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

Railway.

Read the following papers :—

From the Agent and Manager, Madras Railway, to the Consulting Engineer for Railways, dated Madras, 28th February 1896, No. 159.

With reference to your endorsement, No. 129 O. of the 9th September last, on copy of letter from the Government of India, No. 477 R.T., dated the 26th August 1895, I have the honour to inform you that I am instructed by my Board of Directors to accept the terms and conditions upon which the Madras Railway shall work the Madras-Ennur section of the Bezwada-Madras Railway and to agree that these terms and conditions shall be embodied in a letter instead of in a lengthy and complicated agreement. With this object in view, I am desired to submit the following, which appears to me to include all that is necessary, to show the mutual obligations of the Government of India and the Madras Railway Company :—

(1) The company will work the Madras-Ennur section as a portion of its own line, and will run such trains over the section as the traffic may require, but not less than one train each way each day. The number of trains to be run, and the time-tables, shall from time to time be fixed by the company and submitted to the Government for approval.

(2) The fares charged on the Madras-Ennur section shall be the same as those from time to time in force on the Madras Railway, and the rates for goods of all classes and descriptions, for the public, for the Government, and for Revenue and Capital purposes, or for other railways shall, during the continuance of this agreement, be the same as those in force on the company's lines.

(3) All services for the Military Department, the Police Department, or any other Department of the State, except the Post office, or for high officials, including in such service the conveyance of troops and sailors, Military and Naval establishments, horses and other animals used for military purposes, guns, military stores and equipments, conveyance of police, or persons employed in the telegraph service, prisoners and paupers,—shall be performed by the company on the same terms as those in force on the Madras Railway. In the event of war, or other national emergency, the company will give precedence over the amalgamated undertaking to all traffic of the Government of India.

(4) The charges for the carriage of mails and bhangi parcels for the Postal Department shall be regulated in accordance with the rules in force on other State Railways in India, it being understood that Post office servants, when on duty, shall be carried free.

(5) The company will agree to work the Madras-Ennur section (maintenance and renewals of way, works and stations excepted), for the same percentage of the gross earnings of the State Railway as shall in each half-year be found to represent the percentage of working expenses (exclusive of maintenance and renewal of way, works and stations) on gross earnings of the amalgamated undertaking, and will further make no special charge for the supervision required from the Engineering establishment of the Madras Railway.

(6) The company will, if desired by Government, furnish the Government at the beginning of each half-year, or as soon thereafter as may be possible, with an estimate of the probable gross earnings of the amalgamated undertaking and of the working expenses. But the Government is to accept the figures of the company's working expenses as set forth in the company's half-yearly audited and published accounts.

(7) The company will, at the beginning of each half-year, furnish to the Government an estimate of the probable costs of maintenance and renewals of way, works and stations on the Madras-Ennur section, and the Government shall sanction that estimate, if it be approved, and provide the funds necessary. The company will agree to maintain the line and all the works in an efficient and proper condition, and to the satisfaction of the Inspecting officer of the Government of India appointed to inspect the line of the amalgamated undertaking, and will, if called upon by that officer, carry out any works, repairs or improvements chargeable to Revenue, which he shall require to be done, so that the line, stations, buildings, plant and machinery may at all times be maintained in good working condition and repair.

(8) Should it appear to the Government, to the company, or to the Inspecting officer, that any new works, or any additions to stations, buildings, plant or machinery are necessary, which would constitute a capital charge, then the company shall submit an estimate for the carrying out of the same to the Government for its sanction, and when sanctioned, these works shall be carried out by the company to the satisfaction of the Government, who will provide the funds for the same.

(9) The question of allocation of expenditure between Capital and Revenue shall be settled in accordance with the practice adopted on the Madras Railway and the rules in force on the Guaranteed Railway regarding the charge to Revenue of "New Minor Works" shall apply to the Madras-Ennur Railway.

(10) The company will keep the Madras-Ennur section equipped with rolling-stock of all descriptions, and the Government, as a consideration to the company for so doing, shall pay the company in each half-year a sum equal to 5 per cent. on the gross earnings of the Madras-Ennur section for that half-year.

(11) The company agrees, as soon after the 30th June and 31st December as possible in each year, to render to the Government the accounts of Capital and Revenue expenditure, made up in the same form as those adopted on other State Railways in India, and the separate books of the company showing the transactions of the Madras-Ennur section, together with all vouchers, papers and correspondence, directly belonging thereto shall be subject to audit and inspection by any officer whom the Government of India may appoint for that purpose. The company will also keep all such accounts relating to the State Railway and all such accounts as between the company and the Secretary of State as the Secretary of State may from time to time require and will keep the accounts relating to the capital expenditure and the gross receipts of the State Railway separate and distinct from the accounts relating to the Madras Railway. Such accounts will be kept in such form and under such heads or divisions and for such sections of the State Railway and for such periods and with such details, and shall be submitted to the Secretary of State at such times as he may from time to time prescribe.

(12) The appointment of the staff employed in working the Madras-Ennur section shall be made by the company.

(13) The telegraph wires, posts, &c., shall be provided at the expense of Government and the same terms and conditions for their use shall be adopted as are in force on other State Railways. The charge made by Government for rent, maintenance and inspection of wires, &c., shall be charged to the amalgamated undertaking.

(14) The number, pay, and constitution of the Police force shall form matter of agreement between the Government and the company. The company will meet seven-tenths of the agreed cost of Police, which shall be charged to Abstract E, General charges, of the amalgamated undertaking, and the Government shall itself pay the remaining three-tenths.

(15) All losses arising from accidents, or from loss or damage to goods carried over the amalgamated undertaking (excepting such loss from damage, the making good or the repairs of which would form a charge against maintenance), shall be borne by the Revenue of the amalgamated undertaking, and charged off from half-year to half-year to Abstract G, that is to say, special and miscellaneous expenditure.

(16) In the event of any further lands being required for purposes of the Madras-Ennur section, the company shall apply to the Government of India for the same, and if satisfied that the acquisition of such land is necessary, the Government of India will, at its own cost, hand over the same to the company for the purposes of the Madras-Ennur section. The land so handed over shall remain the property of the Government.

(17) The Agent of the company in India shall, on the requisition of the Director-General of Railways, issue such free passes over the Madras-Ennur section as are in accordance with the rules for the issue of free passes over the company's lines.

(18) This agreement between the Government and the company shall have effect from the 22nd February 1896, and shall remain in force after that date, subject to its termination by either party by six months' notice in writing.

(19) All communications made to the company shall be sent to the Agent of the company in Madras, and all communications from the company to the Government of India shall be submitted to the Consulting Engineer for Railways, Madras.

(20) Should any differences arise between the Government and the company regarding the construction of the foregoing agreement, the matter in dispute shall be referred to two arbitrators in India, one to be chosen by each party, or in case of difference between them to an umpire they may select, and the decision given by such arbitrators or umpire shall be binding upon both parties, and such decision may be made a rule in the High Court of Judicature in Madras.

From the Officiating Joint Secretary to the Government of Madras, Public Works Department, Railway Branch, to the Secretary to the Government of India, Public Works Department, Simla, dated Madras, 30th October 1896, No. 930 R.

I am directed to forward, for the orders of the Government of India, copy of a letter No. 9117/837, dated 23rd September 1896, received from the Agent and Manager, Madras Railway, in which the sanction of the Government of India is requested to certain changes in the agreement for the working of the Madras-Ennur Section of the Madras Railway, together with copies of correspondence noted in the margin relating to these changes.

(1) G.O., No. 587 R., dated 6th July 1896.
(2) Letter to the Agent and Manager, Madras Railway, No. 2388, dated 7th August 1896.
(3) Letter from the Agent and Manager, Madras Railway, No. 8851/717, dated 13th August 1896.
(4) Note by the Examiner, Railway Accounts, dated 25th August 1896.
(5) Letter to the Agent and Manager, Madras Railway, No. 2684, dated 1st September 1896.
(6) Letter from the Agent and Manager, Madras Railway, No. 8716/999, dated 7th November 1895.
(7) Letter from the Agent and Manager, Madras Railway, No. 507/86 E., dated 31st January 1896.
(8) Letter to the Agent and Manager, Madras Railway, No. 379, dated 5th February 1896.
(9) Letter from the Examiner, Railway Accounts, No. 436, dated 11th September 1896.

2. No provision having been made in the working agreement for levying these charges, they cannot be admitted into the accounts without the orders of the Government of India.

3. *Proposed additions to clause* 5.—It is to be observed that the Madras Railway, in drawing up the working agreement, made provision for the actual maintenance charges of the section being kept entirely distinct and charged wholly to the section, all other charges of the undertaking being divided on a percentage basis. In accepting this provision the Government of India required that no special charge for the supervision required from the Engineering Establishment of the Madras Railway should be made against the Ennur line, and even expressly stipulated that no part of the pay of the District Engineer, within whose charge the Ennur line is included, should be charged to that line.

4. Under these circumstances the proposed addition to clause 5 appears to be directly opposed to the intentions of the Government of India and to the spirit of the agreement.

5. *Proposed clause relating to the through siding at Washermanpet.*—The proposed charge for interest on a work at a joint station, which is provided at the cost of capital funds of the Madras Railway, appears to be equitable so long as the work is required for the sole use of the Ennur line.

6. The siding in question is at present required solely for the use of that line; but it is impossible to say (the siding being within joint station limits and of the same gauge as the Madras Railway) that it will not at some future time be used for the Madras Railway traffic also.

7. It has further to be considered that the Madras Railway charge traffic passing to and from the Ennur section over the distance between Rayapuram and Washermanpet (one mile in length) of their own line, with fares and freights as for a minimum distance of four miles. The profit derived therefrom might perhaps be reasonably put against the cost of works required to admit such traffic.

8. This latter point is under correspondence with the Agent, Madras Railway.

9. *Proposed addition to clause* 13.—The original intention was that the instruments should be provided by the Government Telegraph Department, and that the Madras Railway should technically supervise them, the Agent, Madras Railway, having stated that the cost would be less than supervision by the Government Telegraph Department.

10. The Government Telegraph Department, however, were unable to supply instruments of the pattern required by the Madras Railway. The Agent, Madras Railway, then suggested that he should supply his own instruments as a temporary measure; and asserted that this course was further desirable because his staff were not accustomed to the working of the Government instruments.

11. The Agent, Madras Railway, was accordingly directed to supply his own instruments as a temporary measure and the rent proposed by him, viz., Rs. 6-12-0 for needle and Rs. 7-12-0 for block instruments per mensem (which are those charged by the Government Telegraph Department—*vide* paragraph 9 of enclosure to Government of India letter No. 53 T. of 23rd February 1887), was agreed to. When the revenue accounts for July 1896 were presented, the Government Examiner requested that a sum of Rs. 228 debited to the Ennur line for hire of instruments should be written back, because the working agreement does not provide for charges of this nature being charged wholly to that line. Had the instruments been hired from the Government Telegraph Department the rent would have been included in the general working expenses, and the charges against the Ennur line would have been considerably less. It should be immaterial to the Ennur line whether the instruments are hired from Government, or from the Madras Railway, and the present temporary arrangement was agreed to partly because it was thought convenient that the Madras Railway staff should be supplied with instruments of a pattern with which they were familiar.

12. Under the circumstances it is considered that the proposed addition to clause 13 should not be sanctioned.

13. The Madras Railway might be directed to return the instruments and hire fresh ones of State Railway pattern from the Government Telegraph Department, or the Government of India might purchase the Madras Railway instruments outright. Either course would be far more economical to Government than to continue to hire from the Madras Railway on the system adopted by that railway.

ENCLOSURES.

G.O., No. 587 R., dated 6th July 1896.

From the Officiating Consulting Engineer for Railways, to the Agent and Manager, Madras Railway, Company dated Madras, 7th August 1896, No. 2388.

With reference to paragraph 2 of your letter, No. 529/507, dated 16th June 1896, I have the honour to request that you will formulate precisely the alterations or additions you desire in the Ennur working agreement.

From the Acting Agent and Manager, Madras Railway Company, to the Officiating Consulting Engineer for Railways, dated 13th August 1896, No. 8851/717.

With reference to your letter, No. 2388, dated 7th August 1896, I have the honour to address you on the subject of certain modifications, which appear in this company's interests, to be desirable in the working agreement of the Ennur section of the Bezwada-Madras State Railway.

2. I desire to explain that the Ennur section (9 miles) was constructed through the agency of the Madras Railway Company in accordance with the plans furnished by Government, and its junction with that Company's system was made at Washermanpet station. When the working of the section was undertaken by the company, it was not contemplated that any additional works or sidings would be necessary for some time, and no charge was made by this company for the requisite alterations which were carried out at Washermanpet to convert it into a suitable junction. Under ordinary circumstances an annual rental of 7½ per cent. on the total capital outlay at this station would be charged to a joint station expenses account, and this would be divided between the Madras Railway and the State line in certain proportions. This arrangement was not claimed in the present case, and was purposely omitted in the letter, No. 159, dated 28th February 1896, embodying the terms of the working agreement.

3. Soon after the opening of the section for traffic, it was found necessary to insert a through siding at Washermanpet purely for working the traffic on the Ennur section. The funds for this work, being on Madras Railway property, were provided by the company, and it appears only equitable that the State line should pay interest at 5 per cent. on this outlay, inasmuch as this company cannot be legitimately called upon to incur capital expenditure on account of the Ennur line without charging interest. A decision as to this point, both in the present case and in regard to similar cases in future, is respectfully invited.

4. A new through siding was at the same time added at Tondiyarpet on the Ennur line, the funds being provided by the State; but as this formed a capital construction work, and was considered as beyond the scope of the ordinary maintenance of the open portion, it is contended that the charge for the authorized percentage on the estimated cost for supervision is a fair and reasonable claim by the company on such works, in accordance with the ruling in paragraph 86, chapter III, Volume IV of the Public Works Department Code, which is applicable to work executed for other lines. It is requested that a decision may be pronounced on this claim, both in the present case, as well as for future guidance.

5. Lastly, clause 5 of this office letter, No. 159, dated 28th February 1896, containing the terms of the working agreement, states that the company "will further make no special charge for the supervision required from the Engineering establishment of the Madras Railway," by which it is understood that the Ennur section will still be charged with its percentage on the cost of the general superintendence of the Engineering department, in the same manner as on that of other departments. The favour of the correct interpretation of this clause is requested.

6. It is pointed out that the Permanent-way Inspector's length on the company's main line to which the Ennur branch is attached, is already a very long one, and it is essential, owing to the latter having been only recently opened, that a special Inspector and his clerk should be retained in charge of it until the road has thoroughly consolidated. It is contended that it is only equitable that a percentage of the Company's Engineering general superintendence should be charged, in which case the salary of the special Permanent-way Inspector and his clerk would be excluded from the maintenance expenses.

7. As the Government Examiner of Railway Accounts has expressed his inability to concur with the views held by the Company's officers on the points raised, I shall feel obliged if you will be so good as to refer the matter for the decision of the Government of India in respect of paragraphs 3, 4 and 5.

Note by the Examiner, Railway Accounts, dated 25th August 1896.

The Madras Railway Company propose to make the following charges against the Ennur section:—

I. A charge of 5 per cent. for interest on the capital cost of all works constructed at the cost of the Madras Railway at the joint stations for the exclusive use of the Ennur section, together with actual cost of maintenance of such works.

II. A charge of 10 per cent. for supervision on the cost of all open line capital works of the Ennur section.

III. A charge for a proportionate share of the cost of Engineering general superintendence (Abstract A. 1) of the undertaking, in additon to actual cost of maintenance of the Ennur section.

As the levying of these charges is not provided for in the recently approved agreement for working the Ennur section, it will be necessary to obtain the orders of the Government of India thereon before they can be admitted into the accounts.

As regards the charges themselves, I may offer the following remarks for consideration:—

I. Charges for interest and maintenance of works for use of Ennur Line.—For any works provided at the cost of Madras Railway capital funds at the joint stations, which can be clearly shown to be required for the sole and exclusive use of the Ennur section, it would seem equitable that the Madras Railway Company should be allowed to charge the Ennur section with interest and cost of maintenance, if they consider the point worth pressing.

On the other hand—

(1) The particular work in regard to which the general question has been raised is a siding, which, being within joint station limits and of the same gauge as both lines, it would be hard to say would not either now, or at some future time, be used as much for Madras Railway traffic as for Ennur section traffic; and

(2) As the Madras Railway charge traffic passing to or from the Ennur section over the one mile distance (Washermanpet-Rayapuram) of their own line with fares and freights as for a minimum distance of 4 miles, they derive such a profit thereon that they might well afford to bear the cost of any works at the joint stations required to admit that traffic on to their own line.

II. Charge for supervision of open line capital works.—The charges referred to in Code, Volume IV, Chapter III, paragraph 68, *et seq.*, are percentage charges levied by one line on work done for a purely foreign line or outside department (usually on work done in their workshops for such lines and departments); in no other case that I am aware of are such percentages levied on works carried out on branch or extension lines which are worked under agreement by a main line as part of its own undertaking. Further, it is a general rule on both State and Guaranteed Railways that open line capital works can only be charged with the cost of such establishments as are specially engaged for them, and that percentage charges for the supervision of such works by the ordinary revenue staff are inadmissible.

III. Charges for share of Engineering General Superintendence.—In drawing out the working agreement for the Ennur section, the Madras Railway Company made provision for the actual maintenance charges of the section being kept entirely distinct and charged wholly to the section—all other charges of the undertaking being divided on a percentage basis. In accepting this provision the Government of India required that no special charge for the supervision required from the Engineer establishment of the Madras Railway should be made against the Ennur line, and even expressly stipulated that no part of the pay of the District Engineer, within whose charge the Ennur section is included, should be charged to that line. Under these circumstances the proposal to charge the Ennur section with a proportionate share of Engineering General Superintendence appears to be directly opposed to the provisions of the agreement and to the intentions of the Government of India.

From the Officiating Consulting Engineer for Railways, to the Agent and Manager, Madras Railway Company, dated Madras, 1st September 1896, No. 2684.

With reference to your letter No. 8851/717, dated 13th August 1896, I have the honour to invite your attention to my letter No. 2388, dated 7th August 1896, in which I requested you to formulate precisely the alterations and additions you desire to make in the working agreement of the Ennur section. I shall be glad if you will send me a copy of the agreement corrected in red ink so as to suit your requirements.

From the Agent and Manager, Madras Railway Company, to the Consulting Engineer for Railways, dated Madras, 7th November 1895, No. 8716/999.

With reference to your letter, No. 3003 of the 21st September last, and subsequent reminders, I have the honour to inform you that the Telegraph offices on the Ennur section of the Madras-Bezwada Railway will be technically supervised by this Company's staff. The cost will be much less than if supervised by the Government Telegraph Department.

From the Agent and Manager, Madras Railway Company, to the Consulting Engineer for Railways, dated Madras, 31st January 1896, No. E. 507/86.

With reference to your letter, No. 233 of the 23rd instant, I have the honour to inform you that the needle and block instruments required for the stations on the Ennur line will be supplied on hire from our Telegraph stores, and orders have been given to have them fixed with the least possible delay.

It is proposed to charge for the loan and maintenance of these instruments the rates laid down in G.O., No. 207 R. of 8th March 1887, which contains the scale of charges to be levied by the Government Telegraph Department for the hire of instruments, &c. According to this Government Order, the rate for each needle instrument is Rs. 6-12-0 per month, and for each block instrument Rs. 7-12-0 per month. The fitting charges will be borne by this company.

From the Officiating Consulting Engineer for Railways, to the Agent and Manager, Madras Railway Company, dated 5th February 1896, No. 379.

With reference to your letter, No. E. 507/86, dated 31st January 1896, I have the honour to approve of the rates proposed to be charged for the loan and maintenance of the telegraphic apparatus supplied by the Madras Railway Company for the Ennur line.

From the Examiner, Guaranteed Railway Accounts, to the Consulting Engineer for Railways, dated Madras, 11th September 1896, No. 436.

In continuation of this office remarks on your office-note, No. 2785, dated 7th instant, I have the honour to request that the Agent and Manager be asked to arrange to write back, in the accounts for July 1896, the sum of Rs. 228 debited to the Madras-Ennur Railway for hire of telegraph instruments from the Madras Railway for the half-year ended June 1896, as the working agreement does not provide for items of this nature being charged wholly to that line.

2. Had the instruments been supplied by the Government Telegraph Department, the hire would, as in the case of that for wires, have beeen included in the general working expenses, and the charges against the Madras-Ennur Railway would have been considerably less.

3. If the company still maintain that a separate charge should be made wholly against the Ennur section, there would appear to be no alternative but to direct that the instruments in use should be returned to the Madras Railway and fresh ones obtained from the Government Telegraph Department, as it is obviously unnecessary and undesirable to make the Ennur section pay about 200 times as much for Madras Railway instruments as it would have to pay if the instruments were obtained from the Telegraph Department. In fact it would be more profitable to Government to expend some Rs. 20,000 on purchasing instruments outright for the five stations of the Ennur section than to permit the continuance of the charge for hire of Madras Railway instruments on the system adopted by the company.

From the Under Secretary to the Government of India, Public Works Department (Railway Traffic), to the Officiating Joint Secretary to the Government of Madras, Public Works Department, Railway Branch, dated Calcutta, 18th January 1897, No. 61 R.T.

With reference to your letter, No. 930 R., dated the 30th October 1896, forwarding for orders copy of correspondence regarding certain modifications proposed by the Agent, Madras Railway Company, in the agreement under which the Madras-Ennur section of the Bezwada-Madras Railway is at present worked by the Madras Railway Company, I am directed to reply as follows.

2. As regards the proposed addition to clause 5, I am to point out that that clause specially excludes what it is now proposed to include in working expenses, and to state that the Government of India are not prepared to accept any alteration in the existing agreement in that respect.

3. With reference to the proposed clause relating to the through siding at Washermanpet, the Government of India agree with the Government of Madras that a charge for interest on the capital cost of the siding should be debited against the Ennur branch line, provided the siding is required for the sole use of the Ennur line, but that if used for joint purposes, as it apparently is, it should be considered as part of the Madras Railway and no charge should be made.

If interest is paid, I am to point out that it should be at not more than $4\frac{1}{2}$ per cent.

4. As regards the proposed addition to clause 13, I am to state that the actual first cost of the telegraph instruments supplied by the Madras Railway Company should be admitted as a charge against the capital account of the Ennur branch, and that the instruments should thereafter be maintained as part of the branch line under the terms of the agreement.

ORDER—No. 91 R., dated 8th February 1897.

Communicated to the Agent and Manager, Madras Railway, for information and guidance.

(True Extract.)

(Signed) F. D. FOWLER,
Offg. Joint Secy. to Govt.,
Railway Branch.

To the Agent and Manager, Madras Railway.
„ Examiner, Guaranteed Railway Accounts.

Exd. T. K. Narayana Aiyangar.

No. 159.

MADRAS RAILWAY,

AGENT AND MANAGER'S OFFICE,

MADRAS, 28*th February* 1896.

From

The Agent and Manager,
MADRAS RAILWAY.

To

The Consulting Engineer for Railways,
MADRAS.

SIR,

With reference to your endorsement, No. 129 O. of the 9th September last, on copy of letter from the Government of India, No. 477 R. T, dated the 26th August 1895, I have the honor to inform you that I am instructed by my Board of Directors to accept the terms and conditions upon which the Madras Railway shall work the Madras-Ennur Section of the Bezwada-Madras Railway and to agree that these terms and conditions shall be embodied in a letter instead of in a lengthy and complicated agreement. With this object in view, I am desired to submit the following, which appears to me to include all that is necessary, to show the mutual obligations of the Government of India and the Madras Railway Company.

1. The Company will work the Madras-Ennur Section as a portion of its own line, and will run such trains over the Section as the traffic may require, but not less than one train each way each day. The number of trains to be run, and the time tables, shall from time to time be fixed by the Company and submitted to the Government for approval.

2. The fares charged on the Madras-Ennur Section shall be the same as those from time to time in force on the Madras Railway, and the rates for goods of all classes and descriptions, for the public, for the Government, and for Revenue and Capital purposes, or for other Railways shall, during the continuance of this agreement, be the same as those in force on the Company's lines.

3. All services for the Military Department, the Police Department, or any other Department of the State, except the Post Office, or for high officials, including in such service the conveyance of troops, and sailors, Military and Naval establishments, horses and other animals used for Military purposes, guns, Military Stores and equipments, conveyance of Police, or persons employed in the telegraph service, prisoners and paupers,—shall be performed by the Company on the same terms as those in force on the Madras Railway. In the event of war, or other national emergency, the Company will give precedence over the amalgamated undertaking to all traffic of the Government of India.

4. The charges for the carriage of Mails and Bhangi parcels for the Postal Department shall be regulated in accordance with the rules in force on other State Railways in India, it being understood that Post Office Servants, when on duty, shall be carried free.

5. The Company will agree to work the Madras-Ennur Section (maintenance and renewals of way, works and stations excepted), for the same percentage of the gross earnings of the State Railway as shall in each half-year, be found to represent the percentage of working expenses (exclusive of maintenance and renewal of way, works and stations) on gross earnings of the amalgamated undertaking, and will further make no special charge for the supervision required from the Engineering establishment of the Madras Railway.

6. The Company will, if desired by Government, furnish the Government at the beginning of each half-year, or as soon thereafter as may be possible, with an estimate of the probable gross earnings of the amalgamated undertaking and of the working expenses. But the Government is to accept the figures of the Company's working expenses as set forth in the Company's half-yearly audited and published accounts.

7. The Company will, at the beginning of each half-year, furnish to the Government an estimate of the probable costs of maintenance and renewals of way, works and stations on the Madras-Ennur Section, and the Government shall sanction that estimate, if it be approved, and provide the funds necessary. The Company will agree to maintain the line and all the works in an efficient and proper condition, and to the satisfaction of the inspecting officer of the Government of India appointed to inspect the line of the amalgamated undertaking, and will, if called upon by that Officer, carry out any works, repairs or improvements chargeable to Revenue, which he shall require to be done, so that the line, stations, buildings, plant and machinery may at all times be maintained in good working condition and repair.

8. Should it appear to the Government, to the Company, or to the inspecting officer, that any new works, or any additions to stations, buildings, plant or machinery, are necessary, which would constitute a Capital charge, then the Company shall submit an estimate for the carrying out of the same to the Government, for its sanction, and when sanctioned, these works shall be carried out by the Company to the satisfaction of the Government, who will provide the funds for the same.

9. The question of allocation of expenditure between Capital and Revenue shall be settled in accordance with the practice adopted on the Madras Railway and the rules in force on the Guaranteed Railway regarding the charge to Revenue of "New Minor Works" shall apply to the Madras-Ennur Railway.

10. The Company will keep the Madras-Ennur Section equipped with rolling-stock of all descriptions, and the Government, as a consideration to the Company for so doing, shall pay the Company in each half-year a sum equal to 5 per cent. on the gross earnings of the Madras-Ennur Section for that half-year.

11. The Company agrees, as soon after the 30th June and 31st December as possible in each year, to render to the Government the accounts of Capital and Revenue expenditure, made up in the same form as those adopted on other State Railways in India, and the separate books of the Company showing the transactions of the Madras-Ennur Section, together with all vouchers, papers and correspondence, directly belonging thereto shall be subject to audit and inspection by any officer whom the Government of India may appoint for that purpose. The Company will also keep all such accounts relating to the State Railway and all such accounts as between the Company and the Secretary of State as the Secretary of State may from time to time require and will keep the accounts relating to the Capital expenditure and the gross receipts of the State Railway separate and distinct from the accounts relating to the Madras Railway. Such accounts will be kept in such form and under such heads or divisions and for such Sections of the State Railway and for such periods and with such details and shall be submitted to the Secretary of State at such times as he may from time to time prescribe.

12. The appointment of the Staff employed in working the Madras-Ennur Section shall be made by the Company.

13. The telegraph wires, posts, etc., shall be provided at the expense of Government and the same terms and conditions for their use shall be adopted as are in force on other State Railways. The charge made by Government for rent, maintenance and inspection of wires, &c., shall be charged to the amalgamated undertaking.

14. The number, pay, and constitution of the police force shall form matter of agreement between the Government and the Company. The Company will meet seven-tenths of the agreed cost of Police, which shall be charged to Abstract E, General Charges, of the amalgamated undertaking, and the Government shall itself pay the remaining three-tenths.

15. All losses arising from accidents, or from loss or damage to goods carried over the amalgamated undertaking (excepting such loss from damage, the making good or the repairs of which would form a charge against maintenance), shall be borne by the Revenue of the amalgamated undertaking, and charged off from half-year to half-year to Abstract G, that is to say, Special and Miscellaneous expenditure.

16. In the event of any further lands being required for purposes of the Madras-Ennur Section, the Company shall apply to the Government of India for the same, and if satisfied that the acquisition of such land is necessary, the Government of India will, at its own cost, hand over the same to the Company for the purposes of the Madras-Ennur Section. The land so handed over shall remain the property of the Government.

17. The Agent of the Company in India shall, on the requisition of the Director-General of Railways, issue such free passes over the Madras-Ennur Section as are in accordance with the rules for the issue of free passes over the Company's lines.

18. This agreement between the Government and the Company shall have effect from the 22nd February 1896, and shall remain in force after that date, subject to its termination by either party by six months' notice in writing.

19. All communications made to the Company shall be sent to the Agent of the Company in Madras, and all communications from the Company to the Government of India shall be submitted to the Consulting Engineer for Railways, Madras.

20. Should any differences arise between the Government and the Company regarding the construction of the foregoing agreement, the matter in dispute shall be referred to two arbitrators in India, one to be chosen by each party, or in case of difference between them to an umpire they may select, and the decision given by such arbitrators or umpire shall be binding upon both parties, and such decision may be made a rule in the High Court of Judicature in Madras.

I have the honor to be,

Sir,

Yours most obedient Servant,

LOUIS S. MOSS,

Agent and Manager.

No. 587 R., 6TH JULY 1896.

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

Railway.

Read again the following paper:—

G.O., No. 317 R., dated 4th April 1896.

Read the following letter from the Acting Agent and Manager, Madras Railway Company, to the Officiating Consulting Engineer for Railways, dated Madras, 28th March 1896, No. 8031/253:—

I have the honour to submit two estimates for Rs. 13,271 and Rs. 19,423 for the construction of through sidings at Washermanpet junction and Tondiarpet station, respectively, on the Ráyapuram-Ennur section of the Bezwada-Madras Railway, and request that you will be so good as to communicate to me early sanction for these works.

2. I desire to explain that, owing to the provision of only one crossing station for trains to meet and pass each other, it was found most difficult and inconvenient to work the train service in order to cope with the heavy pilgrim traffic which has to be accommodated periodically between Ráyapuram and Tiruvottiyur, and immediate relief is imperative.

3. The subject has been discussed at an officer's meeting when it was decided that the conversion of Washermanpet and Tondiarpet into additional crossing stations by the insertion of a through siding sufficient to hold a train of 25 vehicles would satisfy present requirements, and it is most important that both these sidings should be completed by the end of April in order to deal efficiently with the heavy festival traffic expected in May.

4. As Washermanpet junction is a station belonging to the Madras Railawy, the outlay for the through siding will have to be borne by this Company and the usual rent charged to the Ennur section, as is done at other similar junctions on the Company's system.

5. The provision in the budget and the date on which the sanction will lapse are entered on the estimate for the work.

6. At Tondiarpet the outlay could be met from the savings, amounting to about Rs. 43,000 in cash and stores combined, effected in the estimate of the Ráyapuram-Ennur section; but this estimate lapses on the 31st March 1896, and no provision has been made in the budget for the ensuing year. No permanent-way materials, moreover, of the East Coast Railway type being immediately procurable, it is proposed to use materials of the Madras Railway pattern and debit the Ennur section with their value (Rs. 19,423) at once, and I request that arrangements be made to furnish this Company with funds to meet the cash portion (Rs. 5,105) of the estimate. It may be advisable to increase this special allotment to, say, Rs. 10,000, to meet unforeseen requirements during the ensuing official year.

7. As the works are of great urgency, it is requested that sanction may be accorded to the estimates as early as practicable, to enable the work to be put in hand forthwith and completed before the next festival takes place in May.

8. I enclose a statement prepared by the Acting Chief Engineer showing the expenditure incurred on the Ennur branch and the probable net saving.

ENCLOSURE.

STATEMENT showing expenditure incurred on account of Ennur Branch construction up to March 1896.

Sub-heads of estimate.	Amount of estimate.	Expenditure. Cash.	Expenditure. Stores.	Expenditure. Total.	Balance available.
	Rs.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
I. Preliminary expenses—					
(1) Survey expenses ..	2,132	1,000 7 4	1,127 6 10	2,127 14 2	4 1 10
(2) Plant	150	....	134 10 0	134 10 0	15 6 0
II. Land	1,05,000	85,504			
III. Formation—		87,405 10 10	....	87,405 10 10	* 1,901 10 10
(1) Earthwork ..	34,114	34,109 9 3	....	34,109 9 3	29 6 9
	25				
IV. Bridgework—					
(2) Minor bridges	31,449	27,415 14 7	4,197 11 1	31,613 9 8	327 6 4
	492				
V. Fencing—					
(1) Fencing ..	26,226	2,440 10 10	25,271 3 2	27,711 14 0	73 2 0
	1,559				
(2) Road crossings ..	14,618	8,613 5 11	5,855 11 0	14,469 0 11	148 15 1
(3) Mile and gradient posts.	300	187 13 6	94 15 3	282 12 9	17 3 3
VII. Ballast and permanent-way—					
(1) Ballast	32,489	17,353 8 7	11,397 11 0	28,751 3 7	3,737 12 5
(2) Permanent-way	2,74,064	23,396 13 7	2,23,603 1 7	2,46,999 15 2	39,493 0 10
	12,429				
VIII. Stations and buildings—					
(1) Stations and offices	24,173	18,408 11 1	5,946 14 10	24,355 9 11	246 6 1
	429				
(2) Staff quarters ..	9,975	9,188 4 2	94 7 2	9,282 11 4	692 4 8
(3) Station machinery ..	21,206	5,790 5 3	14,807 15 6	20,598 4 9	607 11 3
IX. Plant—					
(1) Engineering	3,000	1,188 8 1	1,811 7 11	3,000 0 0	....
(2) Station and office furniture	5,104	1,081 6 0	3,690 13 7	4,772 3 7	....
	215				
XII. General charges—					
(1) Direction	3,600	3,600 0 0	....	3,600 0 0	546 12 5
(2) Engineering ..	8,250	10,382 3 10	....	10,382 3 10	....
	4,347				
(3) Stores	1,150	1,150 0 0	....	1,150 0 0	2,214 12 2
(4) Audit and account ..	3,000	3,000 0 0	....	3,000 0 0	....
Total ..	6,00,000	2,55,713 4 10	2,98,034 0 11	5,53,747 5 9	46,252 10 3
					† 3,000 0 0
					‡ 43,252 10 3

* Excess. † Probable cash expenditure still to be brought to account. ‡ Probable net saving.

28th March 1896.

(Signed) E. W. STONEY,
Acting Chief Engineer.

Order—No. 317 R., dated 4th April 1896.

The estimate, amounting to Rs. 13,271, chargeable to Capital, for a through siding at Washermanpet junction, is sanctioned.

2. This sanction has been registered as No. 2 R. of 1896–97.

3. Provision should be made for this expenditure in schedule A of the final issue of the budget for 1896–97.

(True Extract.)

(Signed) C. W. HODSON,
Offg. Joint Secy. to Govt., P.W.D.,
Railway Branch.

Read also the following papers :—

From the Officiating Consulting Engineer for Railways, to the Agent and Manager, Madras Railway Company, dated Madras, 4th April 1896, No. 1071.

With reference to your letter No. 8031/253, dated 28th March 1896, and in continuation of my telephone message as per margin, I have the honour to forward G.O. No. 317 R., dated April 4th, 1896, sanctioning the estimate, amounting to Rs. 13,271, chargeable to Capital, for the proposed through siding at Washermanpet.

Dated 2nd April 1896.

"Your letter No. 8031/253, dated 28th March 1896. You are authorized to commence work at Washermanpet and Tondiarpet stations pending issue of formal sanction, and to effect the transfer of the necessary material and to adjust in accounts for 1895–96."

2. With regard to the estimate for the siding at Tondiarpet, the Madras Railway type of permanent-way can be used on the understanding that it is to be relaid with the State Railway pattern if the Government of India wishes. In that event I shall be glad to know at what rate it will be taken back by you.

3. On the receipt of your reply to the above reference and on the settlement of all preliminaries, a Government Order will issue communicating sanction to the estimate for the Tondiarpet siding.

From the Acting Agent and Manager, Madras Railway Company, to the Officiating Consulting Engineer for Railways, dated Madras, 13th April 1896, No. E. 529/296.

With reference to the second paragraph of your letter No. 1071 of the 4th instant, I have the honour to inform you that if the Government wishes to relay the siding at Tondiarpet with the State Railway pattern of permanent-way, we shall be prepared to take back our materials, to be used in the construction of this siding, at a reduction of $7\frac{1}{2}$ per cent. of their issue value for each year or portion thereof, during which the materials may be used, provided that no reduction shall be made below half the cost at which the materials were originally supplied.

From the Officiating Consulting Engineer for Railways, to the Agent and Manager, Madras Railway Company, dated 24th April 1896, No. 1292.

With reference to correspondence ending with your No. E. 529/296 of 13th April 1896, I have the honour to forward for report copy of remarks by the Examiner, Railway Accounts, on your No. 8031/253 of 28th March 1896.

The conditions laid down in your No. 529/296 are agreed to.

2. The length of the sidings at Washermanpet and Tondiarpet is not specified. I assume that 800 feet will be sufficient.

From the Acting Agent and Manager, Madras Railway Company, to the Officiating Consulting Engineer for Railways, dated Madras, 15th May 1896, No. E. 529/406.

With reference to your letter No. 1292, dated 24th April 1896, forwarding for report copy of remarks by the Examiner, Railway Accounts, I have the honour to submit copy of a memorandum from the Company's Chief Auditor in reply thereto.

2. I desire to point out that the terms on which the charges for supervision during the construction of the Ennur section were based, ceased simultaneously with the completion of the work, the date for which may be taken as the termination of the financial year 1895–96, *i.e.*, 31st March 1896, after which the working agreement would come into force.

3. In that agreement it is stipulated that no special charge shall be made for the supervision of "Maintenance of way, works and stations"; but it does not appear reasonable to include such extensive works as the additional through sidings at Washermanpet and Tondiarpet as ordinary maintenance, for they constitute Capital works undertaken subsequent to the opening of the line. This Company therefore is entitled to charge the authorized percentages as prescribed by Government, for supervision in the case of the siding at Tondiarpet, and to claim rent upon the outlay incurred from its own funds on the siding at Washermanpet, and I trust you will be able to concur in this view.

4. The length of the sidings at both stations is 800 feet.

ENCLOSURE.

The following is in reply to paragraphs I (2) and II (6) and (7) of a note by the Examiner, Railway Accounts, dated 31st March 1896, forwarded with the Consulting Engineer's letter No. 1292 of 24th ultimo:—

I. Estimate for through siding at Washermanpet—

(2) It is understood from the Chief Engineer that the siding is required solely for the working of the Ennur line, that it is practically a part of the Madras-Ennur system, although constructed on Madras Railway property (and consequently from Madras Railway funds). Under the circumstances, this Company is clearly entitled either to a refund of, or rent upon, the capital outlay.

II. Estimate for through siding at Tondiarpet—

(6) The saving under the project estimate is not due to reduction in the amount of construction work, but rather to the economical manner in which the Madras Railway have carried out the work.

The work for which supervision has been paid has been carried out; the proposed siding is additional work and we are entitled to charge the percentages laid down in Government orders.

(7) Clause 5 of the working arrangement deals with the matter of remuneration for working the Ennur line and it provides that no *special* charge shall be made for the supervision of "Maintenance of way, works and stations," but nowhere is provision made for "free supervision of maintenance outlay" as imagined by the Government Examiner, and the Madras-Ennur section will be charged with its percentage on the cost of General superintendence of the Engineering Department in the same manner as on that of the other departments. This charge, which is for working, affords no ground for a claim to free supervision of construction works of the Ennur line.

Had the working arrangement been framed with a view to give us a profit, an appeal to forego the charge might have been one for consideration, but looking to the comparatively small earnings of the Ennur line, the return to the Company is not likely to exceed the cost of the services rendered.

(Signed) F. DUNSTERVILLE,
Chief Auditor.

From the Officiating Consulting Engineer for Railways, to the Agent and Manager, Madras Railway Company, dated Madras, 6th June 1896, No. 1741.

With reference to correspondence ending with your letter No. E. 529/406, dated 15th May 1896, I have the honour to point out that the charges in question can only be dealt with on the lines of the working agreement: to do otherwise would be to give to the Government of India an erroneous idea of the terms on which the line is worked by the Madras Railway, and might lead to mistaken views as to the most economical agency for working the line when the question comes again under consideration on the completion of the Bezwada-Madras Railway.

2. If the Madras Railway wish to charge rent on works provided for the Ennur line at the joint stations, and also to charge for engineering supervision of open line Capital works of the State Railway, neither of which charges are in my view contemplated in the working agreement, they should propose such amendments of that agreement as they consider necessary, so that the matter may be referred to the Government of India. It is to be noted, however, that it is a general rule both on State and Guaranteed Railways, that open line Capital works can only be charged with the cost of such establishment as is specially employed on them, and the percentage charges for supervision by the ordinary Railway staff are inadmissible and it is not likely that the Government will sanction any departure from this rule.

3. The estimate for Tondiarpet is returned for revision. The charge for supervision should be omitted pending settlement of the general question.

From the Acting Agent and Manager, Madras Railway Company, to the Officiating Consulting Engineer for Railways, dated Madras, 16th June 1896, No. E. 529/507.

With reference to your letter No. 1741 of the 6th instant, I have the honour to return the estimate for the through siding at Tondiarpet, having, as desired, struck out the charge made for supervision. There is no desire to press the question of charging for supervision, so that this estimate, so far as this point is concerned, need not be referred to the Government of India.

2. I shall, however, be glad if you will address the Government of India with regard to the expenditure incurred on the through siding at Washermanpet. This siding is required solely for the working of the Ennur line, although constructed on the property of the Madras Railway and the funds have been provided by this Company. No reference is made in the letter of agreement to payment being made for the use of the Washermanpet station. The outlay required at this station for the accommodation of the Ennur line traffic in addition to our own traffic was small, and the question of payment of interest on our expenditure was not raised; but the construction of the through siding, the necessity for which has arisen since the line was opened for traffic, and subsequent to the submission of the letter of agreement, makes it expedient that the Government of India should be referred to in the matter. The question is an important one, inasmuch as I have no authority from the Board to incur capital outlay on works for the use of the Ennur section without charging for interest and maintenance.

3. The estimated cost of the siding as sanctioned in G.O. No. 317 R., dated 4th April last, is Rs. 13,271. The actual outlay I am not yet in a position to give, and I would propose as a simple method of adjustment that the Government agree to pay the Company interest at 5 per cent. per annum on the actual expenditure. The cost of maintenance of the siding will be dealt with in the same manner as the cost of maintaining other portions of the Ennur section.

ORDER—No. 587 R., dated 6th July 1896.

The estimate, amounting to Rs. 17,744, chargeable to Capital, for a through siding at Tondiarpet station is sanctioned the expenditure being met from the anticipated savings on the project estimate sanctioned by the Government of India which does not lapse till 21st February 1897, *i.e.*, one year after the opening of the line for traffic. If, however, the sanction to this estimate, which should be allocated to the various heads of Capital expenditure, causes any excess over the heads and sub-heads of the project estimate, the same should be reported for the orders of Government.

2. This sanction has been registered as No. 8 R. of 1896–97.

3. The question of charges for interest on expenditure incurred on the through siding at Washermanpet will be dealt with hereafter.

(True Extract.)

(Signed) C. W. HODSON,
Offg. Joint Secy. to Govt., P.W.D.,
Railway Branch.

To the Agent and Manager, Madras Railway, with estimate for correction.
„ Examiner, Guaranteed Railway Accounts.

Exd. T. K. Narayana Aiyangar.
Spare Copies

RAILWAY.

Govt. of {1896} Madras.

PUBLIC WORKS.

Dated July, 6th.

Recd. *Encl.*

G.O. No. 587 R., 6th July 1896.

JULY.

Through Siding

Estimate of Rs. 17,744 for a — at Tondiarpet station on the Madras-Ennur section, sanctioned with remarks.

(No. 1.)

No. E529

676

5000-15-3-88.

SERIAL No. 16

MADRAS RAILWAY.

AGENT AND MANAGER'S OFFICE,

MADRAS, 3rd August 1896.

File
await ref
to our 2388
of 4-8-96
MM

From

The Agent and Manager,
Madras Railway Company,

To

The Consulting Engineer for Railways.

SIR,

Madras.

With reference to G.O. No. 587 R of the 6th ultimo, on the subject of the through siding at Washermanpet, I have the honor to enquire if the Government of India have been addressed with regard to our contention that the Ennur line should be charged with a percentage of the cost of general superintendence of the Engineering Department. This question is referred to in the above G.O.- vide this office letter of 15th May '96. and your reply of the 6th June. It was subsequently considered at the meeting of the 8th June, when the Establishment Estimates for the current half year were under discussion

and

Printed Date
GO 587 R 6/7/96
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and I am under the impression that it was to be referred by you to Government for decision. Pending a settlement of the question, no portion of the Engineering general superintendence charges will be included in the accounts for the past half year which will shortly be closed, but I shall be glad to know what procedure is to be followed in future.

I have the honor to be,
Sir,
Your most obedient Servant.

Henry Ulrich

Ag Agent & Manager.

Enclosure.

C. 3367
Rec'd 5/8/96

MADRAS RAILWAY.

From The Agent and Manager,
M. R. Co.,

To The Consulting Engineer
for Railways.

Dated 188

Rcvd.

No.

Form No. 4.

OFFICE OF THE CONSULTING ENGINEER FOR RAILWAYS,
Madras, 7th august 1896.

To

AGENT AND MANAGER, M. R.

No. 2388 Reply No. , dated

+ orgls of 8.v.
80587R
6/7/96

Reminders.

SIR, With ref to para 2 of your letter no 45-29/507 dated 16 June 96 - I beg to request that you will formulate precisely the alteration or addition you desire in the Conrac working agreement

CRM. 4/8

Subject.

Despatched on 7-8-96

(No. I.)

No. 8851

5000-15-3-88.

717

MADRAS RAILWAY.

AGENT AND MANAGER'S OFFICE,

MADRAS, 13th August 1896.

From

The Agent and Manager,

Madras Railway Company,

To

The Consulting Engineer for Railways.

Madras.

SIR,

With reference to your letter No. 2388 — dated 7th August 1896, I have the honor to address you on the subject of certain modifications, which appear in this Company's interests, to be desirable in the Working Agreement of the Ennur Section of the Bezwada-Madras State Railway.

2. I desire to explain that the Ennur — section (9 miles) was constructed through the Agency of the Madras Railway Company in accordance with the plans furnished by — Government, and its junction with that Company's system was made at Washermapet

Station

987

Station. When the working of the section was undertaken by the Company it was not contemplated that any additional works or sidings would be necessary for some time, and no charge was made by this Company for the requisite alterations which were carried out at Washermanpet to convert it into a suitable junction. Under ordinary circumstances an annual rental of 7½ per cent on the total Capital outlay at this station would be charged to a Joint Station Expenses Account, and this would be divided between the Madras Railway and the State line in certain proportions. This arrangement was not claimed in the present case, and was purposely omitted in the letter No. 159 dated 28th February 1896 embodying the terms of the Working Agreement.

3. Soon after the opening of the Section for traffic it was found necessary to insert a through siding at Washermanpet purely for working the traffic on the Ennur Section.

The

1087

The funds for this work, being on Madras Railway property, were provided by the Company and it appears only equitable that the State line should pay interest at 5 per cent on this outlay, inasmuch as this Company cannot be legitimately called upon to incur Capital expenditure on account of the Ennur Line without charging interest. A decision as to this point, both in the present case, and in regard to similar cases in future, is respectfully invited.

4. A new through siding was at the same time added at Tondaiyarpet on the Ennur Line, the funds being provided by the State: but as this formed a Capital construction work, and was considered as beyond the scope of the ordinary maintenance of the open portion, it is contended that the charge for the authorized percentage on the estimated cost for supervision is a fair and reasonable claim by the Company on such works, in accordance with the ruling

in

1187

in para 86 chapter III Volume IV of the P.W.D code, which is applicable to work executed for other lines. It is requested that a decision may be pronounced on this claim, both in the present case, as well as for future guidance.

5. Lastly, Clause 5 of this office letter No. 159 dated 28th February'96 containing the terms of the Working Agreement states that the Company will further make no special charge "for the supervision required from the "Engineering Establishment of the Madras "Railway" - by which it is understood that the Ennur Section will still be charged with its percentage on the cost of the General Superintendence of the Engineering Department; in the same manner as on that of other Departments. The favor of the correct interpretation of this clause is requested.

6. It is pointed out that the Permanent Way Inspector's length on the Company's Main line to which the Ennur branch

is

12 81

is attached, is already a very long one, and it is essential, owing to the latter having been only recently opened, that a special Inspector and his clerk should be retained in charge of it until the road has thoroughly consolidated. It is contended that it is only equitable that a percentage of the Company's Engineering general superintendence should be charged, in which case the salary of the special Permanent Way Inspector and his clerk would be excluded from the maintenance expenses.

7. As the Government Examiner of Railway Accounts has expressed his inability to concur with the views held by the Company's Officers on the points raised, I shall feel obliged if you will be so good as to refer the matter for the decision of the Government of India in respect of paras 3, 4 and 5.

I have the honor to be,
Sir,
Your most obedient Servant,

H. C. Clerk

Ag: Agent & Manager.

Enclo/nil.

C. 3507
Recd. 14/8/96

SERIAL
No. 17

ER

Mrs Thomas Clements
wants A.M.'s reply to our
of 23rd ult. C.O. 9/6.

ER
13/8

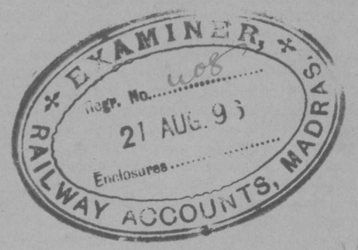
EM

Inverclyde's letter No. 2388 of 7 Aug. marked A.M. to formulate precisely the alterations he desires to make in the Emigrn. agreement - In his letter above C.R. has already explained that the charges raised by A.M. cannot be passed because they are opposed to the wording of the agreement.
In his letter under reply A.M. gives a long explanation of why his charges are legitimate & does not draw attention to the fact that instead of forwarding his letter to India for orders as ordered it should be returned to him with a letter to ask him again to send us a copy of the agreement corrected in red to suit his views: & can then make the matter more clear to India

EM 20/8

certainly Fras 21/8

FORM No. 21.
509—5-3-96.



OFFICE OF THE CONSULTING ENGINEER FOR RAILWAYS,

Madras, 19th August 1896.

No. 2533

OFFICE NOTE.

Letter from the Agent, ~~Manager~~, Madras Railway, No. 8951/717, dated 13th August 1896, forwarded to the Examiner of Railway Accounts, for favour of remarks.

for E. R.

Note by Examiner, Rys
21/8/96

EXAMINER'S REPLY.

The Madras Ry Co: proposes to make the following charges against the Irwin Section:—

I A Charge of 5% for interest on the Capital cost of all works constructed at the cost of the Madras Ry at the joint stations for the exclusive use of the Irwin Section, together with actual cost of maintenance of such works

II A Charge of 10% for supervision on the cost of all Open Line Capital works of the Irwin Section

III A Charge for a proportionate share of the cost of Engineering General Superintendence (Abstract A-1) of the undertakings, in addition to actual cost of maintenance of the Irwin Section.

As the levying of these charges is not provided for in the recently approved agreement for working the Inner Section, it will be necessary to obtain the orders of the Govt of India thereon before they can be admitted into the accounts.

As regards the charges themselves, I may offer the following remarks for consideration:-

I Charges for interest & maintenance of works for use of Inner Line.

For any works, provided at the cost of Madras Ry Capital funds at the Joint Stations, which can be clearly shown to be required for the sole & exclusive use of the Inner Section, it would seem equitable that the Madras Ry Co should be allowed to charge the Inner Section with interest & cost of maintenance, of being considered joint work passing.

On the other hand:-

(1) The particular work in regard to which the general question has been raised is a siding, which, being within joint Station limits and of the same gauge as both Lines, it would be hard to say would not when now or at some future time be used as much for Madras Ry Traffic as for Inner Section Traffic, and:-

(2) As the Madras Ry Charge Traffic passing to or from the Inner Section over the 1 mile distance - Washermanpet Ranganpuram - of their own Line with power & facilities as for a minimum distance of 4 miles, they derive such a profit thereon, that they might well afford to bear the cost of any works at the Joint Stations required to admit that Traffic on to their own Line.

II Charge for Supervision of Open Line Capital works.

The Charges referred to in Code Vol IV Chap III para 68 et seq. are percentage Charges levied by one Line on work done for a purely Foreign Line or outside Department (usually on work done in their workshops for such Lines a Depts); or on those rare Lines that I am aware of are such percentages levied on works carried out on Branch or Extension Lines which are worked under agreement by a Main Line as part of its own undertaking. Further it is a general rule on both State & Guaranteed Rys, that Open Line Capital works can only be charged with the cost of such establishments as are specially engaged for them, and that percentage Charges for the supervision of such works by the ordinary Revenue Staff are inadmissible.

III Charge for Share of Engineering General Superintendence.

In drawing out the working agreement for the Inner Section, the Madras Ry Co made provision for the actual maintenance Charges of the Section being kept entirely distinct & charged wholly to the Section - all other Charges of the undertaking being divided on a percentage basis. In accepting this provision the Govt of India required that no General Charge for the supervision expended from the Imperial Estate of the Madras Ry should be made against the Inner Line, and even expressly stipulated that no part of the pay of the District Engr, whose whose Charge the Inner Section is included, should be charged to that Line. Under these circumstances the proposal to charge the Inner Section with a proportionate Share of Engineering General Superintendence appears to be directly opposed to the provisions of the Agreement and to the intentions of the Govt of India

C.R. 25/8

MR proposal

The MR. Section with which charges will be charged with its percentage on the cost of the ordinary General superintendence of the Engineering Dept in the same manner as on that of the other depts of the Madras Rly

FORM No. 10.

Railway Department.

OFFICE OF THE CONSULTING ENGINEER FOR RAILWAYS,

Madras, 12th Sept 1896.

To

Asst. Engr. 18-S.R.

No. 2684 Reply No. 837, dated 23/9

SIR.

With reference to my letter No 8851 dt 13.8.96 I have the honor to invite your attention to my letter No 2388 dt 7.8.96 in which I requested you to formulate precisely the alterations and additions you desire to make in the working agreement of the Tuticorin section. I shall be glad if you will send me a copy of the agreement corrected in red ink so as to suit your requirements.

Asst 28/8

Reminders.

Despatched on 1/9/96

DE 28/8

(No. I.)

No. 9117
837

SERIAL No. 22

MADRAS RAILWAY.

AGENT AND MANAGER'S OFFICE,

Madras, 23rd September 1896

CR

From

The Agent and Manager. M.R.C.

To

The *Consulting Engineer for Railways.*

SIR,

Referring to your letter No. 2684 of the 1st instant, I have the honour to propose that the following additions be made to the agreement for the working the Madras-Ennur Section of the Madras Bezwada Railway and to request that the Government of India may be asked to approve of the same.

A. To be added to clause 5.

The Madras-Ennur Section will, however, be charged with its percentage on the cost of the ordinary General Superintendence of the Engineering Department in the same manner as on that of the other Departments of the Madras Railway.

B. To follow clause 8

The Government will pay the Company interest at the rate of 5 per cent per annum on the expenditure incurred by

by the Company on the through siding at Washermanpet station, this siding being required solely for the purposes of the Madras-Ennur Section.

C. Add to clause 13

But should it be necessary for the Company to provide telegraph instruments or other telegraph apparatus for use on the Madras-Ennur Section, that section shall be debited with the charges for their hire and the Company shall be credited with the amount of such charges.

The reasons for desiring these additions are as follows:-

As regards A, to remove the doubt which now exists as to our right to charge a percentage of Engineering General Superintendence.

The new clause B is required to admit of our charging interest on our expenditure on the through siding at Washermanpet. This is fully explained in my letter No. $\frac{8851}{717}$ of the 13th ultimo.

In this case

With regard to C the Madras Railway

MADRAS RAILWAY.

From

The Agent and Manager.

To

The Consulting Engineer
for Railways.

Dated 188

Recd.

No.

Railway is worked on the absolute block system and the same system has been introduced on the Madras. Emmur Section. The Government Telegraph department having been unable to supply the instruments we required it was agreed that we should hire them and charge the rates laid down in Government Orders. This was approved in your letter dt. 379 of the 6th February last and the charges for the hire of the instruments were accordingly debited in the accounts of the Emmur line for the half year ended 30th June 1896

C90095

The Government Examiner's view is that the amount should be charged to the Working Expenses of the amalgamated undertakings. Vide Clause 13 of the working agreement, but that clause provides for the equipment being supplied "at the expense of Government" while the Instruments in question have been paid for by the Madras Railway: Clause 13 therefore does not cover the case.

The charge to the Emmur line for expenditure under Clause 13 is included in the percentage of the Gross Earnings provided for in Clause 5 and the enclosed Memorandum shows that by charging off the hire of the Telegraph Instruments in the

MADRAS RAILWAY.

From The Agent and Manager.

To The Consulting Engineer for Railways.

Dated 188

Recd.

No.

the manner proposed by the Examiner the percentage charge (39.14) for last half year would not be altered and that the Madras Railway would therefore have to bear the whole cost of the hire of its own Instruments to the Minor line, besides having borne the Capital outlay on them.

The sum at present involved in respect of the proposed addition A is not large and the question dealt with is mainly one of principle, so also with regard to C, but if in the future this Company is asked to work a further portion of the Madras-Bezwada line on the same terms and conditions as are now in force on the Minor Section, the amounts at issue will assume some importance and it is desirable that the question raised should be settled now.

I shall therefore be obliged if you will address the Government of India on the subject.

I have the honour to be,
Sir
Your most obedt Servt,

Henry Crosthwaite

Agent & Manager

4148
G. Rom
Rec'd 25/9/96

Encls/1

MADRAS RAILWAY.

From

The Agent and Manager.

To

The Consulting Engineer
for Railways.

Dated

Rec'd.

188

No.

Memorandum.

Calculation of the percentage of its Gross Earnings chargeable to the Madras-Ennore line for Working Expenses, dealing with the hire of Telegraphic Instruments in the manner proposed by the Government Examiner:-

June 1896 Half-year.

Madras Railway Earnings		Rs 54,63,428.
add	"	228 Rs 54,63,656.
Kolar Gold Fields Ry	- do -	" 70,213.
Madras-Ennore Ry	- do -	" 24,670.
	Combined Earnings	Rs 55,58,539.

Total Expenses (excluding maintenance)		Rs 21,75,339.
add	"	228.
	Combined Expenses	Rs 21,75,567.

= 39.14 % of Gross Earnings.

This is the same percentage as actually charged to Madras-Ennore line exclusive of the item of Rs 228 and the latter sum would therefore be wholly borne by the Madras Railway if the Government Examiner's proposal were carried out.

MRR

ENC. No. 1 TO E. R's C. No. 4148 OF 1896.
LETTER No. 837 Dt 23.9.96
FROM Ans

FORM No. 21.
509—5-3-96.

SERIAL
No. 23

OFFICE OF THE CONSULTING ENGINEER FOR RAILWAYS,
Madras, 25th September 1896.

EXAMINER RAILWAY ACCOUNTS, MADRAS.
Regr. No. 495
25 SEP. 96
Enclosures

No. 3043.

OFFICE NOTE.

Letter from the Agent~~Manager~~, Madras Railway, No. 9117/837
dated 23rd September 1896, forwarded to the Examiner of Railway Accounts, for favour of remarks.

for E. R.

EXAMINER'S REPLY.

The proposals have already been noted on by this office and I have nothing further to add.

2. The proposed additions to the working agreement should now be referred to the Govt. of India for orders.

JGH 2/10/96

Offg. C.R.
2.10.96

R. Form No. 12.

No. 930.R

Government of Madras.

PUBLIC WORKS DEPARTMENT,

RAILWAY BRANCH.

Fort 18/P

His Excellency the Governor

To

The Secy. to the Govt. of India,

P. W. Department.

Simla.

A.54
19.10.96

Madras, the 30th October 1896.

Sir,

I am directed to forward for the orders of the Government of India copy of a letter No.9117/837 dated 23rd September 1896 received - from the Agent and Manager, Madras Ry in which the sanction of the Govt: - of India is requested to certain -- changes in the Agreement for the -- Working of the Madras-Ennur Section of the Madras Railway together with x copies of correspondence noted in -- the margin relating to these changes

2. No provision having been made - in the working agreement for levying these charges they cannot be admitted into the accounts without the orders of the Government of India.

3. Proposed additions to clause 5.

It is to be observed that the - Madras Railway in drawing up the -- working agreement made provision for the actual maintenance charges of -- the

x

1. G.O.No.587 R., dated 6-7-96.
2. Letter to the Agent & Manager M.Ry: No.2388 dated 7-8-96.
3. Letter from the Agent & Manager M.Ry:No.8851/717 dated 13-8-96.
4. Note by the Examiner Ry:Accts: dated 25-8-96.
5. Letter to the Agent & Manager M.Ry:No.2684 dated 1-9-96.
6. Letter from the Agent & Manager M.Ry:No.8716/999 dated 7-11-95.
7. Letter from the Agent & Manager M.Ry:No.E.507/86 dated 31-1-96.
8. Letter to the Agent & Manager M.Ry: No.379 dated 5-2-96. c90/95
9. Letter from the Examiner Ry:Accts: No.436 dated 11-9-96.

H.S
19/10/96

the section being kept entirely distinct and charged wholly to the section. All other charges of the undertaking being divided on a percentage basis. In accepting this provision - the Government of India required -- that no special charge for the supervision required from the Engineering Establishment of the Madras Railway should be made against the Ennur -- line. and even expressly stipulated that no part of the pay of the Dist: Engineer, within whose charge the -- Ennur line is included, should be -- charged to that line.

4. Under these circumstances the -- proposed addition to clause 5 appears to be directly opposed to the intentions of the Government of India and to the spirit of the agreement.

5. Proposed clause relating to the - through siding at Washermanpet.

The proposed charge for interest on a work at a joint station, which is provided at the cost of Capital funds of the Madras Railway, appears to be equitable so long as ~~it is~~ the -- work is required for the sole use of the Ennur line.

6. The siding in question is at present required solely for the use of - that line; but it is impossible to - say (the siding being within joint station limits and of the same gauge as the Madras Railway) that it will not at some future time be used for the- Madras Ry: traffic also.

7. It has further to be considered that the Madras Railway charge traffic passing to and from the Ennur section over the distance between Rayapuram and Washermanpet (one mile in length) of their own line, with fares and -- freights as for a minimum distance - of four miles. The profit derived -- therefrom might perhaps be reasonably put against the cost of works required to admit such traffic.

8. This latter point ~~has already been referred for the orders of the Government of India in my No. of~~ is under correspondence with the Agent Madras Rly.

9. Proposed addition to clause 13.

The original intention was that the instruments should be provided - by the Government Telegraph Department, and that the Madras Ry: should technically supervise them, ~~The~~ the Agent Madras Railway having stated that -- the cost would be less than supervision by the Government Telegraph - Department.

10. The Government Telegraph Dept: however were unable to supply instruments of the pattern required by - the Madras Railway, ~~and~~ The Agent -- Madras Ry: ~~their~~ suggested that he should- supply his own instruments as a temporary measure; and ~~that~~ asserts that this course was

was further desirable because his staff were not accustomed to the working of the Government instruments.

11. The Agent Madras Railway was accordingly directed to supply his own instruments as a temporary measure - and the rent proposed by him viz, Rs 6-12-0 for needle and Rs 7-12-0 for block instruments per mensem (which are those -- charged by the Govt: Telegraph Dept:- vide para 9 of enclosure to Govt: of India letter No:53 T., of 23-2-87) was agreed to. When the Revenue Accounts - for July 1896 were presented, the Govt: Examiner requested that a sum of -- Rs:228/- debited to the Ennur line for hire of instruments should be written back, because the working agreement - does not provide for charges of this - nature being charged wholly to that - line. Had the instruments been hired ~~for~~ from the Govt: Telegraph Dept: the rent would have been included in the general working expenses, and the charges -- against the Ennur line would have -- been considerably less . It should be immaterial to the Ennur line whether the instruments are hired from Govt:, or from the Madras Ry:, and the present temporary arrangement was agreed to - partly because it was thought convenient that the Madras Railway staff -- should be supplied with instruments - of a pattern with which they were -- familiar.

Under

5P

12, Under the circumstances it is - considerd that the proposed addition to clause 13 should not be ~~cancelled~~ Sanctioned

13, The Madras Railway might be directed to return the instruments and hire fresh ones of State Railway pattern from the Government Telegraph - Department, or the Government of India might purchase the Madras Railway -- instruments outright. Either course would be far more economical to Govt:, than to continue to hire from the - Madras Railway on the system adopted by that Railway.

R.

9-10-96.

Documents accompanying -
Copy of letter from the Agent S.R.Ry
No 9117/837 of 23/9/96, together with
Copies of Correspondence noted
in the margin

Dispatched 30.10.96

B/f

No. 930-R dated 30.10.96

Public Works (1897) Department.

CURRENT No. 898

33

Order

From The Govt of India P.W.D.

No. 61 R.T.

Dated 18th January 1897

Received 28.1.97

Enclosures

Spare copies

SUBJECT.

Agreement for working the Madras Cannur Section

—

Passing orders on correspondence re certain modifications proposed in the —— by the M.Ry. Coy:

BACK PAPERS.

G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.

All communications should be addressed to the Secretary.

No. 61 R.T.

GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT.

RAILWAY TRAFFIC.

To

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

Calcutta, the 18th January 1897.

Sir,

With reference to your letter No.930 R., dated the 30th October 1896, forwarding for orders copy of correspondence regarding certain modifications proposed by the Agent, Madras Railway Company, in the agreement under which the Madras Ennur section of the Bezwada Madras railway is at present worked by the Madras Railway Company, I am directed to reply as follows.

2. As regards the proposed addition to clause 5, I am to point out that that clause specially excludes what it is now proposed to include in working expenses; and to state that the Government of India are not prepared to accept any alteration in the existing agreement in that respect.

3. With reference to the proposed clause relating to the through siding at Washermanpet, the Government of India agree with the Government of Madras that a charge for interest on the capital cost of the siding should be debited against the Ennur branch line provided the siding is required for the sole use of the Ennur line, but that if used for joint purposes, as it apparently is, it should be considered as part of the Madras Railway and no charge should be made.

If interest is paid, I am to point out that it should be at not more than 4½ per cent.

4. As regards the proposed addition to clause 13, I am to state

state that the actual first cost of the Telegraph instruments supplied by the Madras Railway Company should be admitted as a charge against the capital account of the Ennur branch, and that the instruments should thereafter be maintained as part of the branch line under the terms of the agreement.

I have the honour to be,

Sir,

Your most obedient servant,

G. D. Anderson

Under Secretary.

Documents accompanying:-

Nil.

S.A.

(R.) Form No. 3.

A

P.W. Current No. 898

PUBLIC WORKS DEPARTMENT,

RAILWAY BRANCH.

A/- No. 91. R dated 8/2/97.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

22 P

READ the following

Letter from the Agent & Manager Madras Ry } No. Rv. 159 dd 28 Jan 97

Letter to the Govt. of India P.W. Depte. with enclosures. } -"-"- 930 Rd 30 Oct 96

Letter from do — -"-"- 61 R.T. dd 18 Jany 97

His Excellency the Governor

Communicated to the Agent & Manager Madras Railway for information & guidance

A.SH 6.2.97

Cmd 2/2/97 D.P.

To Agent & Manr. Mad Ry — 4 Exs & G. Rypeces. / dd 23/2/97

HR 3.2.97 / 18.8.1.97

A/-

Sr. 91.2 dated 8.2.97

DATE GIVEN FOR ISSUE

" COPIED

" EXAMINED

" SIGNED

191