

1898
Public Works (191—) Department.

G.O. No. 1126 Ry

DATED 9-2-1898.
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[Despatch Abstract.]

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

Government {1898} of Madras. POLITICAL.



*P.W. Ry CN- 797
Recd 30-6-98*

Recd.

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} 1898.

Enclosures

Spare copies

G.O., No. 411, 20th June 1898.

Order no. 1126 Ry 7 9-9-98.

JUNE.

Shoranur-Cochin Railway.

Communicating to the Public Works Department (Railway Branch) letter from the Resident in Travancore and Cochin submitting the revised proposals of the Cochin Darbar regarding the construction of the —, and intimating the Government of India of those proposals.

GOVERNMENT OF MADRAS.

POLITICAL DEPARTMENT.

READ—the following papers:—

G.O., No. 694 R., dated 20th September 1897.

ABSTRACT.—Communicating to the Agent, Madras Railway, for guidance, letter from the Government of India requesting that, as soon as the re-alignment and revised estimates for the Calicut-Cannanore branch have been completed and the work of construction has been started, those for the Shoranur-Cochin Branch may be put in hand and the results submitted, together with the best available estimates of traffic, and that an estimate for carrying out the final location of the Shoranur-Cochin Branch may be furnished for formal sanction before the work is put in hand.

Telegram from the Joint Secretary to Government, Public Works Department (Railway Branch), to the Secretary to the Government of India, No. 35-B., dated 8th November 1897.

Your 1418 R.C., August 31st, 1897. During Governor's recent tour Rajah of Cochin expressed willingness to make over for Shoranur-Cochin Railway forty lakhs now in Government paper and to borrow more if necessary. This Government would like to know whether such an offer would probably be favourably received by Government of India and whether you would suggest how it might best be worked in with recently-agreed Madras Railway Company's terms; perhaps Kathawar lines may afford parallel and suggest method of most advantageously treating Rajah's offer.

Telegram from the Government of India, Foreign Department, to the Chief Secretary to the Government of Madras, dated Calcutta, 1st December 1897.

No. 4376-I.B. Your works railway telegram No. 25-B, November 8th, to works Shoranur-Cochin Railway. Please report present financial condition of Cochin with opinion on Raja's proposal to borrow. Has Travancore funds for investment in this railway, assuming Tinnevely-Quilon Railway is paid for by South Indian Railway and Darbar has to provide only guaranteed interest.

Notes by the Consulting Engineer for Railways, dated 2nd December 1897, on the Shoranur-Cochin Railway.

Office-note from the Joint Secretary to Government, Public Works Department (Railway Branch), to the Chief Secretary to Government, dated 9th December 1897, No. 51 R.M.

Referring to Chief Secretary's note, dated 6th December 1897, I see that the Government of India desire information not only about the solvency of the Cochin State whose Raja has been inquiring about the possibility of his investing 40 lakhs in a railway, but also about the ability of the Travancore State to join in the enterprise by guaranteeing interest on the capital of the part of the line passing through their State. The maps in my possession are not very clear about the Cochin and Travancore boundaries, but as well as I can make out, about 15 miles out of the 63½ will be in Travancore and the remaining 48½ in Cochin. I cannot possibly at present divide up the probable capital expenditure proportionately between the two, but it looks as if Travancore might be asked to underwrite the Government of India's guarantee as regards about one-fourth of the whole outlay, or perhaps 20 lakhs.

2. Now if Travancore would agree to underwrite the guarantee up to 20 lakhs, and if Cochin would directly subscribe 40 lakhs more, there would remain perhaps some 20 lakhs more to be underwritten by Cochin, if the Government of India are to be entirely relieved of the onus of a guarantee. If the two States would agree to do this, it seems probable that all further delay to the inception of the scheme would at once be at an end.

3. The underwriting of a guarantee is a simple matter enough, it merely involves an official undertaking to do so by the State concerned. A case in point is the undertaking of the Travancore State to underwrite the Government of India's guarantee of interest on the capital cost of that part of the Tinnevely-Quilon Railway which lies inside their State. If the working of the line is successful, the guarantee itself and the underwriting of it are mere formalities to give the debenture holder confidence. But if the line does not pay the incidence of the payment of the debenture interest (probably 2½ per cent. not more) will fall, in whole or in part, on the guarantors, and through them on the underwriters. Thus Cochin and Travancore might possibly be let in for an annual payment of Rs. 50,000 each (2½ per cent. on 20 lakhs). But that could only happen if the line failed to pay more than working expenses, a very improbable contingency in the case of so promising a line. The chances are largely in favour of their not being called on to pay anything at all.

4. The most suitable terms for the direct investment of 40 lakhs by His Highness the Raja of Cochin require some consideration. In my capacity as Consulting Engineer (not as Joint Secretary) I have sketched out what seem to me to be suitable terms, and I put up a copy below. It would be necessary, if the Raja of Cochin is addressed through the Resident in Travancore and Cochin, to carefully explain that these sketch terms do not emanate from Government and must not be taken as in any way committing Government. In questions of this sort of the initial financing of railway schemes, though we can doubtless, and indeed are expected to, make suggestions, the Government of India keep all in their own hands and we must not commit them.

5. It would be best in my opinion if the Resident were to be told in the Political Department that His Excellency having learnt in personal communication with His Highness that it was his desire to practically co-operate with Government in the inception of the Shoranur-Cochin Railway scheme, and indeed to invest largely in it, to the extent of 40 lakhs, would recommend that His Highness the Raja do now make a regular official proposal in a form fit to be sent forward for the orders of the Government of India.

6. The Resident might be told that this Government thinks that the surest way of securing the early inclusion of the line in the Government of India's construction programme would be that His Highness the Raja should make an offer to invest the suggested 40 lakhs upon some such conditions as those sketched in the accompanying note prepared by the Consulting Engineer for Railways, Madras, and that in addition His Highness should offer to underwrite the Government of India's guarantee of interest (probably 2½ per cent.) on the debentures to be raised for the remaining capital required to complete the section of the line lying in the State of Cochin.

7. The Resident might be asked whether, in view of their existing potential liability in regard to the underwriting of the Government of India's guarantee in the Tinnevely-Quilon case, he would recommend the Travancore Darbar to undertake the additional liability involved in underwriting the Government of India's guarantee on so much of the Shoranur-Cochin line as may, after regular survey, be found to lie within the Travancore boundaries. If in the Resident's opinion the Travancore State might safely undertake this additional liability (in view especially of the latest development as regards the suggested alteration of the alignment of the Tinnevely extension so as to end at the southern end of the backwaters south of Trivandrum), he might be authorised to inquire whether the Darbar would be disposed now to offer to underwrite the Government of India's guarantee on the portion of the Shoranur-Cochin line which lies within their boundaries, estimated as not likely to cost over 20 lakhs.

8. As matters at present stand, that is, if the Travancore Darbar are so ill-advised as to prefer the northern route from Tinnevely to Quilon instead of the southern route, their potential liability is for interest (at probably $2\frac{1}{2}$ per cent.) on about 76 lakhs, or a possible Rs. 2 lakhs per annum.

(Signed) FRANCIS J. E. SPRING,
Offg. Joint Secretary.

Note by the Consulting Engineer for Railways, dated 15th December 1897.

Note by the Consulting Engineer for Railways, dated 18th February 1898, on the Shoranur-Cochin Railway.

Since my notes, dated 2nd and 15th December 1897, were written, I have had the advantage of more than one interview with Mr. J. D. Rees, C.I.E., the Resident in Travancore and Cochin, upon the subject of His Highness the Raja of Cochin's proposals regarding the projected railway. Mr. Rees has showed me a letter from Mr. P. Rajagopala Chari, the Diwan of Cochin, dated Ernakulam, 24th January 1898, in which His Highness the Raja's wishes are very clearly expressed. From a perusal of this letter it is very evident that His Highness' desire is to be a proprietor, as far as he can, of a railway which will be of great importance to his State. His Highness clearly foresees that the railway may not at first be remunerative, but in spite of that, and of the probability of its not paying more than $3\frac{1}{2}$ per cent., he desires as far as possible to become its proprietor.

2. The Diwan asks many very pertinent questions in regard to points either not made very clear in, or misunderstood from, my previous notes. I have given Mr. Rees full information which he will doubtless by this time have communicated to the Diwan, so that it will be unnecessary that I should repeat it here.

3. A perusal of the Diwan's memoranda of His Highness the Raja's wishes has suggested to me an alternative whereby it may be possible for the Raja to become immediately possessed of the railway, with comparatively little addition to the capital, 40 lakhs, which he is now in a position to invest in it. This suggestion is that the Shoranur-Cochin Railway should be made on the metre gauge, and that it should be made in the most economical manner possible.

4. There is not a shadow of doubt but that the metre gauge will amply suffice to carry all the traffic that ever can come to it whether passengers or goods. It is good enough for the rich plains of Tanjore and Trichinopoly, and it must, *a fortiori*, be good enough for any other part of the Madras Presidency. A year ago such a proposal would have been blocked by the aversion of the Madras Railway Company from working branches on a different gauge from their own. But now they are happily better advised, and they have officially intimated their desire to make and work metre gauge branches. Indeed their agreement with the Nilgiri Railway Company to work that line, for what will in all probability practically amount to the same percentage for working expenses to gross earnings as prevails on the home line, is now nearly settled.

5. This difficulty being got over, there is no doubt but that a metre line costing possibly 40, possibly 50 lakhs, will return a proportionately better percentage on its capital cost than a broad gauge line costing double that sum. I have been very carefully through the plans and sections of the line, and feel fairly sure that if His Highness the Raja is satisfied with the metre gauge, he can very nearly, if not quite, get it for his money, *plus* such savings as his State may make during the two years of construction, *plus* perhaps a small additional sum, the borrowing of which can doubtless be arranged for, and which it may even be possible to persuade the Government of India to advance.

6. The great advantages of directly financing the railway in the simple fashion of His Highness advancing practically the whole of the money and offering to hypothecate the savings of his State for the balance, are too obvious to need pointing

out, but the chief of them would be that it will no longer be necessary to use the agency of the Madras Railway Company with all its concomitant entanglement of London control, &c., for the raising of the money. Neither will it be necessary to ask the Travancore Government for a guarantee which I understand that they are unwilling to offer.

7. About *land*, an item which on the west coast will apparently cost a higher proportion of the total than is usual elsewhere. The Engineers must be instructed to economise in land as much as is possible, and in this way, and by the use of lower banks than were used on the somewhat extravagant broad gauge scheme, it will undoubtedly be possible to secure considerable economy. An important question if the line were to be made on the previously proposed conditions, would be the incidence of the cost of land. Under Government of India orders, a Native State is supposed to always provide land free. But if His Highness the Raja is to become at once the proprietor of his own line, it does not seem at first sight to matter very much whether the cost of land comes out of the capital set aside for railway purposes or from the general revenues of the State. Still I should advise that in putting forward his offer to provide the money for the line, His Highness should stipulate that the cost of land shall be shown in the accounts as an integral portion of the cost of the railway, and not as a separate charge in the accounts of his State.

8. I do not foresee any practical difficulties in His Highness the Raja of Cochin owning the section of the railway which passes through Travancore territory any more than if he owned a cotton mill in that State. It would be a question, for the Resident in Travancore and Cochin to advise about, whether or not it would be politic that under the Government of India's circular the Travancore Darbar should be pressed or not to give land free for the Cochin Raja's line through their State, I am disposed to advise that they be not asked to contribute in any way whatever to the Cochin line, even to the extent of providing free land, unless perhaps to the extent of making no charge for the State's interest in the land though permitting Cochin to disburse the amount decreed to all other proprietors below the State down to the actual cultivator. I would suggest that this would be a detail that might best be left for settlement to the good offices of the Resident and which it will be unnecessary to trouble Government about.

9. I now proceed to formulate the suggestions which I would make, and I wish it to be clearly understood that these proposals emanate from me personally as Consulting Engineer for Railways, and should not be taken as emanating from me as Joint Secretary in the Public Works Department. Nevertheless as a fact they have been informally examined and approved by His Excellency the Governor in Council, from which it may be understood that if His Highness the Raja sees fit to put them forward they have every chance of acceptance.

10. I advise that His Highness the Raja write officially to say that he is very desirous of getting the railway made which has been so long talked about, and that he would prefer to be the sole proprietor of it if possible. That, as advised at present, he can see no possibility of accomplishing his purpose unless the line be made on the metre-gauge. That he therefore proposes that this gauge should be adopted. That he is prepared to provide funds, immediately to the extent of 40 lakhs and during the next so many years at so many lakhs per annum more or less. That he asks for no guarantee, and will claim the same percentage of surplus profits, if the line is worked by the Madras Railway Company as in similar circumstances the Government of India would claim. [Usually $\frac{1}{4}$ ths to Government (or to the Raja) and $\frac{1}{4}$ th to the Company, after $2\frac{1}{2}$ per cent. or 3 per cent. or whatever is the prevailing rate of interest for money, has been set aside for the State (or for the Raja). The object is to give the Company an inducement for economical working.] That in Travancore territory he proposes to be the owner of the line, and if absolutely necessary to pay for the land also. That as regards land in his own State, he proposes to pay for it. But he stipulates that throughout the whole line the cost of land be reckoned as an integral part of the capital cost of the line in order that if the cost of the line should at any time, or owing to any extensions or developments be brought into the calculation of share of surplus profits he may be secured in all the advantages of his investment. That it is his wish that the line should at once be set out again on the

ground in order that all the benefits of the adoption of the metre-gauge in cheapening first construction may be secured. That he is anxious to lay down the money as fast as the Madras Railway Company are prepared with plans and sections, and can provide the necessary construction staff and that he would wish that construction should begin as soon as possible from Shoranur so as to facilitate access to his capital at as early a date as possible. That pending the completion of a reliable estimate on a metre-gauge basis, His Highness can say nothing very definite about the extra capital, if any, that may be found wanting: but that, if it should appear that the line must cost more than the 40 lakhs now available, *plus* such savings as may be possible in the revenues of the State between now and the date of the railway's completion, His Highness the Raja ventures to hope that the Government of India may by that time find it convenient to give him some temporary assistance in order that it may not be necessary for him to go to the banks. That he particularly desires that the Madras Railway Company should not be concerned in the raising of the capital. But that it is his hope that they may be willing to construct the line and to work it on reasonable terms.

11. If some such proposals as the above are now sent in by His Highness the Raja, with an assurance by the Resident as to the certainty of the money being forthcoming, it will be possible to address the Government of India without further delay. Meanwhile in anticipation, I have instructed the Madras Railway Company's Engineers to go on with their survey on the supposition that the line is to be a metre gauge line, and to cost if possible not much more than 40 or 50 lakhs.

(Signed) F. J. E. SPRING,
Consulting Engineer for Railways.

Order—No. 132, dated 21st February 1898.

The following telegram will be despatched to Foreign, Calcutta:—

Your telegram 4276 I-B., 1st December. Enquiries not yet completed. Darbar will probably submit revised proposals.

(True Extract.)

(Signed) A. T. ARUNDEL,
Chief Secretary.

Telegram to Resident in Travancore and Cochin, No. 207, dated 28th April 1898.

" from " dated 30th April 1898.

" from Government of India, Foreign Department, No. 1218 I-B., dated 5th May 1898.

Telegram from Resident, Travancore and Cochin, dated 8th May 1898.

" from Government of India, Foreign Department., No. 1612 I-B., dated 7th June 1898.

Telegram to Resident in Travancore and Cochin, No. 308, dated 11th June 1898.

" from " dated 12th June 1898.

" to Gov. of India, Foreign Department, No. 312, dated 14th June 1898.

" to Resident in Travancore and Cochin, No. 314, dated 15th June 1898.

" from " dated 16th June 1898.

From J. D. REES, Esq., C.I.E., British Resident in Travancore and Cochin, to the Chief Secretary to Government, dated 12th June 1898, Ref. on C. No. 1852.

I have the honour to forward * letter, dated 5th June 1898, from the Diwan of Cochin and to reply at the same time to the communications noted in the margin. †

* Enclosure V.

† (1) Telegram dated 11th June 1898.

(2) " " 7th May 1898.

(3) " " 24th April 1898.

(4) Demi-official letter dated 24th Feb. 1898.

2. I do not think any useful purpose can be served by now reviewing at length the various proposals for extending railway communication from Shoranur to Cochin which have previously been entered.

In 1862, 1864 and 1866 certain proposals were made for the construction of

a branch by a company, which proved abortive. The Resident forwarded a letter from the Diwan of Travancore and entirely concurred in the views expressed therein to the effect that "Travancore had no use for railways," and he opined that the views of the Cochin Diwan would be of similar tenour. In 1873, matters progressed a little further, but the project fell through owing to the indisposition of the Travancore Government to co-operate. It is impossible for a railway to be brought to Cochin without passing through Travancore territory for some distance owing to the fact that Ernakulam, the capital of Cochin, is surrounded by Travancore territory. In 1874 the Government of India postponed the consideration of railway communications in these States in which it was observed, "no great desire was evinced for their construction." In 1879 proposals were again brought forward and rejected, as were others in 1880. In 1889 the Cochin Government stated that it had "no intention of constructing a line on its own account." In 1893 certain proposals were made by Mr. Gale to form a company to construct a line from Palghat *via* Trichur and Cochin to Quilon in Travancore. The Cochin Government then objected to giving land, cost free, and to the complete cession of jurisdiction; but this project also fell through, and the scheme which till quite lately held the field contemplated the construction by the Madras Railway Company of an extension from Shoranur to Ernakulam to be worked by the company as a branch of their main line, of which gauge it was to be. In September last the Government of India had passed orders for revising the alignment, and estimate of cost of this branch in order to the

carrying out of this project. The Darbar while throughout expressing itself in favour of the construction of a railway, equally throughout objected to the grant of the required land for this purpose which is unusually valuable consisting to a great extent of rice fields and cocoanut gardens.

3. At this stage His Excellency the Governor paid a visit to Cochin, subsequently to which affairs assumed their present aspect which is entirely different from that which appears from the brief resumé given above of previous negotiations to have previously obtained. His Highness the Raja expressed to His Excellency the Governor his wish to finance the railway, so far as possible himself to make over 40 lakhs out of the State accumulations and to borrow more if necessary. This offer was communicated to the Government of India, which made enquiries concerning the financial conditions of the State and asked to what extent the Travancore Government was prepared to co-operate in the undertaking. At this time it was believed that the capital required for the line would be 80 lakhs, and it was suggested that His Highness should provide 40, and the Madras Railway Company by issue of State guaranteed debentures, the remaining amount, the usual branch line conditions obtaining in regard to shares of working expenses, net earnings, &c.

4. His Highness the Raja of Cochin was anxious, in offering to invest the accumulated savings of the State in the construction of railway, to be the proprietor as far as possible in an enterprise of such importance to his State, and he favoured a scheme whereby the whole net profits of the railway might accrue to the State. At the same time the Travancore Government referred to the correspondence of 1881, whereby it was relieved, at the instance of the Secretary of State, of the guarantee offered under then existing conditions, and also to the opinion expressed by the Darbar in 1883 to the effect that "the usefulness of a line to Cochin would be very small, in view of the approaching construction of the Travancore Railway from Tinnevely," held that the considerations which previously weighed with that Darbar were now equally cogent, and said that it was not prepared to subscribe to any guarantee for the Shoranur-Cochin Railway. The assistance then suggested had been that either Government should guarantee the interest on the portion of the capital spent within its territories, 15 miles, more or less, falling within Travancore out of 63½ miles.

5. The desire of His Highness the Raja to become the proprietor of the Cochin line was contemporaneous with the conviction at which the Madras Government, now for the first time, arrived to the effect that a metre gauge-extension would be more

suitable for this branch, not only because it would be cheaper, and would enable His Highness to make the line on his own account, but because the Travancore line to Quilon, 88 miles south of Cochin, was to be metre-gauge, and because further metre-gauge extensions of the Madras system were contemplated. It was also clear that if a metre-gauge system would serve Tanjore, Trichinopoly and Tinnevely, it would be sufficient for the requirements of Cochin. His Highness' Government, on learning that it was probable that the Calicut-Cannanore extension would also be made of the metre-gauge, intimated its "unreserved acceptance" of that gauge for its own line. One, amongst many advantages, accruing from the adoption of the metre-gauge system, would be that as His Highness provided the total capital, cost of land would be reckoned as an integral part of the capital cost, so that if at any time, the cost should owing to extensions or developments be brought into calculation of share of surplus profits, the state would secure the advantages of the investment. The Cochin Government was accordingly asked to send in formal proposals on these lines, and at the same time I was instructed to make inquiries as to the terms upon which the Travancore Darbar would make over such land belonging to that state as would necessarily be required for the line. My instructions included directions for reporting on the financial capabilities of the two states, as desired by Foreign Department's telegram No. 4376, dated 1st December 1897. But inasmuch as that inquiry was made with reference to the proposal that Travancore should participate in making this line, and inasmuch as Travancore is unwilling to do so, it is presumed that this instruction can now apply to the financial condition of the Cochin State only.

6. In intimating, after certain pertinent inquiries, its "unreserved acceptance" of the metre-gauge, the Cochin Darbar stated that it was unable to send in any formal proposals, until the terms were settled upon which the Travancore Government would construct, or would allow Cochin to construct, the portion of the line passing through the territory of the former state. The Travancore Government eventually announced that "it had no objection to the railway passing through such intervening portions of its territory as may be found absolutely necessary, provided the line did not interfere with any important religious edifice or institution, and that such arrangements are made as may be considered necessary for the protection of customs revenue," and it was prepared "to grant land on condition that full compensation be paid for it, the right acquired by Cochin being merely that of an ordinary private proprietor, sovereign or territorial right continuing in Travancore state, subject of course to such railway jurisdiction as the British Government usually exercises over railways passing through Native States." The Travancore Government was not prepared to consider any exchange of territory, though the frontier at this point is extremely irregular, and an exchange of enclaves might with advantage to both states, even without any reference to the railway, have been proposed for the sanction of the paramount power, had both Darbars approved the measure.

7. Now, although the Government of India expects Native States to give land gratuitously for the construction of lines of which it approves, it appeared to me that, if the Cochin state made this line as a state affair without the help of the Government of India, Travancore might fairly expect to be paid for its land, just as Cochin state expected to be paid, when the construction of its line by a company was under contemplation. It was obvious that Travancore could not be urged to give land gratuitously to Cochin, unless it was of its own accord disposed to make such a proposal. The terms of the Travancore Government were not altogether acceptable, and early in April I proceeded to Cochin and as the result of further written and personal negotiations it was arranged that Travancore Government "agreed to acquire the necessary land in Travancore territory under the Land Acquisition Act, and to transfer it to the Cochin Sirkar on the latter paying the compensation assessed." As regards the Sirkar Jenom lands "it would be satisfied with the value of the improvements." But "the Cochin state would pay the usual assessment, which would be a trifle, having regard to the benefits which Cochin is likely to have from the railway".

Travancore Diwan's letter, dated 21st April 1898—Enclosure II.

8. Subsequently the condition was further stated that "land made over should be liable to resumption, if at any future time it should be found not to be required for the railway, upon repayment of the compensation actually paid, minus compensation damage, if any, which the land might have suffered while in the possession of Cochin." In the same letter * the Diwan intimated that the Travancore Government is willing to cede to the Government of India such jurisdiction, civil as well as criminal, as the latter Government usually exercises over railway lines in Native States, which form part of, or are connected with, a line in British territory." At this juncture, on 5th May, the Cochin Diwan intimated that the Darbar took exception to the payment of revenue assessment, urging that "the railway would develop Travancore territory, which was a sufficient set off for the loss of assessment" and that "if the Travancore Darbar would not yield the point, the Cochin Sirkar would prefer the line to Karupatna".

9. The adoption of this mutilated and incomplete scheme would have been extremely regrettable, and a line from Shoranur to Karupatna, a distance of 40 miles, traversing only half of the State and unconnected with its capital, would have been an altogether inadequate substitute for the proposed line. The Travancore Darbar, however, considered such payment essential, the Cochin Diwan fell ill, and matters were necessarily delayed while I was travelling back again to Cochin. The amount of the assessment was small, though it does not appear to me that with every endeavour to occupy as little Travancore land as possible, it is probable that the line can run through less than about 16 miles of that territory. It is not possible to take a straight line or anything approaching a straight line from Pooyankottai to Ernakulam, because, though the nearer to the sea the less Travancore territory, yet equally the nearer to the sea the more backwater is there, and the more banking and bridging is required. In fact I do not anticipate any great improvement in alignment or any considerable shortening of the course and believe that, under the arrangement now effected, the best plan will be to stick to the line *via* Koratti and Alwaye, which has the additional advantage of serving several large villages and running through a Cochin *enclave* after leaving the continuous Cochin frontier. It is desirable, however, that as little as possible of Travancore territory should be occupied—a fact to which the Consulting Engineer for Railways is, I know from demi-official correspondence with myself, fully alive. He has also given the necessary instructions to the surveying party. The character of the country is such that I do not think that the route suggested by the Consulting Engineer, in his letter to the Agent and Manager of the Madras Railway, dated 25th May 1898, can be adopted, and it will be obvious that there is not, now that an agreement has been effected as regards the Travancore land, any such pressing need of a diversion as to make it desirable at the cost of impairing the usefulness of the railway. Nor do I think, in any case, it would be possible to get through in 8, or even 11, miles of Travancore territory.

10. However it was evident that it was not a question of money and, after some further written and personal communications, the Travancore Government intimated its willingness "to accept an annual payment of a lump sum of Rs. 100, not liable to any increase at any time or under any circumstances, purely as an acknowledgment by the Travancore Diwan's letter, dated 11th June 1898, enclosure IV. Cochin State, of the Sovereignty of Travancore over the land now required, and that will be hereafter required for the purpose of the railway line through Travancore territory." It will be seen that this payment does not in any way partake of the nature of a revenue assessment. It is therefore acceptable to Cochin Darbar while pecuniarily no possible objection can attach to so small a payment. His Highness the Raja of Cochin has intimated to me his approval of this arrangement, and the official letter from his Diwan will be forwarded to you immediately upon its receipt within a few days.

11. I now come to the Cochin Diwan's letter dated 5th June. It contains no reference to this matter, though, in fact, an agreement as regards Travancore land was a necessary preliminary, before the settlement of which the Cochin Government was

Enclosure V.

unwilling to make any formal proposals. I need not comment at any length upon the Diwan's letter, because the matter has been fully discussed between him and me before it was sent in, and it contains nothing upon which I have any particular criticism to offer.

As to the estimate of the cost of the metre gauge line, expert criticism will be available.

As regards paragraph 2, the Cochin line will certainly cost more per mile than the Mysore section of the Southern Mahratta Railway, the country in the latter case being more favourable for railway construction and the land of less value. The estimate of Rs. 75,000 per mile, it will be observed, includes land, and it will prove that the estimate originally adopted for land acquisition, when construction by company was contemplated, was somewhat excessive. A good deal of the land in the Travancore portion is jennm land, upon which value of improvements only will be paid.

I do not see why the line should not be constructed at something like the cost of the South Indian Railway and feel sure that considerable savings might be effected in railway stations. Cut-stone buildings are by no means necessary, and pucca godowns are only required at large centres. This will be a line built by a Native State, chiefly for native traffic, and the class of stations, which rules in British India, might with advantage give way to something not more elaborate than the requirements of the people, who, during the height of the south-west monsoon, move about all day under a palmyra leaf umbrella, and would travel by train without any regard to the class of station provided.

As regards paragraph 3 (section '99), I feel convinced that the Cochin State can well afford to construct the line and think the Diwan fairly states the case. Considerable savings can be effected in buildings and retrenchments in this and in other respects have been ordered by the Darbar and are being carried out. There can be little doubt that a State, with a balance in hand of upwards of 47 lakhs, and a normal annual surplus of upwards of one lakh, can safely undertake the construction of a railway which is expected to cost about 50 lakhs of rupees. I hardly think the Diwan's estimate of the rate of interest the railway will pay is too sanguine, though it may prove that the estimate of a lakh in the fourth year of construction and first of working is a little high. It may, however, be realized if, as is probable, the line is opened to Karupatna at the head of the backwaters in time to allow of traffic during the hot weather months of the third year of construction which seems, by no means, an improbable contingency.

His Highness' opinion that the surplus cannot be devoted to a better object than the construction of a railway must meet with the concurrence of all who have at heart the interests of this rich and populous, though small, State. The density of the population of the low-country taluks is extreme, and the number returned in the census report is 531 per square mile for the whole State and must be double that for the plain districts. With an area of 1,362 square miles, Cochin has a population of 722,900, and a revenue of Rs. 20,65,310. There must be few parts of India so prosperous, and there is every prospect that under the enlightened administration of the present Raja, who is endowed equally with capacity, caution and an earnest desire to improve the material prosperity of his people, the revenues will satisfactorily develop. The accounts of the State are being reorganised, revenue survey and settlement is to be introduced, and His Highness, whose personal expenditure is small, is duly impressed with the necessity of keeping down the more extravagant provision which it has been usual in the State to make for ceremonies, charities and for the maintenance of an unusually large ruling family.

As regards paragraph 7, His Highness having expressed his anxiety that the line should be constructed as early as possible decides, for good and sufficient reasons I think, not to throw the whole of his Government of India promissory-notes into the market at the present time, but to borrow half the capital necessary for the construction of the railway. I do not see that the Diwan has allowed discount on the sale of the notes. At the present ruling price of Rs. 98-8-0 to Rs. 94-8-0, there would be a

loss of over a lakh and 25 thousand on the sale of notes to the value of 25 lakhs. But it is considered probable, I believe, in financial circles, that the price of Government paper will shortly rise and perhaps no account need be taken of loss on this score.

At any rate the Government of Cochin could raise a sterling loan in England at less than 4 per cent. with, or even without, the guarantee of the Government of India. But it is for Government to consider whether it is prepared to accede to the suggestion made that it should lend 25 lakhs of rupees. Should it be decided to raise a sterling loan in England, the annual payment under the Interportal Treaty Convention, which averages about a lakh of rupees, would more than cover the interest on the proposed loan and would be a sufficient security.

It has also to be noted that during the last five years the average annual surplus has been a lakh and 43 thousand, and it is probable that this slightly better figure than that adopted by the Diwan will be maintained.

In order to insure the early receipt of the extra revenue anticipated from the new survey and settlement, these operations must be conducted at a very different rate of speed from that which obtains in Travancore. But I see many opportunities of saving in the annual expenditure, and the necessity for meeting the interest payment will compel the application of the shears. At the same time the salt revenue is expanding, the new Stamp Regulation lately passed is bringing increased revenue, and it is not improbable that with a new Abkari Regulation the excise revenue also may expand.

In short, I think if the Government and the Government of India approve of the arrangement proposed between the two States for the construction of such portion of the line as passes through Travancore territory, and if the present judicious administration of the Cochin State continues, the proposals made in the Diwan's letter may be safely accepted.

ENCLOSURES.

I.

From M.R.Ry. S. SHUNGRASOBYER, Diwan of Travancore, to the British Resident in Travancore and Cochin, dated Trivandrum, 26th March 1898.

I beg to acknowledge receipt of your demi-official of the 14th instant marked "confidential" regarding the proposed Shoranur to Ernakulam Railway. You say that it is probable that the Cochin Government might decide upon constructing the railway out of its own capital and inquire whether in that case His Highness the Maharaja's Government would permit the line to pass through such portions of Travancore as could not be helped, whether they would grant the necessary land to the Cochin Government, receiving from the latter compensation for the same, and whether in case this Government entertain objection to the Cochin Sirkar obtaining in Travancore proprietary rights in regard to land over which the British Government will have to exercise the usual railway jurisdiction, some exchange of territory might not be arranged.

His Highness the Maharaja's Government have no objection to the proposed railway passing through such intervening portions of their territory as may be found absolutely necessary, provided the line does not interfere with any important religious edifice or institution, and that such arrangements are made, as may be considered necessary, for the protection of our customs revenue. They are also prepared to grant the necessary land on condition that full compensation is paid for the same. The right acquired by Cochin over the land so granted will be merely that of an ordinary private proprietor, the Sovereign or territorial right over it continuing in this state subject, of course, to such railway jurisdiction as the British Indian Government usually exercises over railways passing through Native States. His Highness' Government do not think there is any need, nor are they prepared, for any exchange of territory.

II.

From M.R. Ry. K. KRISHNASWAMY RAO, Diwan of Travancore, to the British Resident in Travancore and Cochin, dated Trivandrum, 21st April 1898, No. 1405—P.W.

I have the honour to acknowledge receipt of your letter, dated the 10th instant, regarding land for the proposed Cochin Railway and, in reply, to inform you that His Highness' Government would acquire the necessary land in Travancore territory under the Land Acquisition

Regulation and transfer the same to the Cochin Sirkar on the latter paying such compensation as may be assessed under the regulation. As regards Sirkar jenn lands, Government would be satisfied with the value of improvements. But in either case the Cochin State, which will hold the land so transferred as a private proprietor (*vide* this office letter No. 1105, dated 10th ultimo) should, in recognition of the Sovereignty of this State over the land, pay the usual assessment which I take it will be a trifle, having regard to the benefits which Cochin is likely to derive from the railway.

There is no objection to an officer of the Cochin State being present when proceedings under the Land Acquisition Regulation are taken in respect of private lands.

III.

From M.R.Ry. K. KRISHNASWAMY RAO, Diwan of Travancore, to the British Resident in Travancore and Cochin, dated Trivandrum, 26th April 1898, No. 1484—P.W.

In acknowledging receipt of your letter, Circuit No. A-2, dated the 18th instant, I have the honour to refer you that the condition kindly suggested appears necessary and may be inserted with a slight modification. The condition, as modified, will run thus: "That the land shall be liable to resumption if, at any future time, it should be found not to be required for the railway upon repayment of the compensation actually paid, minus compensation for damage, if any, which the land may have suffered while in the possession of Cochin."

In reference to paragraph 2 of your letter, I beg to inform you that His Highness the Maharaja's Government are willing to cede to the Government of India such jurisdiction, civil as well as criminal, as the latter Government usually exercise over railway lines in native states which form part of, or are connected with, a line in British territory.

IV.

From M.R.Ry. K. KRISHNASWAMY RAO, Diwan of Travancore, to the British Resident in Travancore and Cochin, dated Trivandrum, 11th June 1898, No. 2199—P.W.

With reference to the correspondence regarding the Cochin State Railway, I have the honour to inform you that His Highness the Maharaja has been pleased to accept the proposal of the Cochin Government to pay annually to the Travancore Sircar a lump sum of Rs. (100) one hundred, not liable to any increase at any time or under any circumstances, purely as an acknowledgment by the Cochin State of the Sovereignty of Travancore over the lands now required and that will hereafter be required for the proposed railway line through Travancore territory.

Telegram from the Resident, Trivandrum, to the Chief Secretary to Government, dated Ootacamund, 16th June 1898.

My letter twelfth; Cochin Darbar telegraph agreeing Travancore terms; letter follows.

From J. D. REES, Esq., C.I.E., British Resident in Travancore and Cochin, to the Chief Secretary to Government, dated Trivandrum, 19th June 1898.

In continuation of my telegrams of 16th instant, I have the honour to forward copy of letter, dated the 15th June 1898, R.C. No. 4055, received to-day from the Diwan of Cochin formally agreeing to the terms stated in paragraph 10 of my letter, dated 12th instant, R.C. No. 1852.

2. With reference to your telegram No. 314, dated 15th instant, and to previous telegrams on this subject, I have to say that the Diwan's letter, dated 5th June, on the financial condition of Cochin only reached me on the 12th instant. I could not get the report at an earlier date as the Cochin Government was not prepared to make proposals concerning the railway until the negotiations regarding the Travancore land were complete. These, I think Government is aware, required careful treatment and could not be hurried through. They were only finally concluded and accepted by both sides on the 13th instant, and on the 13th I despatched to Government my letter dated 12th instant.

ENCLOSURE.

From M.R. Ry. Rao Sahib S. SWAMINATHA AIYAR Avargal, Officiating Diwan of Cochin, to the British Resident in Travancore and Cochin, dated Ernakulam, 15th June 1898, R. C. No. 4055.

With reference to your letter, Ref. on No. 1830, dated 11th instant, and in continuation of the marginally-noted message of this day, I have the honour to state that His Highness the Raja has been pleased to accept the terms of the Travancore Government and agrees to pay a lump sum of Rs. 100 per annum as a royalty to the Travancore Government on the understanding that this fixed amount of contribution is not treated as assessment on the land covered by railway, that it is not liable to any increase at any time or under any circumstance and that it is intended purely as an acknowledgment by this Government of the sovereignty of Travancore over the lands now required and that may be required at any future time for the proposed Shoranur-Cochin Railway passing through the Travancore territory.

ORDER—No. 411, Political, dated 20th June 1898.

Communicated to the Public Works Department (Railway).

2. The following telegram will be despatched to Government of India, Foreign Department, Simla:—

328. In continuation my telegram 312, fourteenth instant, and, in reply, yours 4376-I.B., 1st December 1897. Revised proposals, Cochin-Shoranur line, now received from Darbar contemplate Cochin owning the entire line. Travancore has agreed to give land required in its State on payment by Cochin of nominal annual sum. Cochin proposes invest 25 out of its 47 lakhs surplus in scheme and to borrow remainder estimated at 25 lakhs. Railway department think this probably sufficient for metre gauge line. Scheme will be examined Railway and Political departments here and complete report forwarded Government India due course.

(True Extract.)

[Signature]
Chief Secretary.

To the Public Works Department (Railway).
,, Resident in Travancore and Cochin.

*To be substituted for Copy of the same number
and date previously sent.*

No. 1126 Ry. Dated 9/9/98

Exd. W. D'Moss.

Recorded

Frami/K. Spring

R. 9/9/98