Public Works (1898) Department.

RAILWAY BRANCH.

G.O., No. 1553. 54 Rly

DATED 17 Dec 1898.

80/20/36/1

[Despatch Abstract.]

Metre gauge conversion and extension policy for the Madras Railway

Ordered that the views of the Boards of Directors of the Madras & South Indian Rly Companies on the proposed —— be forwarded to the Govt of India.

Forwarding with remarks the views of the Boards of Directors of the Madras and South Indian Rly Companies on the proposed ——

3 Copies of Progs embodying further Correspdce with the Govt of India on the subject of —

Indexed.

BACK PAPERS.

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RAILWAY.

Government {1898} of Madras.

PUBLIC WORKS.

Recd. } 1898. *Enclosures*

Regd. *Spare copies*

G.O., No. 1553 Ry., 17th December 1898.

DECEMBER.

Metre Gauge Conversion and Extension Policy for the Madras Railway

Ordered that the views of the Boards of Directors of the Madras and South Indian Railway Companies, on the proposed —, be forwarded to the Government of India.

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

Railway.

Read the following paper :—

From—The Agent, South Indian Railway.
To—The Consulting Engineer for Railways, Madras.
Dated—Trichinopoly, 26th November 1898, No. 1063.

With reference to G.O. No. 852 Ry., dated 23rd June 1898, and in compliance with the instructions of my Board, I have the honour to forward a copy of the Managing Director's letter No. 219, dated 4th November 1898, and an extract from my letter No. 593, dated 6th July 1898, to the Managing Director. I shall be much obliged by both these communications being placed before the Government of India.

Enclosure No. 1.

Extract from letter from—The Agent, South Indian Railway Company.
To—The Managing Director, South Indian Railway Company.
Dated—Trichinopoly, 6th July 1898, No. 593.

Railway Extensions.

In continuation of the last paragraph under this heading in my letter No. 581, dated 13th April 1898, I am now able to forward, in the packet, 2 copies of G.O. No. 852 Ry., dated 23rd June 1898. It will be observed that the scheme initiated by the Madras Govt. consists in :—

(*a*) The conversion of the Madras Railway between Podanur and Calicut, and of the Nilgiri Branch of that railway, from the standard to the metre-gauge.

(*b*) The construction and working by the Madras Railway, as metre-gauge branches, of the following lines :—

i	Calicut-Cannanore	62 Miles.
ii	Shoranur-Cochin	73 ,,
iii	Podanur-Dindigul	118 ,,
iv	Erode-Nanjangode-Mysore (15 miles already made)	130 ,,
v	Mettupalaiyam-Sattyamangalam	25 ,,
		408 ,,

The principal reasons advanced in support of the project are :—

(*a*) That the area between the South-West Line of the Madras Railway and the main line of the South Indian Railway constitutes a district which should be legitimately served by the former railway.

(*b*) That the Madras Railway Company has a grievance in consequence of its line being crossed at several points by the South Indian Railway, and is greatly dissatisfied at this tapping of what it has rightly regarded as its lawful territory.

(*c*) That as the extensions enumerated above can only be justified on the metre-gauge, the Madras Railway Company would be debarred from providing and working its own feeder lines unless the proposed conversion of gauge is undertaken.

(*d*) That the requirements of the country to be served by the Podanur-Dindigul Branch are better met by a Company whose interest it is to draw the traffic towards Calicut and westwards than by one which will draw it eastwards and southwards, and that the trade of the district is now in the hands of the Madras Railway.

(*e*) That the Erode-Mysore line is not primarily required to link up the Southern-Mahratta, and South Indian Railways, and that the working of this connection by the South Indian Railway Company is to the advantage of nobody but the Company's shareholders.

(*f*) That the conversion of the standard to the metre-gauge will not be costly and will enable several economies both in regard to the Madras Railway and its proposed extensions to be effected.

In regard to these contentions I beg to offer the following remarks. From the close proximity to the sea of the main line of the South Indian Railway, branches from it in an easterly direction can only be undertaken between say Mayavaram and Madura, so that if the Company is to be debarred from extending its system towards the Madras Railway, no further feeder lines beyond those about to be made will be possible. As I understand the observations of the Madras Government and Consulting Engineer, it would appear that the country on both sides of the South-West Line of the Madras Railway is considered as constituting the legitimate territory of that administration. This contention may be generally admitted in regard to the district lying immediately to the north of this line, but can I think hardly hold in respect to the area between it and the South Indian Railway. This country is already crossed by the three South Indian Railway branches from Chingleput to Arkonam, Villupuram to Katpadi, and Trichinoploy Junction to Erode, and is about to be penetrated by a further extension from Tinnevelly to Quilon. It therefore seems obvious that prior to the elaboration of the present scheme the area in question was admittedly acknowledged as the legitimate traffic field of this Company. This view is also held by the Madras Chamber of Commerce as shown by the extract from the Chairman's letter of 2nd May 1888, quoted below :—

"The large tract bound by the Southern Mahratta main line and the Bellary-Kistna Railway to the north, by the South-West Line of the Madras Railway to the south, by the Coromandel Coast to the east, and the Malabar Coast to the west, might have been reasonably regarded as the proper field of labour of the Madras Railway Company; while the area south of the South-West Line of the Madras Railway might continue to be assigned to the South Indian Railway Company."

The principle of hypothecating separate areas to different railways may I think be generally admitted, but cases must exceptionally arise where adherence to this principle would be opposed to the general good. In my opinion the integrity of a railway area should not be preserved at the expense of interposing a third agency between two large railway systems of the same gauge, a condition which obtains in connection with the proposed link between Erode and Mysore.

The alleged grievance of the Madras Railway Company in respect to its lines being crossed by the branches from Villupuram to Dharmavaram, and from Pakala to Nellore, is more a grievance against the Government of India than against the South Indian Railway Company. It is to be observed that the Madras Railway system has been crossed at two, not at several, points, by lines which were constructed as State Railways and which this Company were required to work under the terms of its contract. The greater portion of these State Railways are practically famine lines with next to no local traffic and one of these lines has, in the interests of the Madras Railway, been deprived of long lead traffic by isolation from the important trade centre of Bangalore and the junction of Guntakal. I feel absolutely certain that the Madras Railway Company has suffered no injury from the crossing of its system at Katpadi and Renigunta and am equally positive that the South Indian Railway Company has experienced considerable loss in working these unremunerative lines. I can therefore see no reason why these crossings of the Madras Railway should be considered as in any way strengthening the claim of that administration to the working of the Podanur-Dindigul and Erode-Mysore connections.

It is of course unfortunate that the extensions to Cochin and Cannanore, contemplated by the Madras Railway, will not prove sufficiently remunerative to justify the construction of broad-gauge lines. This however need cause no difficulty, for they could be worked by the South Indian Railway administration as detached branches without any need for converting the gauge of the Madras Railway. Both the Cuddapah-Nellore and the Mysore State Railways were for years worked as isolated lines, and what was possible in the past must be possible in the future. This arrangement would not detract from the value of these branches as feeders to the Madras Railway as their interests would coincide with those of that line. Both the lines could eventually be joined up with the South Indian and Southern Mahratta Railways by extensions from Quilon and Mysore, respectively, should such connections be found desirable hereafter. The gauge of the Calicut-Cannanore Railway is no concern of this Company, but I would venture to observe that if that of the Madras Railway be adopted, the possible West Coast Railway would end at the suitable terminus of Calicut, and all necessity for the waste of money on interrupting the present unbroken gauge between Madras and Calicut be obviated.

I have no information to show that the requirements of the country would be better served by the Podanur-Dindigul Branch being worked by the Madras than by the South Indian Railway, but the statement that the trade of the district is now in the hands of the former line is hardly substantiated by facts. The South Indian Railway has carried, and is carrying, considerable Dharapuram traffic from and to Dindigul and Karur. Had this not been the case it is difficult to understand why the Madras Railway recently incurred the expense of establishing an out-agency at Dharapuram.

The primary reason for the construction of the Erode-Mysore extension is the establishment of a link between the Southern Mahratta and South Indian Railways, but it is also recognized that the two large towns of Trichinopoly and Mysore containing 90,000 and 60,000 inhabitants respectively, require better facilities for mutual trade than are afforded with the present devious connection *viâ* Jalarpet and Bangalore. The Erode-Mysore line has been steadily opposed by the Madras Railway and it is only after the failure of other measures that the compromise of

allowing that administration to work the branch has been proposed. The intrusion of the Madras Railway between Erode and Mysore is not only calculated to prove prejudicial to the South Indian and Southern Mahratta Railways and to the branch line itself, but cannot fail to be detrimental to the trading community of Southern India. It is obvious that even if the running powers ordered by the Government of India are allowed, the direct route must suffer if in the hands of an agency whose interests are not identical with those of the branch and which has the power of manipulating rates and delaying traffic. The Local Government in its remarks regarding the working of the Erode-Mysore connection by South Indian Railway agency being solely advantageous to this Company's shareholders, seems to have overlooked the fact that the interests of the Government of India are more with the shareholders of South Indian Railway than with those of the Madras Railway. Now that the latter line is paying its guarantee Government only receives a half share of its surplus profits, while about 4ths of the profits of the South Indian Railway undertaking are paid over to the State. It has also to be remembered that as the earnings of the Madras Railway increase, so does the value of that Company's shares, and the amount that will have to be expended on the purchase of the line.

With the various economies anticipated from the scheme propounded by the Government of Madras, this Company has but little concern. There is no doubt that all the extensions dealt with in the orders of Government could be made on the metre gauge without one yard of the Madras Railway having to be converted, and that the conversion is only necessary to enable the branches to be worked by the agency of that line. Under these circumstances the one apparent economy in the proposed scheme is the saving effected by not strengthening the girders on 26 miles of line. Although it is stated in the accompaniments to the Government Order under discussion, that the suggested conversion of gauge is a substantial improvement, I believe the opinion is generally held that a metre gauge line cannot carry as economically as a broad gauge railway. If this view is correct it is apparently proposed to spend money on depreciating the value of the Madras Railway for the benefit of Madras Railway shareholders, and as far as can be seen, no one else.

I shall be glad to receive the Board's instructions in regard to the reply to be sent to Government in response to its reference.

Enclosure No. 2.

From—The Board of Directors, South Indian Railway Company.
To—The Agent, South Indian Railway Company.
Dated—55, Gracechurch Street, London, 4th November 1898, No. 219.

Madras Railway Metre Gauge Conversion and Extension Policy.

With your letter No. 593, 6th July 1898, received on 25th July while the Board was in recess, you forwarded a copy of Government Order, No. 852, Railway, dated 23rd June 1898, in which is embodied a scheme, initiated by the Madras Government, for the conversion to metre gauge of part of the Madras Railway, and proposals involving a radical change of Railway policy in Southern India.

The Board have given to these proposals very careful consideration, and have endeavoured to do so dispassionately, and without that partisan feeling which they cannot but think characterises the scheme now referred to them for their opinion.

The reasons against the proposal contained in your No. 593 cover the whole ground, and are so fully and clearly expressed, and so cogently set forth, that the Directors do not think it necessary to repeat them, but consider it will be sufficient that, when sending forward this letter, Government should be asked to give them at the same time a careful reading and full consideration, as practically expressing the views of the Board in detail and as if here recited.

The area to the south of the South-West line of the Madras Railway has always been regarded by the Board as the legitimate sphere of this Company's operations. In support of this contention you quote an opinion to that effect expressed by the Chairman of the Madras Chamber of Commerce in 1888, but that view had uninterruptedly been held for many years previously.

The Board have reason to believe that the proposed Branch from Dindigul to Podanur or Palghat had for long been looked upon officially as one which should properly be allotted to the South Indian Railway Company. The fact may be recalled that when making what is known as their "en bloc" proposal, the Palghat-Dindigul line formed one of the three lines which the Board were prepared to undertake as integral parts of the Company's system. In communicating their decision upon this proposal (Government of India No 1746, R.C., 22nd October 1897), the Government of India stated that, while disposed to favour the construction of a metre gauge rather than a standard gauge railway through that district, further information was required before they were in a position to pass any definitive orders on the scheme.

In the proposals now under consideration it is contemplated that this Branch of 118 miles should be constructed on the metre gauge, and worked by the Madras Railway Company. It is difficult to understand upon what grounds this metre gauge line should be allotted to a standard gauge administration, when the line would form a junction with the existing metre gauge system of the South Indian Railway at Dindigul.

But the part of the scheme advocated by the Government of Madras, to which this Board takes the strongest objection, is the proposal to entrust to the Madras Railway the construction, on the metre gauge, and the working, of the important although comparatively short link (110 miles) between Erode and Nanjangode, which has long been urged as, and is in fact, a much needed connection between the two great metre gauge systems of Southern India—the Southern Mahratta and the South Indian Railway—administering the one 1,550 and the other 1,100 miles of metre gauge line. It seems to the Board impossible to protest in too strong terms from every point of view, whether of advantage to the public or of benefit to Government, against the proposal to interpose the agency of a standard gauge administration to construct and work a link between the two large existing metre gauge systems.

If anything remains to be added it may be permitted to the Board to observe that, upon broad commercial as well as strategical grounds, it is of the utmost importance that what will in the not distant future be a through metre gauge route from Ceylon to Bombay should, for the convenience of the public, the development of traffic, and the best financial results, be in the hands of as few Companies or Administrations as possible.

The Board observe that in the Administration Report of the Railway Branch of the Public Works Department in the Madras Presidency for 1897-98, dated 14th July 1898, signed by Mr. Spring, Consulting Engineer for Railways, it is stated that the Government of Madras has strongly recommended to the Government of India that the Erode-Nanjangode metre gauge line "be constructed as a feeder to the Madras Railway Company's system," and, it is added, that "the selection for it of the metre gauge is due to the fact that while primarily serving as a feeder to a standard gauge railway it will incidently connect two great metre gauge systems."

The Board do not desire to make any further remark hereon, beyond observing that, while the construction and working of the branch by the agency of the Madras Railway will create a considerable obstacle to the through traffic of the two great metre gauge systems, on the other hand its construction and working through the agency of the two metre gauge systems will in no way detract from the merits of the branch as a feeder to the Madras Railway.

From—The Agent and Manager, Madras Railway Company.
To—The Consulting Engineer for Railways, Madras.
Dated—Madras, 2nd December 1898, No. 1152.

In continuation of my letter No. 828, dated the 20th September last, I have the honour to enclose an extract paragraph 7 from a letter from the Secretary, No. 984, dated the 4th ultimo, approving of the views expressed by me in regard to the proposed conversion scheme and metre-gauge extensions in connection with the Madras Railway.

Enclosure.

Extract from a letter from—The Secretary to Board of Directors, Madras Railway.
To—The Agent and Manager, Madras Railway Company.
Dated—4th November 1898, No. 984.

7. *Re-Conversion scheme and metre-gauge extensions.*—The Board have read with great interest your letter to the Consulting Engineer, No. 828, of the 20th September last, with its several enclosures on the subject of the conversion scheme and metre-gauge extensions in connection with the Madras Railway, to which you refer in paragraph 3 of No 2381, and on which the opinion of the Company was specially invited. It is observed that in your letter above referred to you follow closely the views of the Board as expressed in their letter No. 9155, dated 14th June 1898, to the Secretary of State for India and, agree with them in accepting generally the scheme proposed by the Madras Government.

Order—No. 1553 Ry., dated 17th December 1898.

The Government of India will be addressed.

2. A copy of these Proceedings will be forwarded to the Secretary of State in continuation of Despatch No. 30/1470 Ry., dated 28th November 1898.

[Here enter No. 1554 Ry., dated 17th December 1898.]

(True Extract.)

Francis J. E. Spring,
Joint Secretary.

Exd. S. A. S. Raghaviengar.

Government of Madras.

PUBLIC WORKS DEPARTMENT.

(Copy.)

Letter to the Right Honourable the Secretary of State for India.

No. $\frac{32}{1553 \text{ Ry.}}$, dated 17th December 1898.

Forwarding copy of Proceedings embodying further correspondence with the Government of India on the subject of the Metre Gauge Conversion and Extension Policy for the Madras Railway.

No. $\frac{32}{1553\ \text{Ry.}}$, 17th December 1898.

PUBLIC WORKS DEPARTMENT.

Letter—to

The Right Honourable the SECRETARY of STATE for INDIA.

My Lord,

In continuation of our Despatch No. $\frac{30}{1470\ \text{Ry.}}$, dated 28th November 1898, we have the honour to forward herewith a copy of our Proceedings, No. 1553 Ry., dated 17th December 1898, embodying further correspondence with the Government of India on the subject of the proposed metre gauge policy for the Madras Railway and its extensions.

We have the honour to be,

My Lord,

Your Lordship's most obedient, humble servants,

(Signed) A. E. HAVELOCK.
(„) A. T. ARUNDEL.
(„) H. M. WINTERBOTHAM.

Fort St. George,
17th December 1898.

RAILWAY.

Government {1898} of Madras.

PUBLIC WORKS.

Recd. } 1898. *Enclosures*

Regd. } *Spare copies*

Letter, No. 1554 Ry., 17th December 1898.

DECEMBER.

Metre Gauge Conversion and Extension Policy for the Madras Railway

Forwarding, with remarks, the views of the Boards of Directors of the Madras and South Indian Railway Companies, on the proposed —.

PUBLIC WORKS DEPARTMENT.

Railway.

LETTER—from

FRANCIS J. E. SPRING, ESQ., C.I.E.,
Joint Secretary to the Government of Madras,
Public Works Department,
Railway Branch,

To

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

SIR,

In continuation of the correspondence ending with my letter, No. 1297 Ry., dated the 19th October 1898, on the subject of this Government's conversion and extension policy for the Madras Railway, and with special reference to paragraph 3 of that letter, I am now directed to forward a copy of the South Indian Railway Board of Directors' letter to their Agent, No. 219, dated the 4th November 1898, together with a copy of the Agent's letter to which theirs is a reply. The latter is the communication referred to in paragraph 3 of my above-quoted letter as containing a line of argument to which this Government is unable to attach much weight. The South Indian Railway Board's letter accepting their Agent's arguments appears also to this Government to be unconvincing.

2. While fully conceding that the South Indian Railway Company have a right to feel interested in the future ownership of the proposed Podanur-Dindigul and Erode-Mysore branches, this Government cannot admit that that Company are concerned with the Cannanore and Cochin branches, which, for no other apparent reason than that the metre gauge is suggested for them, they propose to work as detached railways. Neither can the proposal to change the gauge of the Calicut-Podanur-Mettupalaiyam section be reasonably considered as a subject of legitimate interest to that Company, or as one in regard to which it is necessary to consult them. The trunk and its branches designed to converge on the ports of Calicut and Tellicherry, and to serve a tract of country the chief part of whose export and import business is carried on through the mercantile agencies residing at these ports, must, in this Government's opinion, be considered as forming a system apart from that of the South Indian Railway Company, inasmuch as the territory which this network of lines is intended to serve is one which the Madras Railway Company have always, and until now undisputedly, regarded as their own. It is this network for which it is now proposed to adopt the metre gauge, not only because many potential difficulties in regard to future extensions and connections will thereby be removed, but also because the metre gauge is considered, by this Government and by the Madras Railway Company, to be amply sufficient to carry all the traffic likely hereafter to offer itself in so confined, though rich, a country.

3. Provided that its length is sufficient for economical working there is no valid objection to a metre gauge network being worked by a broad gauge administration. The Bombay-Baroda and Central India Railway Company and the Eastern Bengal State Railway may be quoted as successful examples of such working. The former of these two administrations works 1,790 miles of metre and 190 miles of 2′ 6″ gauge, and the latter 532 miles of metre and 60 miles of 2′ 6″ gauge. The difficulties experienced on these two systems in the transhipment of a very large volume of traffic at the junction of the gauges will be a matter of minor moment at Podanur, which, as already explained, stands on what may be appropriately designated the *traffic-shed* between the East and the West Coast ports at this part of the Indian peninsula.

4. There will doubtless be some trade in the future between the districts of which Trichinopoly is the trading and financial centre and those of which Mysore is the centre. Yet the chief object of the proposal that the branch from Erode to Mysore

should belong to the Madras Railway is not so much to serve the requirements of this internal trade as that Mysore produce should find it easy to flow Madras-wards, *viâ* the shortest route, *i.e.*, *viâ* the Erode-Madras section of the Madras Railway, without being hampered by the intervention, between it and its port, of two carrying companies rather than one. If the intervention of the Madras Railway Company is considered as likely to be to the detriment of trade desiring to flow between Trichinopoly and Mysore, the situation can perfectly well be safeguarded by a special clause in the agreement under the authority of which the Erode-Mysore branch of the Madras Railway will be made and worked. The contention, however, of this Government is that the interests of the Mysore trade desiring an outlet Madras-wards are likely to be greater than those of the trade between that place and Trichinopoly. The interests, however, of the internal trade are guarded by the adoption, for the branch, of the metre gauge.

5. The South Indian Railway Company's Board argue that the "construction and working" of the Erode-Mysore branch "through the agency of the two metre gauge systems will in no way detract from the merits of the branch as a feeder to the Madras Railway." It may with equal cogency be argued that the construction and working of the Podanur-Dindigul branch by the agency of the Madras Railway Company will in no way detract from its merits as a feeder of the South Indian Railway at Dindigul. This Government's view of the matter is that such intervention must necessarily to some extent detract from the merits of a branch in so far as it is intended to serve as a feeder of the Company *not* working it, but that the South Indian Railway's legitimate share of the carrying trade of the districts proposed to be served by both these branches is small in comparison with that likely to be carried by the Madras Railway, to and from ports at the termini of that Railway.

6. With reference to the question of fact, whether the country to be served by the Podanur-Dindigul line is likely to be better served by the South Indian or by the Madras Railway, I am instructed to offer the following remarks. In his letter to his Directors, No. 593 of July 6th, 1898, Captain Shelley writes:—

"I have no information to show that the requirements of the country would be better served by the Podanur-Dindigul branch being worked by the Madras than by the South Indian Railway, but the statement that the trade of the district is now in the hands of the former line is hardly substantiated by facts. The South Indian Railway has carried and is carrying considerable Dharapuram traffic from and to Dindigul and Karur. Had this not been the case, it is difficult to understand why the Madras Railway recently incurred the expense of establishing an out-agency at Dharapuram."

It is recognized that some of the trade of the south-eastern part of the tract in question, chiefly cotton, does find its way to the South Indian Railway, and the fact is admitted by Mr. Taylor, the Madras Railway Company's Traffic Officer who made the traffic survey of which a copy is herewith enclosed. Indeed the extreme south-eastern part of the tract deals almost exclusively with the South Indian Railway. But the bulk of the trade which centres on the large towns of the district, Pollachi. Udamalpet and Dharapuram, undoubtedly trends towards the West Coast *viâ* the Madras Railway; and it was its long connection with this trade, and not merely a desire to undermine the influence of the South Indian Railway, which led the Madras Railway Company to obtain the permission of Government to establish an out-agency at Dharapuram. When paragraph 3 of my letter No. 533 Ry., dated the 5th August 1897, was written, this Government entertained doubts of the wisdom of accepting the South Indian Railway's *en bloc* proposals. Care was therefore taken to make particular enquiries as to the real facts in regard to the movement of the trade of the district. Since that date local enquiries, through the civil authorities and otherwise, have convinced this Government that the requirements of the bulk of the trade of South Coimbatore will best be served if a second carrying agency is not allowed to intervene between it and the West Coast ports. It is admitted that the easternmost one-third of the Podanur-Dindigul line has more business connection with the South Indian Railway than with the Madras Railway; indeed, were this not the case, and were there no value in the through connection, all the requirements of the district might perhaps, for the present, be well enough served by a metre gauge branch of the Madras Railway running south and east from Podanur through Pollachi and Udamalpet to Dharapuram and Palni without emerging at Dindigul. But the extension through to Dindigul will be of value to the cotton crop of the eastern part of the district which seeks the Madura mills; and

the South Indian Railway Company's own contention, contained in their argument referred to in my paragraph 5, may be read as an admission on their part that alien ownership of these few miles will not operate to diminish its value as a feeder to their system. That rates shall not be manipulated by the Madras Railway Company, in such a way as to injuriously affect the interests of produce which desires to find its way to the South Indian Railway at Dindigul, can easily be safeguarded in advance by a special clause in the agreement.

7. With my No. 1471 Ry., dated the 28th November 1898, the Government of India will have received the cordial expression of concurrence of the Madras Military authorities in the wisdom of the policy which is the subject of this correspondence. They are also in possession of the unanimous expression of its acceptance at the hands of the several important representative Associations of traders and producers whom it was found possible to consult,—intelligent Associations representing large business interests whose success is intimately bound up with the successful railway administration of Southern India. The policy also, as you will have learnt from my No. 1297 Ry., dated the 19th October 1898, as well as from the enclosed copy of paragraph 7 of the Board of Directors' letter to their Agent, No. 984, dated 4th November 1898, has obtained the cordial support of the Madras Railway Company, who, with all their conservative broad gauge instincts, at first seemed likely to oppose it.

8. I am now instructed to express the hope that the Government of India may soon find themselves in a position to accept this Government's proposals, for delay in arriving at a decision in the matter is detrimental to many interests. Although, in consonance with this Government's conception of the wishes of the Government of India, every effort has been made to lay the matter before the public, the very natural opposition of the South Indian Railway has been the only opposition which the policy has had to face. From all other quarters it has received the strongest support. This Government is convinced that its adoption will remove a potent source of difficulty when future schemes for railway extension in Southern and Western India come to be dealt with in the future.

9. In the opinion of this Government, it is inevitable that the policy, if given effect to, should lead in the end to some enhancement of the market value of the Madras Railway; but not so soon as inordinately to raise the price of its shares when the time for its purchase arrives. It must, however, be remembered that, even should one of the results of the policy under discussion be the enhancement of value of Madras Railway shares, such enhancement must be accepted as an indication of the belief of investors in the ultimate wisdom of the policy, and as indicating a real rise of value worth paying for, rather than an artificial rise due to neglected maintenance and to surplus profits fictitiously obtained.

10. The policy of conversion from standard to metre gauge is no new policy in Southern India. As the Government of India are aware, it was given effect to with complete success on the 166 mile section of the South Indian Railway from Negapatam to Erode. It is easy to realize how, had the gauge of that section not been changed, railway development in Southern India might, during the last 20 years, have been seriously hampered. It is with a view to the avoidance of future disabilities that this Government is now anxious to gain the Government of India's consent to a policy which, in the belief of His Excellency the Governor in Council, will have far reaching and beneficial effects in the development of future schemes for the extension of railway communication in Southern India.

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

Francis J. E. Spring,
Joint Secretary.

Fort St. George,
17th December 1898.

Exd. T. K. Narayana Aiyangar.

No. 1063

South Indian Railway Co., Ld.,
AGENT'S OFFICE,
TRICHINOPOLY, 26th November 1898.

6578
28.11.98

From
To E. R. Gde 28.11.98.
The AGENT,
SOUTH INDIAN RAILWAY,
To

The CONSULTING ENGINEER FOR RAILWAYS,
MADRAS.

Sir,

Key A

With reference to Government Order No. 852 Ry dated 23rd June 1898 and in compliance with the instructions of my Board I have the honor to forward a copy of the Managing Director's letter No. 219 dated 4th November 1898 and an extract from my letter 593 dated 6th July 1898 to the Managing Director. I shall be much obliged by both these Communications being placed before the Government of India.

*Key B

*Key C

I have the honor to be
Sir,
Your most Obedient Svt

A.G. Shelley.
Captn: R.E.
Agent.

2 Enclosures.

P.W.
2087
10

From

The Agent,

South Indian Railway,

Trichinopoly.

To

The Consulting Engineer for

Railways,

Madras.

Dated 18 .

Received

No.

Enclosure.

South Indian Railway Company, Limited,

55, Gracechurch Street,

No. 219. London, *4th November*, 1898.

SIR,

MADRAS RAILWAY METRE GAUGE CONVERSION AND EXTENSION POLICY.

With your letter No. 593, 6th July, 1898, received on 25th July, while the Board was in recess, you forwarded a copy of Government Order No. 582 Railway, dated 23rd June, 1898, in which is embodied a scheme, initiated by the Madras Government for the conversion to metre gauge of part of the Madras Railway, and proposals involving a radical change of Railway policy in Southern India.

The Board have given to these proposals very careful consideration, and have endeavoured to do so dispassionately, and without that partisan feeling which they cannot but think characterises the scheme now referred to them for their opinion.

The reasons against the proposal contained in your No. 593 cover the whole ground, and are so fully and clearly expressed, and so cogently set forth, that the Directors do not think it necessary to repeat them, but consider it will be sufficient that, when sending forward this letter, Government should be asked to give them at the same time a careful reading and full consideration, as practically expressing the views of the Board in detail and as if here recited.

The area to the South of the South-West line of the Madras Railway has always been regarded by the Board as the legitimate sphere of this Company's operations. In support of this contention you quote an opinion to that effect expressed by the Chairman of the Madras Chamber of Commerce in 1888, but that view had uninterruptedly been held for many years previously.

Captain A. D. G. Shelley, R.E.,

Agent,

South Indian Railway Company, Limited,

Trichinopoly.

The Board have reason to believe that the proposed Branch from Dindigul to Podanur or Palghat had for long been looked upon officially as one which should properly be allotted to the South Indian Railway Company. The fact may be recalled that when making what is known as their "en bloc" proposal, the Palghat-Dindigul Line formed one of the three lines which the Board were prepared to undertake as integral parts of the Company's system. In communicating their decision upon this proposal (Government of India No. 1746 R.G., 22nd October, 1897) the Government of India stated that, while disposed to favour the construction of a metre gauge rather than a standard gauge railway through that district, further information was required before they were in a position to pass any definitive orders on the scheme.

In the proposals now under consideration it is contemplated that this Branch of 118 miles should be constructed on the metre gauge, and worked by the Madras Railway Company. It is difficult to understand upon what grounds this metre gauge line should be allotted to a standard gauge administration, when the line would form a junction with the existing metre gauge system of the South Indian Railway at Dindigul.

But the part of the scheme advocated by the Government of Madras, to which this Board takes the strongest objection, is the proposal to entrust to the Madras Railway the construction, on the metre gauge, and the working of the important although comparatively short link (110 miles) between Erode and Nanjangode, which has long been urged, and is, in fact, a much needed connection between the two great metre gauge systems of Southern India—the Southern Mahratta and the South Indian Railway—administering the one 1,550 and the other 1,100 miles of metre gauge line. It seems to the Board impossible to protest in too strong terms from every point of view, whether of advantage to the public or of benefit to Government, against the proposal to interpose the agency of a standard gauge administration to construct and work a link between the two large existing metre gauge systems.

If anything remain to be added it may be permitted to the Board to observe that, upon broad commercial as well as strategical grounds, it is of the utmost importance that what will in the not distant future be a through metre gauge route from Ceylon to Bombay should, for the convenience of the public, the development of traffic, and the best financial results, be in the hands of as few Companies or Administrations as possible.

The Board observe that in the Administration Report of the Railway Branch of the Public Works Department in the Madras Presidency for 1897-8, dated 14th July, 1898, signed by Mr. Spring, Consulting Engineer for Railways, it is stated that the Government of Madras has strongly recommended to the Government of India that the Erode-Nanjangode metre gauge line "be constructed as a feeder "to the Madras Railway Company's system," and, it is added, that "The selection for it of the metre gauge is due to the fact that while "primarily serving as a feeder to a standard gauge railway it will "incidentally connect two great metre gauge systems."

The Board do not desire to make any further remark hereon, beyond observing that, while the construction and working of the Branch by the agency of the Madras Railway will create a considerable obstacle to the through traffic of the two great metre gauge systems, on the other hand its construction and working, through the agency of the two metre gauge systems, will in no way detract from the merits of the Branch as a feeder to the Madras Railway.

I am, Sir,

Your obedient Servant,

HENRY W. NOTMAN,

Managing Director.

South Indian Railway.

—++:0:++—

EXTRACT FROM THE AGENT'S LETTER No. 593, DATED TRICHINOPOLY, THE 6TH JULY, 1898, TO THE MANAGING DIRECTOR.

RAILWAY EXTENSIONS.

In continuation of the last paragraph under this heading in my letter No. 581 dated 13th April, 1898, I am now able to forward in the packet, 2 copies of Government Order No. 852 Railway dated 23rd June, 1898. It will be observed that the scheme initiated by the Madras Government consist in:—

(a). The conversion of the Madras Railway between Podanur and Calicut, and of the Nilgiri Branch of that railway from the standard to the metre gauge.

(b). The construction and working by the Madras Railway as metre gauge branches of the following lines:—

(i).	Calicut - Cannanore	62	miles.
(ii).	Shoranur - Cochin	73	„
(iii).	Podanur - Dindigul	113	„
(iv).	Erode - Nanjangode-Mysore (15 miles already made) ...	130	„
(v).	Mettupalaiyam - Sattyamangalam	25	„
		408.	„

The principal reasons advanced in support of the project are:—

(a). That the area between the South-West Line of the Madras Railway and the main line of the South Indian Railway constitutes a district which should be legitimately served by the former railway.

(b). That the Madras Railway Company has a grievance in consequence of its line being crossed at several points by the South Indian Railway, and is greatly dissatisfied at this tapping of what it has rightly regarded as its lawful territory.

(c). That as the extensions enumerated above can only be justified on the metre gauge, the Madras Railway Company would be debarred from providing and working its own feeder lines unless the proposed conversion of gauge is undertaken.

(d). That the requirements of the country to be served by the Podanur-Dindigul Branch are better met by a Company whose interest it is to draw the traffic towards Calicut and Westwards than by one which will draw it Eastwards and Southwards, and that the trade of the district is now in the hands of the Madras Railway.

(e). That the Erode - Mysore line is not primarily required to link up the Southern Mahratta, and South Indian Railways, and that the working of this connection by the South Indian Railway Company is to the advantage of nobody but the Company's shareholders.

(f). That the conversion of the standard to the metre gauge will not be costly and will enable several economies both in regard to the Madras Railway and its proposed extensions to be effected.

In regard to these contentions I beg to offer the following remarks. From the close proximity to the sea of the main line of the South Indian Railway, branches from it in an easterly direction can only be undertaken between say Mayavaram and Madura, so that if the Company is to be debarred from extending its system towards the Madras Railway, no further feeder lines beyond those about to be made will be possible. As I understand the observations of the Madras Government and Consulting Engineer, it would appear that the country on both sides of the South-West line of the Madras Railway is considered as constituting the legitimate territory of that administration. This contention may be generally admitted in regard to the district lying immediately to the north of this line but can I think hardly hold in respect to the area between it and the South Indian Railway. This country is already crossed by the three South Indian Railway branches from Chingleput to Arkonam, Villupuram to Katpadi, and Trichinopoly Junction to Erode, and is about to be penetrated by a further extension from Tinnevelly to Quilon It therefore seems obvious that prior to the elaboration of the present scheme the area in question was admittedly acknowledged as the legitimate traffic field of this Company. This view is also held by the Madras Chamber of Commerce as shown by the extract from the Chairman's letter of 2nd May, 1888, quoted below:—

"The large tract bound by the Southern Mahratta main line and the "Bellary-Kistna Railway to the north, by the south-west line of the Madras "Railway to the south, by the Coromandel Coast to the east, and the Malabar "Coast to the west might have been reasonably regarded as the proper field of "labour of the Madras Railway Company: while the area south of the south-"west line of the Madras Railway might continue to be assigned to the South "Indian Railway Company."

The principle of hypothecating separate areas to different railways may I think be generally admitted, but cases must exceptionally arise where adherence to this principle would be opposed to the general good. In my opinion the integrity of a railway area should not be preserved at the expense of interposing a third agency between two large railway systems of the same gauge, a condition which obtains in connection with the proposed link between Erode and Mysore.

The alleged grievance of the Madras Railway Company in respect to its lines being crossed by the branches from Villupuram to Dharmavaram, and from Pakala to Nellore, is more a grievance against the Government of India than against the South Indian Railway Company. It is to be observed that the Madras Railway system has been crossed at two, not at several points, by lines which were constructed as State railways and which this Company were required to work under the terms of its contract. The greater portion of these

State railways are practically famine lines with next to no local traffic and one of these lines has in the interests of the Madras Railway been deprived of long lead traffic by isolation from the important trade centre of Bangalore and the junction of Guntakul. I feel absolutely certain that the Madras Railway Company has suffered no injury from the crossing of its system at Katpadi and Renigunta, and am equally positive that the South Indian Railway Company has experienced considerable loss in working these unremunerative lines. I can therefore see no reason why these crossing of the Madras Railway should be considered as in any way strengthening the claim of that administration to the working of the Podanur-Dindigul, and Erode-Mysore connections.

It is of course unfortunate that the extensions to Cochin and Cannanore, contemplated by the Madras Railway will not prove sufficiently remunerative to justify the construction of broad gauge lines. This however need cause no difficulty for they could be worked by the South Indian Railway administration as detached branches without any need for converting the gauge of the Madras Railway. Both the Cuddapah-Nellore, and the Mysore State railways were for years worked as isolated lines, and what was possible in the past must be possible in the future. This arrangement would not detract from the value of these branches as feeders to the Madras Railway as their interests would coincide with those of that line. Both the lines could eventually be joined up with the South Indian and Southern Mahratta Railways by extensions from Quilon and Mysore respectively, should such connections be found desirable hereafter. The gauge of the Calicut-Cannanore Railway is no concern of this Company, but I would venture to observe that if that of the Madras Railway be adopted, the possible West Coast Railway would end at the suitable terminus of Calicut, and all necessity for the waste of money on interrupting the present unbroken gauge between Madras and Calicut be obviated.

I have no information to show that the requirements of the country would be better served by the Podanur-Dindigul Branch being worked by the Madras than by the South Indian Railway, but the statement that the trade of the district is now in the hands of the former line is hardly substantiated by facts. The South Indian Railway has carried, and is carrying, considerable Dharapuram traffic from and to Dindigul and Karur. Had this not been the case it is difficult to understand why the Madras Railway recently incurred the expense of establishing an out-agency at Dharapuram.

The primary reason for the construction of the Erode-Mysore extension is the establishment of a link between the Southern Mahratta and South Indian Railways, but it is also recognized that the two large towns of Trichinopoly and Mysore containing 90,000 and 60,000 inhabitants respectively, require better facilities for mutual trade than are afforded with the present devious connection via Jalarpet and Bangalore. The Erode-Mysore line has been steadily opposed by the Madras Railway and it is only after the failure of other measures that the compromise of allowing that administration to work the branch has been proposed. The intrusion of the Madras Railway between Erode and Mysore is not only calculated to prove prejudicial to the South Indian and Southern Mahratta Railways and to the branch line itself, but cannot fail to be detrimental to the trading community of Southern India. It is obvious that even if the running powers ordered by the Government of India are allowed, the direct

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1063 26-11.98

A

route must suffer if in the hands of an Agency whose interests are not identical with those of the Branch and which has the power of manipulating rates and delaying traffic. The Local Government in its remarks regarding the working of the Erode-Mysore connection by South Indian Railway Agency being solely advantageous to this Company's shareholders, seems to have overlooked the fact that the interests of the Government of India are more with the shareholders of South Indian Railway than with those of the Madras Railway. Now that the latter line is paying its guarantee Government only receives a half share of its surplus profits, while about $\frac{4}{5}$ths of the profits of the South Indian Railway Undertaking are paid over to the State. It has also to be remembered that as the earnings of the Madras Railway increase, so does the value of that Company's shares, and the amount that will have to be expended on the purchase of the line.

With the various economies anticipated from the scheme propounded by Government of Madras, this Company has but little concern There is no doubt that all the extensions dealt with in the orders of Government could be made on the metre gauge without one yard of the Madras Railway having to be converted, and that the conversion is only necessary to enable the branches to be worked by the agency of that line. Under these circumstances the one apparent economy in the proposed scheme is the saving effected by not strengthening the girders on 26 miles of line. Although it is stated in the accompaniments to the Government Order under discussion, that the suggested conversion of gauge is a substantial improvement I believe the opinion is generally held that a metre gauge line cannot carry as economically as a broad gauge railway. If this view is correct it is apparently proposed to spend money on depreciating the value of the Madras Railway for the benefit of Madras Railway shareholders, and as far as can be seen, no one else.

I shall be glad to receive the Board's instructions in regard to the reply to be sent to Government in response to its reference.

ENCLOSURE.

Proceedings No. 852 Ry., 23rd June, 1898, inviting an expression of opinion from the Chamber of Commerce, Madras, etc., etc., on the proposed Madras Railway metre gauge conversion and extension policy (2 copies).

True extract
W. Lawrence
for Agent

(A. & M. 1.) No 1152

MADRAS RAILWAY.

AGENT AND MANAGER'S OFFICE,

Madras, 2 d December 1898

CONSULTING ENGINEER FOR RAILWAYS RECEIVED 5 DEC. 1898 MADRAS.

From

5697
5/12/98

The Agent and Manager,
M. R. Co.

To

The Consulting Engineer for Railways,
Madras.

SIR,

Sanction for 7 ops hereby

In continuation of my letter No 828 dated the 20th September last, I have the honour to enclose an extract para 7 from a letter from the Secretary no 984 dated the 4th ultimo, approving of the views expressed by me in regard to the proposed conversion scheme and metre gauge extensions in connection with the Madras Railway.

When the letter now in Circle returns number this 7/4

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

Encl 1.

Agent and Manager.

Form No. 1.

PUBLIC WORKS DEPARTMENT,

RAILWAY BRANCH.

Papers to be read in Proceedings:—

Again G.O., dated 189 , No.

Again G.O., dated 189 , No.

ERi Current No. 5578 of 1898, dated 28.11.98, from

" " " 189 , " " "

" " " 189 , " " "

ORDER.

Copy order

The Government of India will be addressed.

2. A copy of these Proceedings will be forwarded to the Secretary of State in continuation of Despatch No. 30/1470 R dated 28 November 1898

MS. No R 7 Dec 1898

R. Form No. 12.

No.

Government of Madras.

PUBLIC WORKS DEPARTMENT,

RAILWAY BRANCH.

To

The Secy. to the Govt. of India,

P. W. Department.

_____ 189 .

Sir,

I continuation of the correspondence on the subject of this Govt's conversion and extension proposals for the Madura R.

Flag F ending with my letter No. 1297. Rj. dated the 19th Oct. 98. and with special reference to para 3 of that letter, I am now directed to forward a copy of

Flag B the S.I.R. Board of Directors' letter to their Agent, No. 219. dated the

Flag C 4th Nov. 98, together with a copy of the Agent's letter to which there is a reply. The Agent's letter is the communication referred to in para 3 of my above quoted letter as containing a line of argument to which this Government is unable to attach much weight. The S.I.R. Board's letter appears also to this Govt. to be singularly unconvincing: they are bound of course to oppose the policy, but it is a strong testimony in its favour that, finding themselves devoid of strong arguments, they should have thought it worth while to have recourse to such feeble ones.

2.— The S.I.R. Co's arguments will perhaps be made clearer if paraphrased in the following language.

(a) Should traffic be insufficient to justify the construction of broad gauge branches for the Northern Ry., e.g. the Cannanore and the Cochin branches, then let the S.I.Ry. Co. make and work such branches as isolated sections of the S.I.Ry's system, because they are to be metre gauge, and in order that the conversion of the Podanur Calicut section may be avoided.

(b) It must be accepted as axiomatic that all the sections of one railway system must necessarily be uniform in gauge; and ~~rather than depart from this principle~~ it is preferable that branches, built to penetrate a tract which admittedly has extensive dealings with one ~~into the original~~ carrying Company, should be worked by another and alien Carrying Company rather than that this principle should be departed from.

(c) There is a great potential carrying trade between Mysore and Trichinopoli whose interests demand that the Railway connecting these two places should be worked by the S.I.Ry.Co.

3.- The first of these arguments would appear to scarcely demand serious refutation. This Government could view for a moment consent to to consider a proposal if seriously put forward, ~~[illegible]~~ The scheme for permitting the Northern Ry.Co. to make and work a sufficiently extensive metre gauge system of its own, west and south of the Coimbatore, with Calicut, Tellicherry and Cannanore as its seaports, is a workable and a logical scheme. Taken in itself, that is omitting consideration for the moment, of the Podanur Dindigul and Nanjangud Erode branches, the scheme is one in regard to which this Government cannot admit that the S.I.Ry.Co. have any or any right whatever ~~any right~~ even to be consulted.

4. As regards the S.I.R. Co's next argument, in paragraph 7(b) I am to refer you to much that has already been written on the subject, and to repeat that all that is necessary is that the metre gauge system which is worked by a broad gauge Administration should be of a length sufficient for economical working. (e.g. the Egyptian Railway system of the B.B & C.I.R. or the Natal Bengal System of the S.B.S.R.)

It appears to this Government to be nothing short of fatuous to insist upon dragging the S.I.R. to work traffic laid down for the special purpose of taking traffic of a country which now gets to this seaport via the Madras R. for no other conceivable reason than that it seems economical to adopt for the metre gauge, which happens to be the gauge of the Madras Railway, and that that is the gauge of the S.I.R.

The actual facts in regard to the carrying-trade requirements of the tract between Bidadi & Bangalore shall be referred to in detail hereafter.

5. As regards the S.I.R. Co's paragraph argument marked (c). I am instructed to repeat what has already been said elsewhere that though doubtless there will be some traffic in the future between the District of which Tumkur is the trading & financial centre, & those of which Mysore is the centre, yet the main object of the proposed line from Kudur to Mysore should be to bring to the Madras R. that Mysore produce should find it easy to flow Madras-wards via the shortest route, i.e. via the Kudur Madras section of the Madras R. without being hampered by the interests of the intermediate carrying Company.

If interests of the Madras R.C. & the detriment of that district to the between Tumkur & Mysore is wrongly described, the solution on perfectly well to safeguard a special claim in the Agreement with the object which the Madras Railway Board of the Madras R. will be entitled

6.- The S.I.R. Co Board argue that "the construction and working" of the Erode Mayuram branch "through the agency of the two metre gauge systems will in no way detract from the merits of the branch as a feeder to the Madura R." It may with equal cogency be argued that the construction and working of the Podanur Dindigul branch of the agency of the Madras R. Co. will in no way detract from its merits as a feeder (at Dindigul) of the S.I.R. This Government's contention is that such intervention must necessarily to some extent a branch is so far as it is intended to serve detract from the merits of ~~this~~ as a feeder of the Company not working it, but that the S.I.R.'s legitimate share of the carrying trade of the district beyond the terminus of the Railway is small in comparison with that likely to be secured of both these branches to and from

7.- With reference to the question of fact, whether the country to be served by the Podanur Dindigul line is likely to be better served by the S.I. or by the M.R. I am instructed to offer the following remarks. In his letter to his Director No. 593. of July 6th 98 Capt Shelly writes

Flag C

~~[illegible]~~ "I have no information to show that the requirements of the country would be better served by the Podanur Dindigul Branch being worked by the Madras than by the S.I.R. But the statement that the trade of the District is now in the hands of the former line is hardly substantiated by fact. The S.I.R. has carried on a carrying, considerable Shareapuram traffic from the Dindigul & Karur. Had this not been the case it is difficult to understand why the Madras R. recently incurred the expense of establishing an out agency at Dharapuram." That some of the trade

portion in small type is not

the south eastern limit of the tract in question, chiefly cotton, does pass it up to the

S.I.R. is perfectly well known, and is admitted by Mr Taylor the Madras P. C. Traffic

Officer who made the Traffic survey of which a copy is herewith enclosed Flag G

[illegible]. But the bulk of the trade which centres at [illegible] the large town of the District. Pollachi, Udamalpet.

Dharapuram undoubtedly tends towards the West Coast via the

Madras R.; and it was its long connection with this trade, and not merely a

desire to [illegible] the S.I.R. which led the Madras P. C. to obtain the

permission of Govt. to establish an out-Agency at Dharapuram. When

forwarding my letter No. 533.R. dated the 5th Aug. 97, I was written this Govt. Flag H

entertained doubts of the wisdom of accepting the S.I.R. proposals "en bloc"

Case was therefore taken to make particular enquiries as to the real

facts in regard to the movement of the trade of the District. Since that date

local enquiries, through the Civil Authorities and otherwise, have

convinced this Govt that the bulk of the trade of South Coimbatore will seek the

Madras and if no rail carrying agency is allowed to

intervene between it and the West Coast Ports. It is admitted that

the easternmost one third of the Pardanai Dindigul line has

more business connection with the S.I.R. than with the Madras R.

and indeed this was not the case, and were there

no rates in the through contract, all the

requirements of the District might perhaps for the present be

well brought round by Erode & Karur using South and East from Pardanai

through Pollachi and Udamalpet to Dharapuram & Karur without carrying

at Dindigul. but the extension through to Dindigul will be of value
to the cotton trade of the Eastern part of the District which seeks the Madura Mills,
and the S.I.R.Co. are entitled in my opinion under the contract in my para 6, regarding an extension in this
direction just as much as any other claim ownership of these few
miles will not operate to diminish its value as a feeder to the S.I.R.
The question should not be complicated by the claims of the Madura R.C. in which I am not interested in opposing either the interest of the Madras
which desires to join at any of the S.I.R. at Dindigul can only be safeguarded in exchange for a special clause in the Agreement.

Flag I 8.- With my No. 147 Railway dated the 28th Nov. 98. the Govt. of India will have received the credit expression of concurrence of the Madras Railway Contractors in the wisdom of the policy which is the subject of this correspondence. They are also in possession of the memorandum, expressing its acceptance by the leaders of the several important representative associations of traders & producers whom it was found possible to consult,— intelligent Association representing large Native interests whose means of intercourse is intimately bound up with the successful working administration of Southern India. The

Flag F policy also, as you will have learnt from my No 1297-R. dated the 19th Oct. 98, has obtained the cordial support of the Madras R.C. who with all their conservatism bound gauge instincts was at first disposed likely to oppose it. The S.I.R.Co. were bound to oppose it and one of the best testimonies to the wisdom of the policy that it seemed to this Govt to be that Company's Agent & Directors should have found themselves unable to address in opposition to it but found none cogent arguments in opposition to it than the very faults are which are the subject of this letter.

9.- I am now to express a hope that the Govt of India may find themselves able in a position to address the Sec. of State in support of the

IBP

Jurgovich. for the long delay in coming to a decision in the matter is determined to many interests. Although, in consonance with their fixed conception of the position of the Govt of India every effort has been made to lay the matter before the public the opposition of the S.I.R.-an opposition to be naturally looked for from that quarter. has been the only opposition which the Policy has had to face. from all other quarters it has received the strongest support. This Govt. is convinced that its adoption will remove a potent source of difficulty when future schemes for railway extension in Southern India come to be dealt with in the future.

10.- "In the opinion of this Govt. the policy, if given effect to, must lead in the end to the enhancement of the value of the State property in the Madras Railway, but not so as to immediately raise the price of its shares when the time for its purchase arrives. It must however be remembered that even if should enhancement of value of Madras shares occur as the result of the policy under discussion, such enhancement must be accepted as an indication of the belief of investors in the ultimate wisdom of the policy and as indicating a real rise of value worth forgoing for. and rather than as an artificial rise due to neglected maintenance and forthcoming obtained. The policy of conversion from standard to metre gauge is no new policy in Southern India; as the Govt of India are aware, it was given effect to with eighteen years ago in the case of the S.I.R. from Negapatam to Erode. It is easy to realise how, had the gauge of that system not been changed, railway development in Southern India might during the last — years have been seriously hampered; and it is with a view to the avoidance of future disabilities that this Government is now so anxious to gain the Govt. of India's consent to a policy which by the superficial thinker among foreign observers is characterised as retrograde, but which, in this Govt's belief, will ensure far reaching and beneficial effects in the development of future schemes for the extension of railway communication in Southern India.

Views 8 7/14

14 P Secret Branch

To

The Rt Hon: the Secy of State
for India

My Lord.

In continuation
of our Despatch No 30 Rly
1470
dated 28th November 1895,
we have the honour to
forward herewith a copy
of our Proceedings No
dated December 1895,
embodying further corres-
pondence with the Govt.
of India on the subject
of the proposed metre
gauge policy for the
Nushki Railway and
its extensions.-

Very Urgent-1

Form No. 10.

PUBLIC WORKS DEPARTMENT.

RAILWAY BRANCH.

Consg. Engineer's C. No. 5578

29 November 1898

HIS EXCELLENCY THE GOVERNOR.

~~THE HON'BLE SIR HENRY BLISS, K.C.I.E.~~

~~THE HON'BLE MR. GROSE, C.I.E.~~

SUBJECT.

Metre Gauge policy for the Madras Railway & its extensions

FOR ORDERS.

Read and returned with thanks.

A.H.
30.11.98

I have now put a draft letter to India into shape and ask H.E.'s approval to its being issued.

H.E. may perhaps wish to circulate it, and perhaps the despatch to the Sec. of State will require the approval of H.E. in Hon Members.

7/K.S.
6/12/98

Z. H.E. the Governor.

The draft letter will, I think, meet the case.

The draft despatch to the Sec. of State is attd.

Hon. Members should see these drafts.

H.E. may wish to read this letter and its enclosures from the S.I.R.Co before the Hon. Sir C. Turner has his promised interview tomorrow morning after my conversation with H.E. at Guindy. I have not had time to put up a draft of a letter to India in proper form for H.E.'s signature before Sir C. Turner arrives, I have roughed out hurriedly the skeleton of a draft of a letter to India which will perhaps give H.E. some assistance in drawing up his own.

7/K.S.
29/11/98

It seems to me that the draft letter should be greatly modified if it is to have any

persuasive force. It reads to me as a partisan pronouncement and as though this Govt. held a brief for the Madras Ry. The tone of this Govt. should be a judicial balancing of the merits of the differing proposals. Compare the present draft with para 6 of the Secy's letter No 533 at flag H. I have marked with lead pencil a number of words & passages, which, were I receiving the letter, would give me the impression of warmth & bias. Para 2 of the letter seems to be specially open to this objection. The paraphrase of the S.I. Ry. B's argument is not to make the argument clearer, but to present it in such form as to be most readily demolished! In its present form I think the letter will seriously damage the cause it is intended to support.

RA 8.12.98

But it is not as if there were two rival proposals, one from the Madras Ry. & the other from the South Indian. The proposal as a whole emanates from the Madras Ry. Co. & this Government, without any view to the aggrandisement of one or the other Company but with a view solely to what seems best for future railway development in the Presidency. This Govt. therefore is putting forth its own scheme and is endeavouring to support it as strongly as possible. It has at length, after early opposition at the hands of Mr. Nobl Taylor the Chairman, gained the support of the M.R.C. The S.I.R.C. however, who until now, owing to what seemed to me to have been most mistaken policy in the past, have therefore had an almost free hand in making and working water extension, and they naturally object strongly to the adoption of a policy which will put a stop to their grabbing the best territory of this kind. My argument is that the S.I.R. Co. have no just or fair claim to anything, or any right to be consulted about anything, that may be done west of Podanur. We might as well consult them about policy up in the Punjaub, because one of their branches ends lately at Kalka.

But I admit their right to be consulted about 1st the Podanur Dindigul line, and 2nd the Erode Mysore Branch. We have consulted them, and I do not propose to refuse even to listen to them as I do in the case of their remote claim to matters west of Podanur. I have weighed their arguments, and the balance of all the evidence I can collect goes to show that the interest of the farmers & traders in the District to be served by a line running East from Podanur in the Dindigul direction are altogether bound up with the freedom of railway communication with Calicut for the several large town east from Podanur: & that as regards the few towns near the Dindigul end their interests are bound up in the S.I.R. But taken as a whole (and considering that one cannot very well foresee with any chance of success, the trade up the short Podanur Dindigul line at two) the evidence goes to show that the District will be both served by a competing Company whose interest it is to take productive traffic, than by one which could prefer to take it both circuitous.

Then as regards the branch to Mysore from Erode. The Madras R.C. has had a great grievance in the proposal to make over this link to the S.I.R. & to the S.M.R. arguing that they (the M.R.C.) could have (& likely you assume of carrying. We do not believe that the figure could be so high but still, as long as this must be sent by the shortest route, Bombay and Mangalore would have a very great advantage and Madras a corresponding disadvantage if the Madras R.C.

3 Re-circulated

(1) The Hon'ble A.T. Arundel.
(2) H.E. The Governor.
(3) The Hon. Mr. H. Winterbotham.

FJS. 13/12/98

In accordance with the Hon'ble Arundel's remarks I put up a revised draft which I think is very much better expressed and will be more convincing than the original one. I am told that H.E. agrees that the first draft was too strong. I have had conversation with both Hon. Members on the subject, and hope that the fresh draft will be found to be all right.

FJS 13/12/98

I am much obliged to the Secy. for taking so much trouble to redraft the letter in accordance with my suggestions. The present draft seems to be excellent both in tone and in argument.

RA 14.12.98

Cir 14/12/98

are not to be given this link.
We believe that it is for the interest of
the Presidency that Bryson should be
able to tender as easily as possible the
Rhondda port. and the minimum of
resistance between the two will result from
the integration of only the one railway company
instead of two.

I am much obliged to the Hon^ble
Chairman for his suggestion about the language
of the draft letter. I quite see, as his
suggestion, that it will probably be more
persuasive if expressed more moderately, and
this I have endeavoured to do in the
revised draft now put up for consideration.

But I do not think I ~~unfairly~~
paraphrased the S.W.R. Co's argument, ~~and~~
~~misrepresented~~. However expressed that is their
meaning; and I think that their suggestion
about working the Cowbridge and Cardiff
branches of the Rhondda R. because they are
to be on the metre gauge, is a most important
proposal, and it assumes that we are likely to
take such a proposal seriously while they
~~are~~ so far from ~~making~~ making it seriously have made
it a jest, to turn us off the scent.

JRS
10/1/93

I have read this file today for the first time, and I must say that the protest of the S.I.R Board of Directors against giving the Madras R. the branch from Nanjangod to Erode seems weighty - Without the link from Sathiamangalam to Metapalium the Madras R. would be unable to move rolling stock from Podanur to the Nanjangod-Erode branch, and this small link seems as important to the proposal - It does not seem to be brought into

I have had a conversation about this with the Hon Member since his Note was written. I think the revised draft will be found to make the Madras Ry right to the Mysore Land claim. Earlier letters however made it clear enough to the Govt of India

F/KS

It was brought out prominently in the earlier letters.

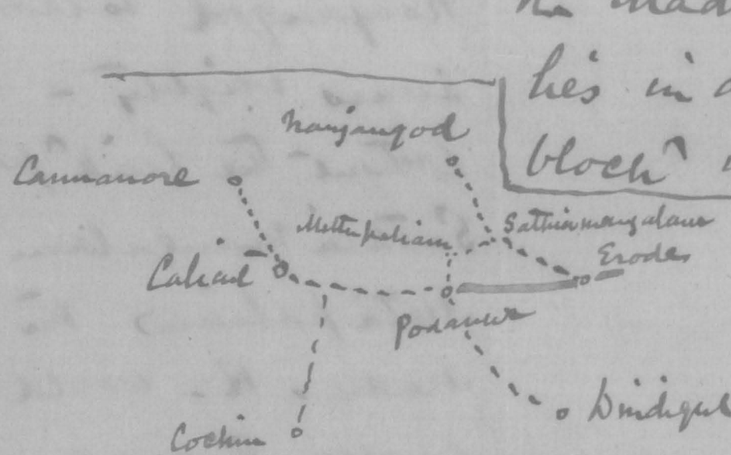
F/KS

India P.W.D. have a clear conception of the situation. Their Secretary was their Govt. Railway Consulting Engineer for three years.

J.H.S

sufficient prominence.

I think that a sketch map showing the proposed metre branches would be helpful as showing that the proposed Sphere of the Madras R-



hes in a compact block in that part of the country which it may well claim to tap -

I think with the Hon Mr. Arundel that the despatch will carry greater weight if it be toned down - H.S -

8-12-98

This has been done in the revised draft now submitted for H.E.'s & Hon Members approval

J.H.S 13/12/98

Hon Members are quite right. The first draft was hastily, and I regret that I framed it. The new draft is a great improvement, and I accept it.

A.S.H
15.12.98

RAILWAY.

Government {1898} of Madras.

PUBLIC WORKS.

Recd. } 1898. *Enclosures*

Regd. *Spare copies*

G.O., No. 1553 Ry., 17th December 1898.

DECEMBER.

Metre Gauge Conversion and Extension Policy for the Madras Railway

Ordered that the views of the Board of Directors of the South Indian Railway Company, on the proposed —, be forwarded to the Government of India with remarks.

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

Railway.

Read the following paper :—

From—The Agent, South Indian Railway.
To—The Consulting Engineer for Railways, Madras.
Dated—Trichinopoly, 26th November 1898, No. 1063.

With reference to G.O. No. 852 Ry., dated 23rd June 1898, and in compliance with the instructions of my Board, I have the honour to forward a copy of the Managing Director's letter No. 219, dated 4th November 1898, and an extract from my letter No. 593, dated 6th July 1898, to the Managing Director. I shall be much obliged by both these communications being placed before the Government of India.

Enclosure No. 1.

Extract from letter from—The Agent, South Indian Railway Company.
To—The Managing Director, South Indian Railway Company.
Dated—Trichinopoly, 6th July 1898, No. 593.

Railway Extensions.

In continuation of the last paragraph under this heading in my letter No. 581, dated 13th April 1898, I am now able to forward, in the packet, 2 copies of G.O. No. 852 Ry., dated 23rd June 1898. It will be observed that the scheme initiated by the Madras Govt. consists in :—

(*a*) The conversion of the Madras Railway between Podanur and Calicut, and of the Nilgiri Branch of that railway, from the standard to the metre-gauge.

(*b*) The construction and working by the Madras Railway, as metre-gauge branches, of the following lines :—

i	Calicut-Cannanore	62 Miles.
ii	Shoranur-Cochin	73 ,,
iii	Podanur-Dindigul	118 ,,
iv	Erode-Nanjangode-Mysore (15 miles already made)	130 ,,
v	Mettupalaiyam-Sattyamangalam	25 ,,
		408 ,,

The principal reasons advanced in support of the project are :—

(*a*) That the area between the South-West Line of the Madras Railway and the main line of the South Indian Railway constitutes a district which should be legitimately served by the former railway.

(*b*) That the Madras Railway Company has a grievance in consequence of its line being crossed at several points by the South Indian Railway, and is greatly dissatisfied at this tapping of what it has rightly regarded as its lawful territory.

(*c*) That as the extensions enumerated above can only be justified on the metre-gauge, the Madras Railway Company would be debarred from providing and working its own feeder lines unless the proposed conversion of gauge is undertaken.

(*d*) That the requirements of the country to be served by the Podanur-Dindigul Branch are better met by a Company whose interest it is to draw the traffic towards Calicut and westwards than by one which will draw it eastwards and southwards, and that the trade of the district is now in the hands of the Madras Railway.

(*e*) That the Erode-Mysore line is not primarily required to link up the Southern-Mahratta, and South Indian Railways, and that the working of this connection by the South Indian Railway Company is to the advantage of nobody but the Company's shareholders.

(*f*) That the conversion of the standard to the metre-gauge will not be costly and will enable several economies both in regard to the Madras Railway and its proposed extensions to be effected.

In regard to these contentions I beg to offer the following remarks. From the close proximity to the sea of the main line of the South Indian Railway, branches from it in an easterly direction can only be undertaken between say Mayavaram and Madura, so that if the Company is to be debarred from extending its system towards the Madras Railway, no further feeder lines beyond those about to be made will be possible. As I understand the observations of the Madras Government and Consulting Engineer, it would appear that the country on both sides of the South-West Line of the Madras Railway is considered as constituting the legitimate territory of that administration. This contention may be generally admitted in regard to the district lying immediately to the north of this line, but can I think hardly hold in respect to the area between it and the South Indian Railway. This country is already crossed by the three South Indian Railway branches from Chingleput to Arkonam, Villupuram to Katpadi, and Trichinoploy Junction to Erode, and is about to be penetrated by a further extension from Tinnevelly to Quilon. It therefore seems obvious that prior to the elaboration of the present scheme the area in question was admittedly acknowledged as the legitimate traffic field of this Company. This view is also held by the Madras Chamber of Commerce as shown by the extract from the Chairman's letter of 2nd May 1888, quoted below :—

"The large tract bound by the Southern Mahratta main line and the Bellary-Kistna Railway to the north, by the South-West Line of the Madras Railway to the south, by the Coromandel Coast to the east, and the Malabar Coast to the west, might have been reasonably regarded as the proper field of labour of the Madras Railway Company ; while the area south of the South-West Line of the Madras Railway might continue to be assigned to the South Indian Railway Company."

The principle of hypothecating separate areas to different railways may I think be generally admitted, but cases must exceptionally arise where adherence to this principle would be opposed to the general good. In my opinion the integrity of a railway area should not be preserved at the expense of interposing a third agency between two large railway systems of the same gauge, a condition which obtains in connection with the proposed link between Erode and Mysore.

The alleged grievance of the Madras Railway Company in respect to its lines being crossed by the branches from Villupuram to Dharmavaram, and from Pakala to Nellore, is more a grievance against the Government of India than against the South Indian Railway Company. It is to be observed that the Madras Railway system has been crossed at two, not at several, points, by lines which were constructed as State Railways and which this Company were required to work under the terms of its contract. The greater portion of these State Railways are practically famine lines with next to no local traffic and one of these lines has, in the interests of the Madras Railway, been deprived of long lead traffic by isolation from the important trade centre of Bangalore and the junction of Guntakal. I feel absolutely certain that the Madras Railway Company has suffered no injury from the crossing of its system at Katpadi and Renigunta and am equally positive that the South Indian Railway Company has experienced considerable loss in working these unremunerative lines. I can therefore see no reason why these crossings of the Madras Railway should be considered as in any way strengthening the claim of that administration to the working of the Podanur-Dindigul and Erode-Mysore connections.

It is of course unfortunate that the extensions to Cochin and Cannanore, contemplated by the Madras Railway, will not prove sufficiently remunerative to justify the construction of broad-gauge lines. This however need cause no difficulty, for they could be worked by the South Indian Railway administration as detached branches without any need for converting the gauge of the Madras Railway. Both the Cuddapah-Nellore and the Mysore State Railways were for years worked as isolated lines, and what was possible in the past must be possible in the future. This arrangement would not detract from the value of these branches as feeders to the Madras Railway as their interests would coincide with those of that line. Both the lines could eventually be joined up with the South Indian and Southern Mahratta Railways by extensions from Quilon and Mysore, respectively, should such connections be found desirable hereafter. The gauge of the Calicut-Cannanore Railway is no concern of this Company, but I would venture to observe that if that of the Madras Railway be adopted, the possible West Coast Railway would end at the suitable terminus of Calicut, and all necessity for the waste of money on interrupting the present unbroken gauge between Madras and Calicut be obviated.

I have no information to show that the requirements of the country would be better served by the Podanur-Dindigul Branch being worked by the Madras than by the South Indian Railway, but the statement that the trade of the district is now in the hands of the former line is hardly substantiated by facts. The South Indian Railway has carried, and is carrying, considerable Dharapuram traffic from and to Dindigul and Karur. Had this not been the case it is difficult to understand why the Madras Railway recently incurred the expense of establishing an out-agency at Dharapuram.

The primary reason for the construction of the Erode-Mysore extension is the establishment of a link between the Southern Mahratta and South Indian Railways, but it is also recognized that the two large towns of Trichinopoly and Mysore containing 90,000 and 60,000 inhabitants respectively, require better facilities for mutual trade than are afforded with the present devious connection *vid* Jalarpet and Bangalore. The Erode-Mysore line has been steadily opposed by the Madras Railway and it is only after the failure of other measures that the compromise of

allowing that administration to work the branch has been proposed. The intrusion of the Madras Railway between Erode and Mysore is not only calculated to prove prejudicial to the South Indian and Southern Mahratta Railways and to the branch line itself, but cannot fail to be detrimental to the trading community of Southern India. It is obvious that even if the running powers ordered by the Government of India are allowed, the direct route must suffer if in the hands of an agency whose interests are not identical with those of the branch and which has the power of manipulating rates and delaying traffic. The Local Government in its remarks regarding the working of the Erode-Mysore connection by South Indian Railway agency being solely advantageous to this Company's shareholders, seems to have overlooked the fact that the interests of the Government of India are more with the shareholders of South Indian Railway than with those of the Madras Railway. Now that the latter line is paying its guarantee Government only receives a half share of its surplus profits, while about $\frac{4}{5}$ths of the profits of the South Indian Railway undertaking are paid over to the State. It has also to be remembered that as the earnings of the Madras Railway increase, so does the value of that Company's shares, and the amount that will have to be expended on the purchase of the line.

With the various economics anticipated from the scheme propounded by the Government of Madras, this Company has but little concern. There is no doubt that all the extensions dealt with in the orders of Government could be made on the metre gauge without one yard of the Madras Railway having to be converted, and that the conversion is only necessary to enable the branches to be worked by the agency of that line. Under these circumstances the one apparent economy in the proposed scheme is the saving effected by not strengthening the girders on 26 miles of line. Although it is stated in the accompaniments to the Government Order under discussion, that the suggested conversion of gauge is a substantial improvement, I believe the opinion is generally held that a metre gauge line cannot carry as economically as a broad gauge railway. If this view is correct it is apparently proposed to spend money on depreciating the value of the Madras Railway for the benefit of Madras Railway shareholders, and as far as can be seen, no one else.

I shall be glad to receive the Board's instructions in regard to the reply to be sent to Government in response to its reference.

Enclosure No. 2.

From—The Board of Directors, South Indian Railway Company.
To—The Agent, South Indian Railway Company.
Dated—55, Gracechurch Street, London, 4th November 1898, No. 219.

Madras Railway Metre Gauge Conversion and Extension Policy.

With your letter No. 593, 6th July 1898, received on 25th July while the Board was in recess, you forwarded a copy of Government Order, No. 852, Railway, dated 23rd June 1898, in which is embodied a scheme, initiated by the Madras Government, for the conversion to metre gauge of part of the Madras Railway, and proposals involving a radical change of Railway policy in Southern India.

The Board have given to these proposals very careful consideration, and have endeavoured to do so dispassionately, and without that partisan feeling which they cannot but think characterises the scheme now referred to them for their opinion.

The reasons against the proposal contained in your No. 593 cover the whole ground, and are so fully and clearly expressed, and so cogently set forth, that the Directors do not think it necessary to repeat them, but consider it will be sufficient that, when sending forward this letter, Government should be asked to give them at the same time a careful reading and full consideration, as practically expressing the views of the Board in detail and as if here recited.

The area to the south of the South-West line of the Madras Railway has always been regarded by the Board as the legitimate sphere of this Company's operations. In support of this contention you quote an opinion to that effect expressed by the Chairman of the Madras Chamber of Commerce in 1888, but that view had uninterruptedly been held for many years previously.

The Board have reason to believe that the proposed Branch from Dindigul to Podanur or Palghat had for long been looked upon officially as one which should properly be allotted to the South Indian Railway Company. The fact may be recalled that when making what is known as their "en bloc" proposal, the Palghat-Dindigul line formed one of the three lines which the Board were prepared to undertake as integral parts of the Company's system. In communicating their decision upon this proposal (Government of India No. 1746, R.C., 22nd October 1897), the Government of India stated that, while disposed to favour the construction of a metre gauge rather than a standard gauge railway through that district, further information was required before they were in a position to pass any definitive orders on the scheme.

In the proposals now under consideration it is contemplated that this Branch of 118 miles should be constructed on the metre gauge, and worked by the Madras Railway Company. It is difficult to understand upon what grounds this metre gauge line should be allotted to a standard gauge administration, when the line would form a junction with the existing metre gauge system of the South Indian Railway at Dindigul.

But the part of the scheme advocated by the Government of Madras, to which this Board takes the strongest objection, is the proposal to entrust to the Madras Railway the construction, on the metre gauge, and the working, of the important although comparatively short link (110 miles) between Erode and Nanjangode, which has long been urged as, and is in fact, a much needed connection between the two great metre gauge systems of Southern India—the Southern Mahratta and the South Indian Railway—administering the one 1,550 and the other 1,100 miles of metre gauge line. It seems to the Board impossible to protest in too strong terms from every point of view, whether of advantage to the public or of benefit to Government, against the proposal to interpose the agency of a standard gauge administration to construct and work a link between the two large existing metre gauge systems.

If anything remains to be added it may be permitted to the Board to observe that, upon broad commercial as well as strategical grounds, it is of the utmost importance that what will in the not distant future be a through metre gauge route from Ceylon to Bombay should, for the convenience of the public, the development of traffic, and the best financial results, be in the hands of as few Companies or Administrations as possible.

The Board observe that in the Administration Report of the Railway Branch of the Public Works Department in the Madras Presidency for 1897-98, dated 14th July 1898, signed by Mr. Spring, Consulting Engineer for Railways, it is stated that the Government of Madras has strongly recommended to the Government of India that the Erode-Nanjangode metre gauge line "be constructed as a feeder to the Madras Railway Company's system," and, it is added, that "the selection for it of the metre gauge is due to the fact that while primarily serving as a feeder to a standard gauge railway it will incidently connect two great metre gauge systems."

The Board do not desire to make any further remark hereon, beyond observing that, while the construction and working of the branch by the agency of the Madras Railway will create a considerable obstacle to the through traffic of the two great metre gauge systems, on the other hand its construction and working through the agency of the two metre gauge systems will in no way detract from the merits of the branch as a feeder to the Madras Railway.

From—The Agent and Manager, Madras Railway Company.
To—The Consulting Engineer for Railways, Madras.
Dated—Madras, 2nd December 1898, No. 1152.

In continuation of my letter No. 828, dated the 20th September last, I have the honour to enclose an extract paragraph 7 from a letter from the Secretary, No. 984, dated the 4th ultimo, approving of the views expressed by me in regard to the proposed conversion scheme and metre-gauge extensions in connection with the Madras Railway.

Enclosure. 561

Extract from a letter from—The ~~Secretary to~~ Board of Directors, Madras Railway.
To—Their Agent and Manager, Madras Railway Company.
Dated—4th November 1898, No. 984.

7. *Re-Conversion scheme and metre-gauge extensions.*—The Board have read with great interest your letter to the Consulting Engineer, No. 828, of the 20th September last, with its several enclosures on the subject of the conversion scheme and metre-gauge extensions in connection with the Madras Railway, to which you refer in paragraph 3 of No. 2381, and on which the opinion of the Company was specially invited. It is observed that in your letter above referred to you follow closely the views of the Board as expressed in their letter No. 9155, dated 14th June 1898, to the Secretary of State for India and, agree with them in accepting generally the scheme proposed by the Madras Government.

ORDER—No. 1553 Ry., dated 17th December 1898.

The Government of India will be addressed.

2. A copy of these Proceedings will be forwarded to the Secretary of State in continuation of Despatch No. 30/1470 Ry., dated 28th November 1898.

[Here enter No. 1554 Ry., dated 17th December 1898.]

(True Extract.)

FRANCIS J. E. SPRING,
Joint Secretary.

Exd. S. A. S. Raghaviengar

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

LETTER to the Right Honourable the Secretary of State for India.

No. ____ Ry., dated December 1898.

FORWARDING copy of Proceedings embodying further correspondence with the Government of India on the subject of the Metre Gauge Conversion and Extension Policy for the Madras Railway.

RAILWAY.

Government {1898} of Madras.

PUBLIC WORKS.

Recd. } 1898. *Enclosures*

Regd. *Spare copies*

G.O., No. Ry., December 1898.

DECEMBER.

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GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

Railway.

Read the following paper :—

From—The Agent, South Indian Railway.
To—The Consulting Engineer for Railways, Madras.
Dated—Trichinopoly, 26th November 1898, No. 1063.

With reference to G.O. No. 852 Ry., dated 23rd June 1898, and in compliance with the instructions of my Board, I have the honour to forward a copy of the Managing Director's letter No. 219, dated 4th November 1898, and an extract from my letter No. 593, dated 6th July 1898, to the Managing Director. I shall be much obliged by both these communications being placed before the Government of India.

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Extract from letter from—The Agent, South Indian Railway Company.
To—The Managing Director, South Indian Railway Company.
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Railway Extensions.

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The principal reasons advanced in support of the project are :—

(*a*) That the area between the South-West Line of the Madras Railway and the main line of the South Indian Railway constitutes a district which should be legitimately served by the former railway.

(*b*) That the Madras Railway Company has a grievance in consequence of its line being crossed at several points by the South Indian Railway, and is greatly dissatisfied at this tapping of what it has rightly regarded as its lawful territory.

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The alleged grievance of the Madras Railway Company in respect to its lines being crossed by the branches from Villupuram to Dharmavaram, and from Pakala to Nellore, is more a grievance against the Government of India than against the South Indian Railway Company. It is to be observed that the Madras Railway system has been crossed at two, not at several, points, by lines which were constructed as State Railways and which this Company were required to work under the terms of its contract. The greater portion of these State Railways are practically famine lines with next to no local traffic and one of these lines has, in the interests of the Madras Railway, been deprived of long lead traffic by isolation from the important trade centre of Bangalore and the junction of Guntakal. I feel absolutely certain that the Madras Railway Company has suffered no injury from the crossing of its system at Katpadi and Renigunta and am equally positive that the South Indian Railway Company has experienced considerable loss in working these unremunerative lines. I can therefore see no reason why these crossings of the Madras Railway should be considered as in any way strengthening the claim of that administration to the working of the Podanur-Dindigul and Erode-Mysore connections.

It is of course unfortunate that the extensions to Cochin and Cannanore, contemplated by the Madras Railway, will not prove sufficiently remunerative to justify the construction of broad-gauge lines. This however need cause no difficulty, for they could be worked by the South Indian Railway administration as detached branches without any need for converting the gauge of the Madras Railway. Both the Cuddapah-Nellore and the Mysore State Railways were for years worked as isolated lines, and what was possible in the past must be possible in the future. This arrangement would not detract from the value of these branches as feeders to the Madras Railway as their interests would coincide with those of that line. Both the lines could eventually be joined up with the South Indian and Southern Mahratta Railways by extensions from Quilon and Mysore, respectively, should such connections be found desirable hereafter. The gauge of the Calicut-Cannanore Railway is no concern of this Company, but I would venture to observe that if that of the Madras Railway be adopted, the possible West Coast Railway would end at the suitable terminus of Calicut, and all necessity for the waste of money on interrupting the present unbroken gauge between Madras and Calicut be obviated.

I have no information to show that the requirements of the country would be better served by the Podanur-Dindigul Branch being worked by the Madras than by the South Indian Railway, but the statement that the trade of the district is now in the hands of the former line is hardly substantiated by facts. The South Indian Railway has carried, and is carrying, considerable Dharapuram traffic from and to Dindigul and Karur. Had this not been the case it is difficult to understand why the Madras Railway recently incurred the expense of establishing an out-agency at Dharapuram.

The primary reason for the construction of the Erode-Mysore extension is the establishment of a link between the Southern Mahratta and South Indian Railways, but it is also recognized that the two large towns of Trichinopoly and Mysore containing 90,000 and 60,000 inhabitants respectively, require better facilities for mutual trade than are afforded with the present devious connection *viâ* Jalarpet and Bangalore. The Erode-Mysore line has been steadily opposed by the Madras Railway and it is only after the failure of other measures that the compromise of

allowing that administration to work the branch has been proposed. The intrusion of the Madras Railway between Erode and Mysore is not only calculated to prove prejudicial to the South Indian and Southern Mahratta Railways and to the branch line itself, but cannot fail to be detrimental to the trading community of Southern India. It is obvious that even if the running powers ordered by the Government of India are allowed, the direct route must suffer if in the hands of an agency whose interests are not identical with those of the branch and which has the power of manipulating rates and delaying traffic. The Local Government in its remarks regarding the working of the Erode-Mysore connection by South Indian Railway agency being solely advantageous to this Company's shareholders, seems to have overlooked the fact that the interests of the Government of India are more with the shareholders of South Indian Railway than with those of the Madras Railway. Now that the latter line is paying its guarantee Government only receives a half share of its surplus profits, while about $\frac{4}{5}$ths of the profits of the South Indian Railway undertaking are paid over to the State. It has also to be remembered that as the earnings of the Madras Railway increase, so does the value of that Company's shares, and the amount that will have to be expended on the purchase of the line.

With the various economies anticipated from the scheme propounded by the Government of Madras, this Company has but little concern. There is no doubt that all the extensions dealt with in the orders of Government could be made on the metre gauge without one yard of the Madras Railway having to be converted, and that the conversion is only necessary to enable the branches to be worked by the agency of that line. Under these circumstances the one apparent economy in the proposed scheme is the saving effected by not strengthening the girders on 26 miles of line. Although it is stated in the accompaniments to the Government Order under discussion, that the suggested conversion of gauge is a substantial improvement, I believe the opinion is generally held that a metre gauge line cannot carry as economically as a broad gauge railway. If this view is correct it is apparently proposed to spend money on depreciating the value of the Madras Railway for the benefit of Madras Railway shareholders, and as far as can be seen, no one else.

I shall be glad to receive the Board's instructions in regard to the reply to be sent to Government in response to its reference.

Enclosure No. 2.

From—The Board of Directors, South Indian Railway Company.
To—The Agent, South Indian Railway Company.
Dated—55, Gracechurch Street, London, 4th November 1898, No. 219.

Madras Railway Metre Gauge Conversion and Extension Policy.

With your letter No. 593, 6th July 1898, received on 25th July while the Board was in recess, you forwarded a copy of Government Order, No. 852, Railway, dated 23rd June 1898, in which is embodied a scheme, initiated by the Madras Government, for the conversion to metre gauge of part of the Madras Railway, and proposals involving a radical change of Railway policy in Southern India.

The Board have given to these proposals very careful consideration, and have endeavoured to do so dispassionately, and without that partisan feeling which they cannot but think characterises the scheme now referred to them for their opinion.

The reasons against the proposal contained in your No. 593 cover the whole ground, and are so fully and clearly expressed, and so cogently set forth, that the Directors do not think it necessary to repeat them, but consider it will be sufficient that, when sending forward this letter, Government should be asked to give them at the same time a careful reading and full consideration, as practically expressing the views of the Board in detail and as if here recited.

The area to the south of the South-West line of the Madras Railway has always been regarded by the Board as the legitimate sphere of this Company's operations. In support of this contention you quote an opinion to that effect expressed by the Chairman of the Madras Chamber of Commerce in 1888, but that view had uninterruptedly been held for many years previously.

The Board have reason to believe that the proposed Branch from Dindigul to Podanur or Palghat had for long been looked upon officially as one which should properly be allotted to the South Indian Railway Company. The fact may be recalled that when making what is known as their "en bloc" proposal, the Palghat-Dindigul line formed one of the three lines which the Board were prepared to undertake as integral parts of the Company's system. In communicating their decision upon this proposal (Government of India No. 1746, R.C., 22nd October 1897), the Government of India stated that, while disposed to favour the construction of a metre gauge rather than a standard gauge railway through that district, further information was required before they were in a position to pass any definitive orders on the scheme.

In the proposals now under consideration it is contemplated that this Branch of 118 miles should be constructed on the metre gauge, and worked by the Madras Railway Company. It is difficult to understand upon what grounds this metre gauge line should be allotted to a standard gauge administration, when the line would form a junction with the existing metre gauge system of the South Indian Railway at Dindigul.

But the part of the scheme advocated by the Government of Madras, to which this Board takes the strongest objection, is the proposal to entrust to the Madras Railway the construction, on the metre gauge, and the working, of the important although comparatively short link (110 miles) between Erode and Nanjangode, which has long been urged as, and is in fact, a much needed connection between the two great metre gauge systems of Southern India—the Southern Mahratta and the South Indian Railway—administering the one 1,550 and the other 1,100 miles of metre gauge line. It seems to the Board impossible to protest in too strong terms from every point of view, whether of advantage to the public or of benefit to Government, against the proposal to interpose the agency of a standard gauge administration to construct and work a link between the two large existing metre gauge systems.

If anything remains to be added it may be permitted to the Board to observe that, upon broad commercial as well as strategical grounds, it is of the utmost importance that what will in the not distant future be a through metre gauge route from Ceylon to Bombay should, for the convenience of the public, the development of traffic, and the best financial results, be in the hands of as few Companies or Administrations as possible.

The Board observe that in the Administration Report of the Railway Branch of the Public Works Department in the Madras Presidency for 1897–98, dated 14th July 1898, signed by Mr. Spring, Consulting Engineer for Railways, it is stated that the Government of Madras has strongly recommended to the Government of India that the Erode-Nanjangode metre gauge line "be constructed as a feeder to the Madras Railway Company's system," and, it is added, that "the selection for it of the metre gauge is due to the fact that while primarily serving as a feeder to a standard gauge railway it will incidently connect two great metre gauge systems."

The Board do not desire to make any further remark hereon, beyond observing that, while the construction and working through the agency of the Madras Railway will create a considerable obstacle to the through traffic of the two great metre gauge systems, on the other hand its construction and working through the agency of the two metre gauge systems will in no way detract from the merits of the branch as a feeder to the Madras Railway.

Here print-letter + enclosure from Agent + Manager Madras Ry N°11527 2.12.98

Order—No. Ry., dated December 1898.

The Government of India will be addressed.

2. A copy of these Proceedings will be forwarded to the Secretary of State in continuation of Despatch No. 30/1470 Ry., dated 28th November 1898.

[Here enter No. Ry., dated December 1898.]

(True Extract.)

Under Secretary.

Exd. S. A. S. Raghaviengar.

Rec'd 13-12-98

No. Ry., December 1898.

PUBLIC WORKS DEPARTMENT.

Railway.

H.S. 15-12-98.

Letter—from

Francis J. E. Spring, Esq., C.I.E.,
Joint Secretary to the Government of Madras,
Public Works Department,
Railway Branch,

14.12.98
A.S.H.
15.12.98

To

The Secretary to the Government of India,
Public Works Department.

Sir,

In continuation of the correspondence ending with my letter, No. 1297 Ry., dated the 19th October 1898, on the subject of this Government's conversion and extension policy for the Madras Railway, and with special reference to paragraph 3 of that letter, I am now directed to forward a copy of the South Indian Railway Board of Directors' letter to their Agent, No. 219, dated the 4th November 1898, together with a copy of the Agent's letter to which theirs is a reply. The latter is the communication referred to in paragraph 3 of my above-quoted letter as containing a line of argument to which this Government is unable to attach much weight. The South Indian Railway Board's letter accepting their Agent's arguments appears also to this Government to be unconvincing.

2. While fully conceding that the South Indian Railway Company has a right to feel interested in the future ownership of the proposed Podanur-Dindigul and Erode-Mysore branches, this Government cannot admit that that Company is concerned with the Cannanore and Cochin branches, which, for no other apparent reason than that the metre gauge is suggested for them, the South Indian Railway Company propose to work as detached branches. Neither can the proposal to change the gauge of the Calicut-Podanur-Mettupalaiyam section be reasonably considered as a subject of legitimate interest to that Company, or as one in regard to which it is necessary to consult them. The trunk and its branches designed to converge on the ports of Calicut and Tellicherry, and to serve a tract of country the chief part of whose export and import business is carried on through the mercantile agencies residing at these ports, must, in this Government's opinion, be considered as forming a system apart from that of the South Indian Railway Company, inasmuch as the territory which this network of lines is intended to serve is one which the Madras Railway Company have always, and until now undisputedly, regarded as their own. It is this network for which it is now proposed to adopt the metre gauge, not only because many potential difficulties in regard to future extensions and connections will thereby be removed, but also because the metre gauge is considered, by this Government and by the Madras Railway Company, to be amply sufficient to carry all the traffic likely hereafter to offer itself in so confined, though rich, a country.

3. Provided that its length is sufficient for economical working there is no valid objection to a metre gauge network being worked by a broad gauge administration. The Bombay-Baroda and Central India Railway Company and the Eastern Bengal State Railway may be quoted as successful examples of such working. The former of these two administrations works 1,674 miles of metre and 100 miles of 2′ 6″ gauge, and the latter 532 miles of metre and 60 miles of 2′ 6″ gauge. The difficulties experienced on these two systems in the transhipment of a very large volume of traffic at the junction of the gauges will be a matter of minor moment at Podanur, which, as already explained, stands on what may be appropriately designated the *traffic-shed* between the East and the West Coast ports at this part of the Indian peninsula.

4. There will doubtless be some trade in the future between the districts of which Trichinopoly is the trading and financial centre and those of which Mysore is the centre. Yet the chief object of the proposal that the branch from Erode to Mysore should belong to the Madras Railway is not so much to serve the requirements of this internal trade as that Mysore produce should find it easy to flow Madras-wards, *viâ* the shortest route, *i.e.*, *viâ* the Erode-Madras section of the Madras Railway, without being hampered by the intervention, between it and its port, of two carrying companies rather than one. If the intervention of the Madras Railway Company is considered as likely to be to the detriment of trade desiring to flow between Trichinopoly and Mysore, the situation can perfectly well be safeguarded by a special clause in the agreement under the authority of which the Erode-Mysore branch of the Madras Railway will be made and worked. The contention, however, of this Government is that the interests of the Mysore trade desiring an outlet Madras-wards are likely to be greater than those of the trade between that place and Trichinopoly.

The interests, however, of the internal trade are guarded by the adoption, for the branch, of the metre gauge.

5. The South Indian Railway Company's Board argue that the "construction and working" of the Erode-Mysore branch "through the agency of the two metre gauge systems will in no way detract from the merits of the branch as a feeder to the Madras Railway." It may with equal cogency be argued that the construction and working of the Podanur-Dindigul branch by the agency of the Madras Railway Company will in no way detract from its merits as a feeder of the South Indian Railway at Dindigul. This Government's view of the matter is that such intervention must necessarily to some extent detract from the merits of a branch in so far as it is intended to serve as a feeder of the Company *not* working it, but that the South Indian Railway's legitimate share of the carrying trade of the districts proposed to be served by both these branches is small in comparison with that likely to be carried by the Madras Railway, to and from ports at the termini of that Railway.

6. With reference to the question of fact, whether the country to be served by the Podanur-Dindigul line is likely to be better served by the South Indian or by the Madras Railway, I am instructed to offer the following remarks. In his letter to his Directors, No. 593 of July 6th, 1898, Captain Shelley writes:—

> "I have no information to show that the requirements of the country would be better served by the Podanur-Dindigul branch being worked by the Madras than by the South Indian Railway, but the statement that the trade of the district is now in the hands of the former line is hardly substantiated by facts. The South Indian Railway has carried and is carrying considerable Dharapuram traffic from and to Dindigul and Karur. Had this not been the case, it is difficult to understand why the Madras Railway recently incurred the expense of establishing an out-agency at Dharapuram."

Indeed the extreme south-eastern part of the tract deals almost exclusively with the Salt Lake Ry.

It is recognized that some of the trade of the south-eastern part of the tract in question, chiefly cotton, does find its way to the South Indian Railway, and the fact is admitted by Mr. Taylor, the Madras Railway Company's Traffic Officer who made the traffic survey of which a copy is herewith enclosed. But the bulk of the trade which centres on the large towns of the district, Pollachi, Udamalpet and Dharapuram, undoubtedly trends towards the West Coast *viâ* the Madras Railway; and it was its long connection with this trade, and not merely a desire to undermine the influence of the South Indian Railway, which led the Madras Railway Company to obtain the permission of Government to establish an out-agency at Dharapuram. When paragraph 3 of my letter No 533 Ry., dated the 5th August 1897, was written, this Government entertained doubts of the wisdom of accepting the South Indian Railway's *en bloc* proposals. Care was therefore taken to make particular enquiries as to the real facts in regard to the movement of the trade of the district. Since that date local enquiries, through the civil authorities and otherwise, have convinced this Government that the requirements of the bulk of the trade of South Coimbatore will best be served if a second carrying agency is not allowed to intervene between it and the West Coast ports. It is admitted that the easternmost one-third of the Podanur-Dindigul line has more business connection with the South Indian Railway than with the Madras Railway, and indeed, were this not the case, and were there no value in the through connection, all the requirements of the district might perhaps, for the present, be well enough served by a metre gauge branch of the Madras Railway running south and east from Podanur through Pollachi and Udamalpet to Dharapuram and Palni without emerging at Dindigul. But the extension through to Dindigul will be of value to the cotton crop of the eastern part of the district which seeks the Madura mills; and

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the South Indian Railway Company's own contention, contained in their argument referred to in my paragraph 5, may be read as an admission on their part that alien ownership of these few miles will not operate to diminish its value as a feeder to their system. That rates shall not be manipulated by the Madras Railway Company, in such a way as to injuriously affect the interests of produce which desires to find its way to the South Indian Railway at Dindigul, can easily be safe-guarded in advance by a special clause in the agreement.

Flag I

7. With my No. 1471 Ry., dated the 28th November 1898, the Government of India will have received the cordial expression of concurrence of the Madras Military authorities in the wisdom of the policy which is the subject of this correspondence. They are also in possession of the unanimous expression of its acceptance at the hands of the several important representative Associations of traders and producers whom it was found possible to consult,—intelligent Associations representing large business interests whose success is intimately bound up with the successful railway administration of Southern India. The policy also, as you will have learnt from my No. 1297 Ry., dated the 19th October 1898, as well as from the enclosed copy of paragraph 7 of the Board of Director's letter to their Agent, No. 984, dated 4th November 1898, has obtained the cordial support of the Madras Railway Company, who, with all their conservative broad gauge instincts, at first seemed likely to oppose it.

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8. I am now instructed to express the hope that the Government of India may soon find themselves in a position to accept this Government's proposals, for delay in arriving at a decision in the matter is detrimental to many interests. Although, in consonance with this Government's conception of the wishes of the Government of India, every effort has been made to lay the matter before the public, the very natural opposition of the South Indian Railway has been the only opposition which the policy has had to face. From all other quarters it has received the strongest support. This Government is convinced that its adoption will remove a potent source of difficulty when future schemes for railway extension in Southern and Western India come to be dealt with in the future.

9. In the opinion of this Government, it is inevitable that the policy, if given effect to, should lead in the end to some enhancement of the market value of the Madras Railway, but not so soon as inordinately to raise the price of its shares when the time for its purchase arrives. It must, however, be remembered that, even should one of the results of the policy under discussion be the enhancement of value of Madras Railway shares such enhancement must be accepted as an indication of the belief of investors in the ultimate wisdom of the policy, and as indicating a real rise of value worth paying for, rather than an artificial rise due to neglected maintenance and to surplus profits fictitiously obtained.

10. The policy of conversion from standard to metre gauge is no new policy in Southern India. As the Government of India are aware, it was given effect to with complete success on the 166 mile section of the South Indian Railway from Negapatam to Erode. It is easy to realize how, had the gauge of that section not been changed, railway development in Southern India might, during the last 20 years, have been seriously hampered. It is with a view to the avoidance of future disabilities that this Government is now anxious to gain the Government of India's consent to a policy which, in the belief of His Excellency the Governor in Council, will have far reaching and beneficial effects in the development of future schemes for the extension of railway communication in Southern India.

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

FRANCIS J. E. SPRING,
Joint Secretary.

FORT ST. GEORGE,
December 1898.

Exd. T. K. Narayana Aiyangar.

RAILWAY.

Government {1898} of Madras.

PUBLIC WORKS.

Recd. } 1898. *Enclosures*
Regd. } *Spare copies*

Letter, No. Ry., December 1898.

DECEMBER.

Metre Gauge Conversion and Extension Policy for the Madras Railway

Forwarding, with remarks, the views of the Board of Directors of the South Indian Railway Company, on the proposed —.

No. ——/Ry.' DECEMBER 1898.

PUBLIC WORKS DEPARTMENT.

LETTER—to

THE RIGHT HONOURABLE THE SECRETARY OF STATE FOR INDIA.

MY LORD,

In continuation of our Despatch No. $\frac{30}{1470\ Ry.}$, dated 28th November 1898, we have the honour to forward herewith a copy of our Proceedings, No. Ry., dated December 1898, embodying further correspondence with the Government of India on the subject of the proposed metre gauge policy for the Madras Railway and its extensions.

We have the honour to be,

My Lord,

Your Lordship's most obedient, humble servants,

FORT ST. GEORGE,
December 1898.

No. 1554 Ry., 17th December 1898.

PUBLIC WORKS DEPARTMENT.

Railway.

Letter—from

Francis J. E. Spring, Esq., C.I.E.,
Joint Secretary to the Government of Madras,
Public Works Department,
Railway Branch,

To

The Secretary to the Government of India,
Public Works Department.

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In continuation of the correspondence ending with my letter, No. 1297 Ry., dated the 19th October 1898, on the subject of this Government's conversion and extension policy for the Madras Railway, and with special reference to paragraph 3 of that letter, I am now directed to forward a copy of the South Indian Railway Board of Directors' letter to their Agent, No. 219, dated the 4th November 1898, together with a copy of the Agent's letter to which theirs is a reply. The latter is the communication referred to in paragraph 3 of my above-quoted letter as containing a line of argument to which this Government is unable to attach much weight. The South Indian Railway Board's letter accepting their Agent's arguments appears also to this Government to be unconvincing.

2. While fully conceding that the South Indian Railway Company have a right to feel interested in the future ownership of the proposed Podanur-Dindigul and Erode-Mysore branches, this Government cannot admit that that Company are concerned with the Cannanore and Cochin branches, which, for no other apparent reason than that the metre gauge is suggested for them, they propose to work as detached ~~branches~~ railways. Neither can the proposal to change the gauge of the Calicut-Podanur-Mettupalaiyam section be reasonably considered as a subject of legitimate interest to that Company, or as one in regard to which it is necessary to consult them. The trunk and its branches designed to converge on the ports of Calicut and Tellicherry, and to serve a tract of country the chief part of whose export and import business is carried on through the mercantile agencies residing at these ports, must, in this Government's opinion, be considered as forming a system apart from that of the South Indian Railway Company, inasmuch as the territory which this network of lines is intended to serve is one which the Madras Railway Company have always, and until now undisputedly, regarded as their own. It is this network for which it is now proposed to adopt the metre gauge, not only because many potential difficulties in regard to future extensions and connections will thereby be removed, but also because the metre gauge is considered, by this Government and by the Madras Railway Company, to be amply sufficient to carry all the traffic likely hereafter to offer itself in so confined, though rich, a country.

3. Provided that its length is sufficient for economical working there is no valid objection to a metre gauge network being worked by a broad gauge administration. The Bombay-Baroda and Central India Railway Company and the Eastern Bengal State Railway may be quoted as successful examples of such working. The former of these two administrations works 1,~~674~~ miles of metre and 100 miles of 2′ 6″ gauge, and the latter 532 miles of metre and 60 miles of 2′ 6″ gauge. The difficulties experienced on these two systems in the transhipment of a very large volume of traffic at the junction of the gauges will be a matter of minor moment at Podanur, which, as already explained, stands on what may be appropriately designated the *traffic-shed* between the East and the West Coast ports at this part of the Indian peninsula.

4. There will doubtless be some trade in the future between the districts of which Trichinopoly is the trading and financial centre and those of which Mysore is the centre. Yet the chief object of the proposal that the branch from Erode to Mysore

should belong to the Madras Railway is not so much to serve the requirements of this internal trade as that Mysore produce should find it easy to flow Madras-wards, *viâ* the shortest route, *i.e.*, *viâ* the Erode-Madras section of the Madras Railway, without being hampered by the intervention, between it and its port, of two carrying companies rather than one. If the intervention of the Madras Railway Company is considered as likely to be to the detriment of trade desiring to flow between Trichinopoly and Mysore, the situation can perfectly well be safeguarded by a special clause in the agreement under the authority of which the Erode-Mysore branch of the Madras Railway will be made and worked. The contention, however, of this Government is that the interests of the Mysore trade desiring an outlet Madras-wards are likely to be greater than those of the trade between that place and Trichinopoly. The interests, however, of the internal trade are guarded by the adoption, for the branch, of the metre gauge.

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the South Indian Railway Company's own contention, contained in their argument referred to in my paragraph 5, may be read as an admission on their part that alien ownership of these few miles will not operate to diminish its value as a feeder to their system. That rates shall not be manipulated by the Madras Railway Company, in such a way as to injuriously affect the interests of produce which desires to find its way to the South Indian Railway at Dindigul, can easily be safeguarded in advance by a special clause in the agreement.

7. With my No. 1471 Ry., dated the 28th November 1898, the Government of India will have received the cordial expression of concurrence of the Madras Military authorities in the wisdom of the policy which is the subject of this correspondence. They are also in possession of the unanimous expression of its acceptance at the hands of the several important representative Associations of traders and producers whom it was found possible to consult,—intelligent Associations representing large business interests whose success is intimately bound up with the successful railway administration of Southern India. The policy also, as you will have learnt from my No. 1297 Ry., dated the 19th October 1898, as well as from the enclosed copy of paragraph 7 of the Board of Directors' letter to their Agent, No. 984, dated 4th November 1898, has obtained the cordial support of the Madras Railway Company, who, with all their conservative broad gauge instincts, at first seemed likely to oppose it.

8. I am now instructed to express the hope that the Government of India may soon find themselves in a position to accept this Government's proposals, for delay in arriving at a decision in the matter is detrimental to many interests. Although, in consonance with this Government's conception of the wishes of the Government of India, every effort has been made to lay the matter before the public, the very natural opposition of the South Indian Railway has been the only opposition which the policy has had to face. From all other quarters it has received the strongest support. This Government is convinced that its adoption will remove a potent source of difficulty when future schemes for railway extension in Southern and Western India come to be dealt with in the future.

9. In the opinion of this Government, it is inevitable that the policy, if given effect to, should lead in the end to some enhancement of the market value of the Madras Railway; but not so soon as inordinately to raise the price of its shares when the time for its purchase arrives. It must, however, be remembered that, even should one of the results of the policy under discussion be the enhancement of value of Madras Railway shares, such enhancement must be accepted as an indication of the belief of investors in the ultimate wisdom of the policy, and as indicating a real rise of value worth paying for, rather than an artificial rise due to neglected maintenance and to surplus profits fictitiously obtained.

10. The policy of conversion from standard to metre gauge is no new policy in Southern India. As the Government of India are aware, it was given effect to with complete success on the 166 mile section of the South Indian Railway from Negapatam to Erode. It is easy to realize how, had the gauge of that section not been changed, railway development in Southern India might, during the last 20 years, have been seriously hampered. It is with a view to the avoidance of future disabilities that this Government is now anxious to gain the Government of India's consent to a policy which, in the belief of His Excellency the Governor in Council, will have far reaching and beneficial effects in the development of future schemes for the extension of railway communication in Southern India.

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

FRANCIS J. E. SPRING,
Joint Secretary.

FORT ST. GEORGE,
17th December 1898.

Exd. T. K. Narayana Aiyangar.

Despatched on 18/12/98

RAILWAY.

Government {1898} of Madras.

PUBLIC WORKS.

Recd.	1898.	*Enclosures*
Regd.		*Spare copies*

Letter, No. 1554 Ry., 17th December 1898.

DECEMBER.

Metre Gauge Conversion and Extension Policy for the Madras Railway

Forwarding, with remarks, the views of the Board of Directors of the South Indian Railway Company, on the proposed —.

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

LETTER to the Right Honourable the Secretary of State for India.

No. 32. / 1554 Ry., dated 17th December 1898.

FORWARDING copy of Proceedings embodying further correspondence with the Government of India on the subject of the Metre Gauge Conversion and Extension Policy for the Madras Railway.

No. 32/1553 Rr. 17th December 1898.

PUBLIC WORKS DEPARTMENT.

LETTER—to

THE RIGHT HONOURABLE THE SECRETARY OF STATE FOR INDIA.

MY LORD,

In continuation of our Despatch No. 30/1470 Ry., dated 28th November 1898, we have the honour to forward herewith a copy of our Proceedings, No. 1553 Ry., dated 17th December 1898, embodying further correspondence with the Government of India on the subject of the proposed metre gauge policy for the Madras Railway and its extensions.

We have the honour to be,

My Lord,

Your Lordship's most obedient, humble servants,

(Signed) A. E. HAVELOCK.
(„) A. T. ARUNDEL.
(„) H. M. WINTERBOTHAM.

(By order.)

Joint Secretary.

FORT ST. GEORGE,
17th December 1898.