CONCERNS BOTH BRITISH INDIA
AND INDIAN STATES.

ublic Works (1898) Department.

RAILWAY BRANCH.

G.O., No. 781/A - 782 R

DATED 6th June 1898

Includes.

G. O. No. 1033-34 Ry dt 25-11-97
do 757 Ry dt 1-10-97
do 137 Ry dt 25-1-98
do 167-68 Ry dt 31-1-98.
do 278 Ry dt 18-2-98
do 691 Ry dt 5-5-98.

[Despatch Abstract.]

Tinnevelly Quilon Railway.

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Indexed.

W. Ry.]

BACK PAPERS.

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RAILWAY.

Government (1898) of Madras.

PUBLIC WORKS.

Recd. } 1898. *Enclosures*

Regd. } *Spare copies*

G.O., No. $\frac{781}{A}$ Ry., 6th June 1898.

JUNE.

Tinnevelly-Quilon Railway

Ordered that the proposals for financing and working the — as definitely accepted by the Agent, South Indian Railway, and the Travancore Durbar, be forwarded to the Government of India, together with an expression of the views of this Government.

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

Railway.

Read the following papers :—

From—The Secretary to the Government of India, Public Works Department.
To—The Joint Secretary to the Government of Madras, P.W. Dept., Ry. Branch.
Dated—Simla, 22nd October 1897, No. 1746 R.C.

No. 530 R., dated 5th August 1897.
„ 532 R. „ 5th „ „
„ 533 R. „ 5th „ „

I am directed to acknowledge the receipt of your letters marginally quoted, on the subject of the proposals of the South Indian Railway Company, for the construction and working of the following proposed railways :—

(1) Madura-Paumban, 100 miles in length and estimated to cost Rs. 42 lakhs.
(2) Tinnevelly-Quilon—
    British section, 45 miles, Rs. 24 to 25 lakhs.
    Travancore section, 58 miles, Rs. 76 lakhs.
(3) Palghat-Dindigul, 115 miles in length and estimated to cost Rs. 85 lakhs.

2. The proposals of the Board of the South Indian Railway Company contemplate the undertaking *en bloc* of the three lines, Madura-Paumban, Palghat-Dindigul and the British portion of the Tinnevelly-Quilon as integral parts of that Company's system. The Board are also willing to construct the Travancore section of the Tinnevelly-Quilon Railway at actual cost and work it on behalf of the Travancore Durbar for 50 per cent. of the gross receipts, provided that the cost of maintenance for the first two years after opening is charged to capital.

3. In your letter No. 530 R., dated 5th August 1897, you say with regard to the Madura-Paumban line that His Excellency the Governor in Council does not lose sight of the disadvantages attaching to the proposal made by the South Indian Railway Company for financing this extension, viz., that if it is to form an integral part of the South Indian Railway it must wait for a place in the general programme for all India, but you urge that if it is possible to give it a very early place in that programme, it may be borne in mind that the Government of Madras would much prefer that it should be so constructed rather than be entrusted to a Branch Line Company.

4. As regards the British section of the Tinnevelly-Quilon Railway, the same preference is expressed in your letter No. 532 R., dated 5th August 1897, viz., that, unless the exigencies of the general programme make it impossible to allow the South Indian Railway Company to construct it until after the expiry of say another two years, it will for all reasons be far preferable to adopt this method of financing the scheme, but that if the general exigencies should cause considerable delay in the commencement of the work, the Government of Madras would then urge that the South Indian Railway Company be given every encouragement to form a Subsidiary Company for its construction and working under the rebate terms of Public Works Department Resolution No. 514 R.C., dated 17th April 1896.

As to the Travancore section, you suggest that there would presumably be no opposition on the part of the Travancore Durbar, who had already accepted the proposal of the Government of India to underwrite the proposed guarantee by the Government of India in so far as it applies to the Native State section, to similarly underwrite a corresponding British guarantee offered to a Branch Line Company owning the British section of the Railway.

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5. Lastly, as regards the Palghat-Dindigul line, the Government of Madras recommend, for the reasons advanced in your letter No. 533 R., dated 5th August 1897, that the offer of the South Indian Railway Company in so far as it concerns this project should be refused for the present, but without prejudice to the re-opening of the question of its construction hereafter.

6. I am now to inform you that these proposals of the South Indian Railway Company and the views of the Government of Madras thereon, have been carefully considered by the Government of India together with the recommendations of the Railway Conference which has just concluded its sittings at Simla under the presidency of His Excellency the Viceroy.

7. I am to say that while the Government of India are fully aware of the advantages offered by the proposals of the South Indian Railway Company, which are supported by the Government of Madras, for constructing the branch lines connected with the South Indian Railway in British territory as integral parts of that Railway, His Excellency the Governor-General in Council desires to again impress on the Government of Madras and upon the South Indian Railway Company that, having regard to the existing engagements of the Government of India which have received the approval of Her Majesty's Secretary of State, there is no prospect whatever of all lines referred to in this correspondence being included in the ordinary programme of railway construction for the next two years.

8. It was after a full consideration of the proposals that had previously been made for the construction and working of the Tinnevelly-Quilon Railway, which are virtually identical with those now put forward by the South Indian Railway Company, and of the limitations of the ordinary railway programme, that the Government of India addressed the Government of Madras in their letter No. 1304 R.C., dated 2nd September 1896, on the subject of this railway, and explained the arrangements which appeared to His Excellency the Governor-General in Council to be best calculated to secure the early construction of the line under conditions which would be most equitable to all the parties interested.

I am now to say that after further consideration of the present views of the Government of Madras, the Government of India adhere to the opinion already formed that the proposals made in their letter of the 2nd September 1896, No. 1304 R.C., although not offering any direct advantages in respect of the division of surplus profits, were not inequitable to the South Indian Railway Company, and were such as His Excellency the Governor-General in Council had hoped that the Government of Madras would support in the reasonable interests of the Travancore Durbar, which interests would appear to have been overlooked in the proposals now made by the Board of the South Indian Railway Company and recommended by the Local Government.

9. As regards the Madura-Paumban Railway, with letter No. 1958 R.C., dated 22nd December 1896, the Government of Madras were furnished with a copy of a despatch (No. 95 R., dated 15th October 1896) from the Secretary of State intimating that the provisional concession granted to Messrs. Wallace Brothers for the construction of this railway had lapsed, and you were informed that the orders of the Secretary of State were not understood to restrict the undertaking of this line to the direct agency of the South Indian Railway Company with funds to be supplied by the State. These funds the Government of Madras were reminded were limited and it was indicated that there was little chance of any being available for this railway until after 1899, but that it might be carried out at an earlier date upon branch line terms by a Company subsidiary to the South Indian Railway Company.

With a subsequent letter, No. 552 R.C., dated 5th April 1897, the Government of Madras were furnished, from favour of opinion, with an application from Messrs. Best & Co., Madras, for a concession for the construction of this line upon branch line terms. The Government of Madras replied in your letter, No. 277 R., dated 22nd April 1897, that as there was no chance of funds being available before the end of 1898–99, nor of the South Indian Railway Company being authorised to issue State guaranteed debentures, they were strongly of opinion that the best course would be for the South Indian Railway Company to promote the formation of a subsidiary branch company for the construction and working of the Madura-Paumban line on terms acceptable to both Companies and to Government, without the intervention of Messrs. Best & Co., or any particular firm of promoters.

You were informed in letter No. 837 R.C., dated 20th May 1897, that the Government of India had no objection to the Board of the South Indian Railway Company being invited to consider the above proposal of the Government of Madras, as alternative to Messrs. Best & Co.'s application, but you were at the same time reminded that if the proposed subsidiary company had any direct financial connection with the South Indian Railway Company, except through the rebate clause of the branch line terms, the scheme would have to wait for a place in the railway programme for all India.

Simultaneously with the receipt of your letter No. 530 R., dated 5th August 1897, conveying the offer of the Board of the South Indian Railway Company to undertake this and the other lines *en bloc* as integral parts of the South Indian Railway, intimation was received from Messrs. Best & Co. that they had been informed by the Board of the South Indian Railway Company of their willingness to join that firm in their scheme for the formation of an independent subsidiary company for the construction and working of the Madura-Paumban Railway on branch line terms, and that the Board had also communicated this information to the Secretary of State.

10. With the foregoing explanatory remarks, I am to communicate the decision of the Government of India upon the collective proposals submitted by the Board of the South Indian Railway Company in their telegram of July 1897 to their Agent (a copy of which was received with the latter's letter No. 753, dated 22nd July 1897), for dealing *en bloc* with the three lines—

Palghat-Dindigul.
Madura-Paumban.
Tinnevelly-Quilon.

11. *Palghat-Dindigul.*—The Government of India, while disposed to favour the construction of a metre gauge rather than a standard gauge railway through that district, are unable at present to pass any orders in regard to this scheme, which requires careful consideration in many aspects and in the light of information not yet available.

12. *Madura-Paumban.*—As already explained and reiterated in paragraph 9 above, unless the South Indian Railway Company definitely accept some such arrangement as that proposed by Messrs. Best & Co., the construction of this line in the immediate, or even near, future is entirely out of the question and it must therefore wait for a place in the general programme for all India, which so far as can be foreseen may not be found for many years to come, a result which the Government of India would view with much regret.

13. *Tinnevelly-Quilon.*—As also explained in the foregoing paragraph 8, the Government of India still prefer the arrangements previously proposed by them that the Tinnevelly-Quilon Railway should be constructed upon the branch line terms. As, however, those arrangements do not appear to meet with the approval of the Board of the South Indian Railway Company, and as their alternative proposal for the construction of the British portion of this line as an integral part of the South Indian Railway, even though that course may involve some delay in commencing the work, has the support of the Government of Madras, I am to say that, recognizing the necessity for meeting the legitimate wishes of the Travancore Durbar for the development of their country, and with the desire to meet so far as possible the views of the Government of Madras and of the South Indian Railway Company, the Government of India are willing to see this line undertaken on the following modified conditions, provided that the Travancore Durbar assent to them and that the South Indian Railway Company also accept them.

The Government of India are prepared to recommend to the Secretary of State that the South Indian Railway Company should raise the whole of the money required for the construction of the entire line from Tinnevelly to Quilon at 2½ per cent. in sterling under the guarantee of the Government of India, the Travancore Durbar underwriting that guarantee to the extent of the cost of the line in their own territory, and that the South Indian Railway Company should construct the whole line including the rolling-stock at cost price and then work it on completion as a portion of their existing system at the same rate of working expenses as obtains on their whole line including the branch railway and other branches which may hereafter be added to it, the cost of maintenance for two years after opening being debited to capital.

Any surplus profits obtained by working the branch on the above conditions would, after deducting the share payable to the South Indian Railway Company, be divided as originally proposed between the Government of India and the Travancore Durbar in proportion to the lengths of the sections of the line in their respective territories. Under these arrangements, assuming that, including rolling-stock and maintenance for 2 years, the British section will cost Rs. 28½ lakhs for 45 miles, the Travancore section Rs. 83½ lakhs for 58½ miles, the capital will be raised by the South Indian Railway Company at 2½ per cent. and the working expenses of the South Indian Railway will remain nearly stationary, the results to the Government of India, the Travancore State and the South Indian Railway may be expected to show a loss in the third year after the opening of the line, as explained in Case I below, to be superseded a few years later according to the moderate estimate contained in Case II, by surplus profits divisible between all parties :—

	Case I. Per mile per week.	Case II. Per mile per week.
	Rs.	Rs.
Estimated gross earnings, Travancore State section ...	50	100
Do. do. British ...	115	175
Estimated gross receipts of the whole branch line ...	4,21,000	7,14,000
Do. net do. do. ...	1,85,000	3,14,000
Deduct interest charges	2,80,000	2,90,000
Estimated surplus profit of the whole branch line ...	—95,000	+ 24,000
Do. share, Travancore State	—71,000	+ 11,000
Do. share, Government of India	—20,000	+ 9,000
Do. share, South Indian Railway, about ⅙ surplus or deficit	— 4,000	+ 4,000

These results, which are worked out on the supposition, that Rs. 4 lakhs of extra capital for the rolling-stock will be required in Case II and that the South Indian Railway will share the net deficit as against Government and the total surplus profit in the usual proportions, show that the possibility of the South Indian Railway incurring serious loss will be very small indeed, whilst the liabilities incurred by the Travancore Durbar will not be unduly burdensome to that State which will still obtain a large share of the high traffic returns expected from the British section of line.

It will also be noticed that in the calculations no account is taken of the incremental traffic brought into the main line of the South Indian Railway the earnings from which it has not been found possible to estimate.

14. I am also to say that the Government of India in agreeing to the modified conditions proposed in the last paragraph for the Tinnevelly-Quilon Branch wish it to be clearly understood that the arrangements made for the construction of this and the Madura-Paumban Railway must stand or fall together; they are not disposed to consider any proposals for the construction of the latter which do not contemplate that the former should also be put in hand almost simultaneously.

15. The Government of India regard themselves as pledged by the proposals made in their letter No. 1304 R.C., dated 2nd September 1896, and accepted by the Travancore Durbar, to use their best endeavours to carry the scheme for the construction of the Tinnevelly-Quilon Railway through at an early a date as possible, upon

terms that will not be inequitable either to the South Indian Railway Company or to the Durbar, and they are therefore prepared, with a view to ensure this, to admit the cost of the British portion of the scheme within their general programme of railway construction, and will endeavour to find the funds for it within the next two years. It must, however, be understood that the concessions now made are final and the largest that the Government of India are prepared to make, and I am to express the hope of His Excellency the Governor-General in Council that they will meet with the support of His Excellency the Governor of Madras in Council, and will also be acceptable to the Travancore Durbar and to the South Indian Railway Company.

16. In conclusion, I am to request that the further views of the Government of Madras, the Travancore Durbar and the South Indian Railway Company may be communicated to the Government of India as soon as possible.

Order—No. 1033 R., dated 25th November 1897.

The Government of India will be addressed with regard to the Tinnevelly-Quilon Railway.

From—The Joint Secretary to the Govt. of Madras, P.W. Dept., Railway Branch.
To—The Secretary to the Government of India, Public Works Department.
Dated—25th November 1897, No. 1034 R.

I am directed to acknowledge the receipt of your letter No. 1746-R.C., dated the 22nd October 1897, and with reference to those paragraphs of it which deal with the Tinnevelly-Quilon Railway, to communicate the following remarks.

2. His Excellency the Governor of Madras in Council is gratified at learning, from paragraph 15 of your letter under reply, that the Government of India regard themselves as pledged to use their best endeavours to carry the scheme for the construction of the Tinnevelly-Quilon Railway through at as early a date as possible, upon terms not inequitable either to the South Indian Railway Company or to the Travancore Durbar. Recognizing as he does the difficult financial position in which the Government of India are for the moment situated, His Excellency in Council fully appreciates the offer now made to enable the South Indian Railway Company to raise the capital for the railway at $2\frac{1}{2}$ per cent. in sterling, under a State guarantee, and that within the next two years.

3. Had His Excellency the Governor in Council been quite satisfied that the best alignment for access to Travancore had been selected, and that the line so selected was also the most favourable for the future development of that State, he would have had no hesitation in accepting the Government of India's offer, and in using his influence to induce the South Indian Railway Company and the Travancore Durbar to accept the conditions contained in paragraph 13 of your letter under reply.

4. The Government of India is doubtless aware—indeed the full history will be found in Mr. Shadbolt's report—that there have been years of discussion as to the relative advantages and disadvantages of the route through Shenakotta surveyed by Mr. Shadbolt, and the alternative route round the southern end of the hills through Aramboli. This Government has always believed and still believes that the latter would be the better route of the two, and in this view it is strongly supported by the officers of the South Indian Railway Company. The advantages of the southern route lie not only in the fact that it seems probable that the same capital which would be required to build the line on the northern route through the hills to Quilon, would suffice, if expended on the southern route, to build the considerably greater mileage by that route to Quilon, and to open up a very much greater extent of Travancore territory, but also in the very much more favourable prospects of the southern route from a traffic point of view.

5. The opposition to the southern route has arisen from a certain section of the people of Travancore who, for one reason or another, which it is unnecessary here to specify, are averse from having the country opened up by railways in the neighbourhood of Trivandrum the capital of the State. During his recent tour through Travancore, however, His Excellency the Governor took the opportunity of talking things over with His Highness the Maharajah, and with the Dewan of the State. The matter is just now in the hands of the Resident in Travancore and Cochin, and there is reason to hope that proposals in favour of the southern route may before long be forthcoming. It seems probable that for the present, and for several years to come, there will be no necessity for extending railway communication beyond the southern end of the complete and extensive system of backwater communication between that place and Quilon through Trivandrum.

6. Should this expected proposal be made, the Government of India shall again be addressed on the subject, and I am directed to express a hope that terms similar to those contained in paragraph 13 of your letter under reply may still be open for acceptance, as they seem fair and reasonable terms for all concerned.

7. I am instructed to add that the prospects of traffic on the southern route, if agreed to by the Durbar, are so superior to those on the northern route that there seems good reason to believe that the South Indian Railway Company may find themselves able to arrange with a Branch Line Company for the necessary capital without recourse to a State guarantee.

Note by the Consulting Engineer for Railways, dated Madras, 8th September 1897, No. 113/O.

(Subsequently cancelled).

Order—No. 757 R., dated 1st October 1897.

Forwarded to the Resident in Travancore and Cochin, through the Political Department, for the consideration of the Travancore Durbar.

Endorsement from the Political Department, No. 122, dated 17th January 1898.

Revised Note by the Consg. Engr. for Rys., Madras, dated 25th Jany. 1898, No. 237.

On a recent visit to Trichinopoly I went carefully into the plan and sections of the projected Tinnevelly-Quilon Railway, in company with Mr. Spalding who knows the country thoroughly and who is the Chief Engineer of the South Indian Railway by whom the line would have to be constructed. I was very much impressed with the magnitude of the work to be done on the 30 miles of actual ghât. It is of an extraordinarily heavy character and will have to be carried out under exceptionally difficult and expensive conditions.

2. I have made a careful analysis of Mr. Shadbolt's estimate, and his figures, in round numbers, stand thus:—

British section, easy country,	46 miles,	at Rs. 57,000 =	Rs. 26,22,000
Travancore section, ghât work,	30 „	„ 1,82,000 =	„ 54,60,000
„ „ easy country,	27 „	„ 78,000 =	„ 21,06,000
		Total	„ 1,01,88,000

of which the total British portion comes to Rs. 26,22,000
and „ „ Travancore portion comes to Rs. 75,66,000

3. Mr. Spalding and I agree in thinking the estimate too low, and I would be disposed to give the following revised figures as the very lowest at which it could be done under the most favourable conditions:—

British section, easy country, 46 miles, at Rs. 60,000 = Rs. 27,60,000
Travancore section, ghât work, 30 „ „ 2,25,000 = „ 67,50,000
„ „ easy country, 27 „ „ 80,000 = „ 21,60,000
Total „ 1,16,70,000

Total for British section ... ... Rs. 27,60,000
„ Travancore section ... ... „ 89,10,000

4. During the last three years I have had close experience of 113 miles of the Assam-Bengal metre gauge railway estimated to cost Rs. 2,87,000 per mile, in a ghât country of a character very similar to that of the 30-mile section between Shenakotta and Ponalur, and I fear that even after the most careful detailed re-alignment fully 2¼ lakhs per mile will be required to cover the cost of the latter. I see no provision under *formation* for retaining walls, of which there will undoubtedly be a very large quantity, and I fear that *tunnels* will run to nearer Rs. 200 per foot than Rs. 150. Mr. Shadbolt has estimated for 7,350 lineal feet of tunnels at Rs. 150. But on the Assam-Bengal Railway similar tunnels will probably cost Rs. 500, and in Mr. J. Ramsay's paper, in the last Volume CXXVIII of the Institution of Civil Engineers, 10,545 lineal feet of double tunnel on the Mushkaf-Bolan Railway are shown to have cost (for true tunnel, not cut and cover) from Rs. 244 to Rs. 425, or on the average Rs. 325 per foot run. Mr. Shadbolt estimates the 30 miles of metre gauge ghât line at Rs. 1,82,000 per mile, whereas the 113 miles of very similar line in, so far as I can learn, very similar country, on the Assam-Bengal Railway seem likely, as above remarked to cost Rs. 2,87,000 per mile. Mr. Shadbolt's mean rate for banks works out to Rs. 7 per 1,000 cubic feet, which is the mean rate of work actually done in the very much easier Nellore country on the Bezwada-Madras Railway. His cuttings run to Rs. 36 which, considering the character of the country, seems too low a figure. For these reasons I am inclined to think that the 46 miles of British section will cost 28 lakhs, and that the 57 miles of Travancore section will cost 89 lakhs.

5. I doubt whether the Travancore Durbar can have realized what the true position of affairs would be. I think it probable that in offering their guarantee they took Mr. Shadbolt's estimate of about one lakh per mile all through, and so took it for granted that their own section would probably cost about 60 lakhs instead of the 90 lakhs which seems the more probable figure. The difference is enough to build 50 miles of ordinary railway.

6. I desire now to point out that if the same money, Rs. 1,16,70,000, be spent on the southern route through Aramboli, it ought, at a mean rate of Rs. 75,000 per mile, to suffice to make 156 miles of railway: or at the very worst it would fully suffice to take the railway right round through Aramboli, past Trivandrum and on to Quilon itself, a distance of 133 miles.

7. Of these 133 miles about 35 miles would be British and 98 miles Travancore. Passing through so very much better country those 98 miles might reasonably be expected to earn fully Rs. 100 per mile per week, 50 per cent. of which, the Travancore portion, would just about cover the interest on its capital cost.

8. To sum up, so far as it is possible to judge without further detailed surveys, the adoption of the Southern route would secure the opening up of Travancore from Quilon to its southern extremity, and would also secure connection with the railway system of Southern India, with a very reasonable prospect of this end being attained with no recurring annual loss to the State, and of a return for its investment of Rs. 90 lakhs equal, if it sees fit to itself invest its treasure in the undertaking, to at least what may be derived from Government paper.

9. I am disposed to think that if these figures are laid before the Travancore Durbar they may see their way to modifying their views, and to enquiring further about the southern route. So far as it is possible to judge there seems to be but a poor prospect of the northern route being taken in hand at an early date, because there is no chance of a survey party being available for the coming working season so that it will be at least two years before it can be got ready for work to be started on its hill section. I strongly recommend that the southern route be properly surveyed as soon as may be.

Tinnevelly-Quilon Railway.

Partition of Mr. Shadbolt's estimate between the British and Travancore sections and of the latter between ghât work and easy work.

Heads of Account	How divided.	British, 46 miles.	Ghât, 30 miles.	Travancore plain, 27 miles.	Total, 103 miles.
		Rs.	Rs.	Rs.	Rs.
Preliminary ..	Half to ghât, rest by mileage	22,816	36,256	13,440	72,512
Land	Special and irrigated British, remainder Travancore	3,00,800	10,000	48,660	3,59,460
Earthwork ..	At Rs. 50,000 per mile for ghât, rest guess.	5,00,000	15,00,000	9,41,894	29,41,894
Tunnels ..	Actual	..	10,83,000	..	10,83,000
Major bridges ..	Do.	3,01,988	10,47,101	41,644	13,90,733
Minor do. ..	Do.	1,80,482	6,48,790	1,81,446	10,10,718
Fencing, &c. ..	By mileage	42,348	27,600	24,840	94,788
Ballast	Do.	1,52,930	1,00,000	90,000	3,42,930
Permanent-way ..	Do.	7,57,790	5,00,000	4,50,000	17,07,790
Stations and Offices ..	Actual	46,951	6,130	38,175	91,256
Staff-quarters ..	Do.	36,959	19,644	68,478	1,25,081
Station Machinery ..	Do.	43,570	15,356	66,140	1,25,066
Plant	About equal	11,000	11,990	11,000	33,990
General Charges ..	Ghât double per mile of what rest costs	2,06,540	4,56,000	1,20,260	7,82,800
	Total ..	26,04,174	54,61,867	20,95,977	1,01,62,018
	or per mile ..	56,600	1,82,000	77,600	..

Round figures British portions, 46 miles, at Rs. 57,000 = Rs. 26,22,000
„ Travancore „ 30 „ „ 1,82,000 = „ 54,60,000 } 75,66,000
„ „ „ 27 „ „ 78,000 = „ 21,06,000 }
Total „ 1,01,88,000 round figures.

Order—No. 137 R., dated 25th January 1898.

The letter from the Dewan of Travancore, No. 4777/P.W., dated 11th December 1897, received with the above endorsement will be returned to the Resident in Travancore and Cochin with the request that the revised note by the Consulting Engineer for Railways read above may be substituted in lieu of that forwarded with G.O., No. 757 R., dated 1st October 1897, which should be considered as cancelled.

From—The Secretary to the Govt. of India, Public Works Department.
To—The Joint Secretary to the Govt. of Madras, P.W. Dept., Ry. Branch.
Dated—Calcutta, 17th January 1898, No. 90 R.C.

I am directed to acknowledge the receipt of your letter No. 1118 R., dated 10th December 1897, on the subject of the financing by a Branch Line Company, under the auspices of the South Indian Railway Company, upon the rebate terms of Government of India Resolution No. 514 R.C., dated 17th April 1896, of the proposed Madura-Paumban Railway independently of the scheme for the construction of the proposed Tinnevelly-Quilon Railway.

2. In reply I am to say that the Government of India will await the views of the Board of the South Indian Railway Company on the proposed financing of the Madura-Paumban Railway by a Branch Line Company, but that they are of opinion that before work is commenced on this line the South Indian Railway Company should give an undertaking to construct a railway from Tinnevelly to the neighbourhood of either Quilon or Trivandrum, or other suitable terminus either by the northern or southern route as may be decided by the Government of India whenever called upon to do so upon the terms and conditions stated in paragraph 13 of Public Works Department letter No. 1746 R.C., dated 22nd October 1897.

Order thereon—No. 167 R., dated 31st January 1898.

The terms for the construction and working of the Tinnevelly-Travancore Railway have long formed the subject of correspondence by this Government with the Travancore Durbar through the Resident and with the South Indian Railway Company through their Agent. The correspondence with the Travancore Durbar culminated in the acceptance by the Durbar, as communicated in letter from the Resident, No. 3105 of the 12th October 1896, of the terms offered in Government of India letter, No. 1304 R.C., dated the 2nd September 1896. To validate this acceptance, however, it was essential that the concurrence of the third party, *viz.*, of the South Indian Railway Company, should be secured; but this concurrence it has not so far been found possible to obtain. Negotiations have, however, progressed and in connection with the Company's desire to obtain a concession for another branch railway in which they are interested, certain new terms have been put forward by the Government of India and these are now communicated *verbatim* (as per margin) to the Resident.

Extract from Government of India letter, No. 1746 R.C., dated 22nd October 1897. Copy attached.

2. The Resident will understand that the acceptance by the Durbar of these new terms which are very much more favourable than those already accepted by them, and which are only rendered possible by the greater facility with which at the present time money can be raised by Railway Companies on the security of a State Guarantee, can lead to practical action only in the event of their acceptance also by the South Indian Railway Company whose Agent has been asked to communicate his Board's decision if possible by telegraph.

3. The Resident is also informed that in offering the above conditions for the acceptance of the Railway Company, the Government of India define the Travancore line as "a railway from Tinnevelly to the neighbourhood of either Quilon or Trivandrum or other suitable terminus either by the northern or southern route as may be decided by the Government of India." As regards this question of choice of routes, this Government will be glad to receive an early expression of the wishes of the Travancore Durbar.

4. The Government of India will also be addressed.

From—The Joint Secy. to the Govt. of Madras, P.W. Dept., Railway Branch.
To—The Secretary to the Government of India, Public Works Department.
Dated—31st January 1898, No. 168 R.

I am directed to acknowledge the receipt of your letter, No. 90 R.C., dated the 17th January 1898, in which you communicate the opinion of the Government of India that, before work is commenced on the Madura-Paumban line, an undertaking should be obtained from the South Indian Railway Company to construct and to work a railway from Tinnevelly to a suitable terminus in Travancore to be later selected, whenever called upon to do so, upon the terms and conditions stated in paragraph 13 of your letter, No. 1746 R.C. of the 22nd October 1897.

2. In reply I am desired to inform you that the conditions have been laid before the Travancore Durbar and the South Indian Railway Company for consideration and acceptance, and that the result shall in due course be communicated to the Government of India.

3. I am instructed to say that the Government of India's suggestion that the opportunity of the South Indian Railway Company's desire to obtain the working of the Madura-Paumban line should be availed of in order to secure their acceptance of fair terms for the working of the less promising Tinnevelly-Quilon line has the entire approval and concurrence of His Excellency the Governor in Council.

4. The question of route for access to Travancore is still under the Durbar's consideration and when a decision has been arrived at the Government of India shall be duly informed.

Extract from a letter from—The Agent, South Indian Railway.
To—The Board of Directors, South Indian Railway Company.
Dated—15th December 1897, No. 564.

Railway Extensions.

With reference to the paragraph under this heading in my letter No. 545, dated 3rd August 1897, I have placed in the packet copies of letter No. 3777, dated 10th December 1897, from the Consulting Engineer for Railways, and of letter No. 1746 R.C., dated 22nd October 1897, from the Government of India. Reading these two letters together it will be seen that, pending settlement of the route to be adopted for the Tinnevelly-Quilon Railway, the Board is not asked to decide on the modified propositions formulated by the Government of India in paragraph 13 of its letter above referred to. In the meantime, however, the Government of Madras is desirous of receiving the Board's views on its proposals for so financing the Madura-Paumban Railway as to prevent the working agency being unduly interfered with by the subsidiary company. The situation of this line as a link in the through connection between India and Ceylon renders it very necessary that it should be controlled by the same authorities as control the South Indian Railway. As pointed out by the Consulting Engineer the insertion of the following clause extracted from the contract, dated 13th March 1896, between the Secretary of State and the Ahmedabad-Parantej Railway Company should efficiently guard the interests of the through route:—

> "21. All the business connected with the management and maintenance of the said railway and conducting traffic thereon, including police and telegraphs and telegraphic appliances, shall, in all respects as far as practicable, be carried on in the same manner and subject to the same regulations and control by the Secretary of State as the like business on the Rajputana-Malwa Railway, and the Company shall not interfere or be concerned with such business."

Non-interference would be further assured by a close connection between the working and subsidiary companies, a policy which, I hope, may commend itself to the Board.

From—The Consulting Engineer for Railways, Madras.
To—The Agent, South Indian Railway.
Dated—Madras, 31st January 1898, No. 302.

In continuation of my letter, No. 3777, dated the 10th December 1897, and with reference to the paragraph headed "Railway extensions" in your letter to your Board of Directors, No. 564, dated the 15th December 1897, I have the honour to inform you that Government has decided that, before work can be allowed to begin on the Madura-Paumban Railway, your Company must give an undertaking to construct a railway, whenever called upon to do so, from Tinnevelly to the neighbourhood of either Quilon or Trivandrum or other suitable terminus either by the Northern or the Southern route, as Government may decide, upon the following terms and conditions as expressed by the Government of India.

2. (Here quote from Government of India's letter, No. 1746 R.C., dated the 22nd October 1897, paragraph 13, beginning at "The Government of India are prepared," &c., and ending at end of paragraph 13.)

3. I have the honour to request that I may be favoured with a very early expression of your Board's views in regard to this proposal. It would be very desirable that, if they accept it, they should telegraph to that effect, in order that by the time of the receipt of their reply to your No. 564 of the 15th December 1897, I may be in a position to acquaint Government with the conclusions arrived at.

Extract from a letter from—The Agent, South Indian Railway.
To—The Board of Directors, South Indian Railway Company.
Dated—2nd February 1898, No. 571.

Madura-Paumban and Tinnevelly-Quilon Railways.

Adverting to the paragraph under this heading in my letter No. 564 of 15th December 1897, I forward among the enclosures to this letter a copy of letter, No. 302, dated 31st January 1898, from the Consulting Engineer for Railways to the Government of Madras, in which he asks to be favoured with an early expression (by telegram if possible) of the Board's views in regard to the proposals of the Government of India as expressed in paragraph 13 of their letter, No. 1746 R.C., dated 22nd October 1897, of which a copy was sent to you with my letter above quoted.

Extract from a letter from—The Board of Directors, South Indian Railway Company.
To—The Agent, South Indian Railway.
Dated—London, 11th February 1898, No. 204.

Railway Extensions.

Your letters 545 of 3rd August 1897 and 564 of 15th December 1897, together with the letter dated 10th December, from the Consulting Engineer for Railways, and Government of India letter, 1746 R.C. of 22nd October 1897, have been considered by the Board.

It is observed that the Board are requested not to decide on the modified propositions formulated by the Government of India in paragraph 13 of their letter above quoted, pending the settlement of the route to be adopted for the proposed extension into Travancore territory. In the anticipation that some decision has already been, or may soon be, arrived at with regard to this route, and, with the view of placing the Board in a position to deal with the matter without delay, you are desired to give your own views fully upon the whole subject.

In reply to the question of the Madras Government, and assuming the Madura-Paumban line to be constructed by a subsidiary company, it is not thought that there will be any difficulty in financing the company upon such lines as will prevent the working agency being unduly interfered with by the subsidiary company, and a clause similar to that (No. 21) in the Ahmedabad-Prantej contract will probably be sufficient to meet the object in view.

Proceedings of the Madras Government, Public Works Department, Nos. 167–68 R., dated 31st January 1898.

Order—No. 278 Ry., dated 18th February 1898.

The following remarks are now communicated to the Resident in Travancore and Cochin in continuation of G.O., No. 167 R., P.W., dated 31st January 1898.

2. It is desirable that before the Travancore Durbar express the opinion asked for at the end of paragraph 3 of the above quoted Government Order as to their preference for the southern or northern route for railway access to Travancore from Tinnevelly, they should be placed in possession of all the *pros* and *cons* of both routes. As regards their engineering aspect, these have been expressed in the Consulting Engineer's note, No. 237, dated the 25th January 1898, which may be briefly summarised as follows. There is every reason to believe that Mr. Shadbolt's estimate is insufficient, and that the Travancore portion of the northern route will cost nearer to 89 lakhs than to Mr. Shadbolt's figure of 76 lakhs. The ghât estimate was based, as stated in Mr. Shadbolt's report, on a traverse survey, which was all that he was able to accomplish at the time and with the staff at his disposal in the difficult country. The actual centre line section is conjectured only, and before work can be begun, or an accurate estimate made, an actual staking out along the centre line will have to be done. This will take a working season and will cost money. Then again to make the line through the hills will take time, probably not less than five years. Whereas, even with the delay of a season to survey the southern route, the difference in the character of the country will probably make it as easy to finish this route in four years, including a fresh survey, as the other one in five. The Consulting Engineer for Railways says that the construction of a metre-gauge line through 100 miles of very similar country in Assam has already taken several years, and will probably take two more before trains run through.

3. In favour, from a Government point of view, of the northern route, is the fact that the British portion of it will undoubtedly be far more remunerative than the British portion of the southern route. But so far as is understood, the Travancore portion of the southern route will be far more remunerative than the corresponding portion of the northern route.

4. The Resident should explain to the Durbar that it is usual once a railway company is formed and the money raised, that the cost of survey should be recouped by debit to the capital account of the company. It does not therefore seem to be a matter of much moment, now that it is practically settled that a railway shall be made, if additional Durbar money is temporarily spent upon further surveys.

5. The Resident should now lay the above consideration before the Durbar, and should leave it to them to decide which route they desire to adopt, or whether they desire that the southern route should be properly surveyed and, if so, whether they are prepared to advance the money on the understanding that the cost of all surveys shall be recouped as soon as capital is forthcoming for the construction of the line.

6. In view of the fact that Quilon is but a little known place outside of Southern India, and of the possibility of the Durbar desiring hereafter to promote further extensions of railways within their territory, the Resident should ascertain whether the Durbar would be willing that the title of the proposed railway should in future be written: "The Tinnevelly-Travancore Railway," or better the "*Travancore Railway*."

From—The Secretary to the Government of India, Public Works Department.
To—The Joint Secretary to the Govt. of Madras, P. W. Dept., Ry. Branch.
Dated—Simla, 1st April 1898, No. 17 R.P.

With reference to your letter No. 168 R., dated the 31st January 1898, I am directed to inquire what progress has been made in the negotiations for the construction of the proposed Madura-Paumban and Tinnevelly-Quilon Railways.

Telegram from—The Joint Secretary to the Govt. of Madras, P. W. Dept., Ry. Branch.
To—The Secretary to the Government of India, Public Works Department.
Dated—2nd April 1898, No. 19 B.

Please see final sentence paragraph 2, your 1304 R.C., September 2nd, 1896; also please see surplus profits clause in paragraph 13, your 1746 R.C., October 22nd, 1897. In latter you propose dividing profits proportionately to length and use the expression "as originally proposed," but in your 1304 the proposal was to divide proportionately to capital cost. Travancore Durbar and this Government anxious to know what year intention actually was, viz., division proportionately to capital or division by mileage.

Telegram from—The Secretary to the Government of India, P.W. Dept.
To—The Joint Secretary to the Govt. of Madras, P.W. Dept., Railway Branch.
Dated—Simla, 7th April 1898, No. 20 R.P.

Your 19 B., 2nd instant. India's intention is Durbar and Government to bear loss in proportion to capital, while as regards surplus profits, working company to retain about one-sixth and balance to be divided between Government and Durbar in proportion to mileage—*vide* results tabulated in paragraph 13, my letter numbered and dated as follows, No. 1746 R.C., of 22nd October last.

Telegram from—The Joint Secy. to the Govt. of Madras, P.W. Dept., Ry. Branch.
To—The Resident in Travancore and Cochin.
Dated—13th April 1898.

India wires as follows, begins: India's intention is Durbar and Government to bear loss in proportion to capital, while as regards surplus profits, working company to retain about one-sixth and balance to be divided between Government and Durbar in proportion to mileage. Message ends. Hope this will enable Durbar to come to decision. I told you verbally that South Indian have agreed to make railway on either route on India's conditions.

Telegram from—The Joint Secy. to the Govt. of Madras, P.W. Dept., Ry. Branch.
To—The Secretary to the Government of India, P.W. Dept.
Dated—11th April 1898, No. 1 A.

Your 17 R.P., April 1st. Agent, South Indian, has received wire from Board, begins: Accept Government proposals but hope Paumban may be integral part of undertaking. Message ends. Negotiations with Travancore Durbar now nearly completed. Will reply fully when copy received of Board's letter to Agent and when Travancore's official proposals made.

From—The Resident in Travancore.
To—The Chief Secretary to Government.
Dated—Camp, Bodinayakkanur, 29th March 1898, Camp No. X.Y.C.I.

In regard to the Travancore Railway scheme, I have the honour to reply to G.Os., No. 131, Political, dated 21st February 1898; No. 88, Political, dated 2nd February 1898; and endorsement, No. 198, dated 25th January 1898.

2. A history of this project up to 1895 will be found in Mr. Shadbolt's report of September in that year. It may suffice to repeat here that in 1883 the Durbar expressed a decided preference for the northern route to Quilon; the Dewan, Hon'ble V. Ramiengar, pointing out that the commerce of the country would best be served by the adoption of that route; that Quilon, and not the official capital, Trivandrum, was the proper objective, a point perhaps naturally lost sight of by the South Indian Railway. The Government of Madras accepted these views, and asked the South Indian Railway if it was prepared to undertake the construction of the proposed extension. In 1886 the opinion in favour of the northern route was reiterated with emphasis by the same Dewan. The Madras Government then said that "whichever route His Highness the Maharaja might select, it would recommend to Government of India that the portion in British territory should be constructed concurrently with the portion lying in Travancore." In 1887 the Dewan again urged that the northern route should be adopted, but the Secretary of State having expressed a preference for the southern route, the South Indian Railway again opened the question, whereupon the Dewan (Mr. Rama Rau) again expressed the Durbar's preference for the north. After various abortive proposals in 1894, the survey of the northern route was undertaken by the British authorities.

3. On its completion the Consulting Engineer for Railways approved the conclusions at which the survey party arrived, and, with reference to the prospects of traffic, quoted the opinion of the Dewan, Hon'ble V. Ramiengar, dated 13th August 1883. With reference to this opinion, and to this branch of the subject under discussion, I have to add that, since the Dewan wrote, the extension of tea and coffee in North Travancore has been enormous, and is still proceeding by leaps and bounds; one Company alone is operating with a capital of $1\frac{1}{2}$ millions sterling and there are many of less account; that there is not, as is supposed in some of the records, any canal communication south of Trivandrum; and that the Durbar has never objected to the capital being approached by railway, or being made a station on, or a terminus of, any line that may be constructed. Its preference for the northern route has been based on general commercial grounds, and it may be added that Quilon is in the centre of the coast line, while Trivandrum is near the southern extremity of the State.

4. The contribution made by the Durbar to the survey of the northern route was upwards of Rs. 73,000, and subsequently to the completion of the survey the Durbar repeatedly addressed the Resident in 1895–96 asking whether negotiations for construction were proceeding, and expressing its anxiety for an early commencement.

5. In September 1896 the Government of India arrived at the conclusions set out below, viz.—

That the best and simplest plan to ensure the early construction of this railway upon suitable conditions would be to permit a Company to provide the funds under the terms recently offered for branch lines, the Government of India guaranteeing to the shareholders of the branch line Company the interest at 3 per cent. on the actual capital expenditure on the whole length of 103 miles, and the Travancore State underwriting the guarantee so far as it relates to the cost of the section of the railway in that State.

That with the concurrence of the South Indian Railway administration, the Travancore branch railway should be constructed by, and worked as part of, the undertaking of the South Indian Railway to which it would act as a feeder. In the event of there being any surplus profits in excess of the guaranteed 3 per cent. interest out of the net earnings, such share of the surplus profits as may be retained by the Government of India as guarantor should be divided between the Government of India and the Travancore State, *in proportion to the capital cost of the sections of the line in British territory and the Travancore State, respectively.*

That the Government of India proposed to reserve to themselves the option of purchasing the entire branch at the end of 21 years, and thereafter at intervals of 10 years.

That in the event of its being decided to exercise this right of purchase, the Government of India would be prepared to offer to the Travancore State the option of purchasing the section of the line within its territory, the Government of India and the Travancore State each bearing a share of the total purchase price of the whole line, proportionate to the capital cost of its own section.

Should the Durbar effect this purchase, a choice between the following two courses would be given to it:—

(*a*) The Durbar might work its own portion as an independent line, or have it worked for it by the parent line, on the responsibility and at the risk of the Durbar.

(*b*) The two sections might be worked by the Government of India as a single line, the net earnings thereof being divided in equal shares, but the Government of India (the proprietor of the best-paying section of the branch railway) guaranteeing to the Durbar out of the Government share of the net earnings of the branch railway such an amount as would make up the Durbar's share to 3 per cent. upon its outlay on the purchase of its section.

6. The Durbar immediately accepted these proposals considering them "quite satisfactory and viewing with great pleasure the prospect of the early accomplishment of this long-desired project which His Highness the Maharaja felt would greatly promote the further development of his country, and would materially contribute to the increased prosperity and well-being of his people" (G.O., No. 377, Political, dated 24th October 1896).

7. It is evident, therefore, that the Durbar has been consistently and continuously anxious that a railway should be constructed, and that it should enter Travancore by the northern route, and end for the present at Quilon. From a perusal of some of the papers in the file it appears to me that the recital of the above facts is not superfluous.

8. In October 1897 the officers of the South Indian Railway, however, again impressed on the Consulting Engineer for Railways their conviction that the southern route should be adopted, and the notes of the Consulting Engineer, who was inclined to accept these views, were communicated to the Resident, who elicited from the Durbar thereon the following expressions of opinion, viz.—

(*a*) That after the long discussion as to the relative importance of the two routes, and the opinions so decisively and repeatedly expressed by the Durbar, and accepted by the British Government, it would manifestly be undesirable to re-open the question, except on grounds materially affecting the main issues.

(*b*) That the Government of India's proposal was that the British Government should guarantee interest on capital expenditure on the whole line and pay such interest out of net earnings on the whole line, the Travancore Government being only bound to make up the deficiency proportionate to the outlay on the Travancore section, and that this arrangement would not result in any burden greater than the Durbar had anticipated. Indeed the Durbar would profit by the fact that the British portion of the northern route passes through a very rich irrigated country—a great contrast, it may be remarked, in passing, to the British portion of the southern route.

(*c*) That a detailed survey and definite location of the southern route must necessarily precede its serious consideration as an alternative route, that His Highness' Government had looked on Mr. Shadbolt's survey as a sufficient basis upon which to start work, and was surprised to learn that further delay must ensue even if financial preliminaries were settled before operations could be commenced.

9. At this stage other proposals than those accepted by the Durbar and set out in paragraph 5 of this letter were received from the Government of India, viz., that the South Indian Railway Company should raise the whole of the money required for the construction of the entire line from Tinnevelly to Quilon at 2½ per cent. in sterling under the guarantee of the Government of India, the Travancore Durbar underwriting that guarantee to the extent of the cost of the line in their own territory, and that the South Indian Railway Company should construct the whole line, including the rolling-stock, at cost price, and then work it on completion as a portion of their existing system at the same rate of working expenses as obtains on their whole line including the branch railway and other branches which may hereafter be added to it, the cost of maintenance for two years after opening being debited to capital.

Any surplus profits obtained by working the branch on the above conditions would, after deducting the share payable to the South Indian Railway Company, *be divided as originally proposed between the Government of India and the Travancore Durbar in proportion to the lengths of the sections of the line in their respective territories.* Under these arrangements assuming that, including rolling-stock and maintenance for two years, the British section would cost Rs. 28½ lakhs for 45 miles and the Travancore section Rs. 83½ lakhs for 58½ miles, the capital would be raised by the South Indian Railway Company at 2½ per cent., and the working expenses of the South Indian Railway would remain nearly stationary, and the results to the Government of India, the Travancore State and the South Indian Railway might be expected to show a loss in the third year after the opening of the line, as explained in Case I below, to be superseded a few years later according to the moderate estimate contained in Case II by surplus profits divisible between all parties.

	Case I, per mile per week.	Case II, per mile per week.
	RS.	RS.
Estimated gross earnings, Travancore State section ...	50	100
Do. do. British section	115	175
Estimated gross receipts of the whole branch line ...	4,21,000	7,14,000
Do. net do. do. ...	1,85,000	3,14,000
Deduct interest charges	2,80,000	2,90,000
Estimated surplus profits of the whole branch line ...	—95,000	+ 24,000
Do. share, Travancore State	—71,000	+ 11,000
Do. share, Government of India	—20,000	+ 9,000
Do. share, South Indian Railway about ⅛ surplus or deficit	— 4,000	+ 4,000

These results, which are worked out on the supposition that Rs. 4 lakhs of extra capital for the rolling-stock would be required in Case II, and that the South Indian Railway would share the net deficit, as against Government, and the total surplus profit in the usual proportions, show that the possibility of the South Indian Railway incurring serious loss will be very small indeed, whilst the liabilities incurred by the Travancore Durbar would not be unduly burdensome to that State, which would still obtain a large share of the high traffic returns expected from the British section of the line.

The Government of India says: "The working expenses of South Indian Railway will remain nearly stationary." I presume it is meant that the percentage of working expenses to gross earnings would remain stationary, and that no account was taken in these calculations of the percentage falling, in the future, as it has in the last few years.

In communicating these proposals to the Durbar, I pointed out that they depended on the concurrence of the South Indian Railway and that, so far as the terms went, they were equally applicable to the line whether it took the northern or southern route (see paragraph 2, letter, Government of India, Public Works Department, No. 90 R.C., dated 17th January 1898).

10. In regard to the latter question, the Madras Government now laid before the Durbar the relative advantages of the northern and southern route, dwelling on the probable insufficiency of Mr. Shadbolt's estimate, the length of time a line with so much ghât work would occupy in construction, the more remunerative character of the Travancore portion of the southern route, the greater speed with which that line could be constructed, and the fact that the cost of all surveys would be debitable to the capital, so that the extra expense of surveying the southern route was of little consequence. The Government also suggested that the "Tinnevelly-Travancore" or the "Travancore" railway was a preferable title to that of "Tinnevelly-Quilon" which had been hitherto adopted for the line.

11. To the last suggestion the Durbar "raised no objection" and indicated no preference between the two alternatives. As Tinnevelly is only a station on the South Indian Railway, and Travancore is in wealth and population one of the six greatest Native States in India, it would appear that the "Travancore" railway would be the more suitable appellation. The greater length too will be within the State, which will also contribute the larger share of the cost of construction.

12. As regards the more important questions, viz., (i) the route to be finally adopted, and (ii) the new terms offered, the Government of His Highness the Maharaja has returned the following replies, viz.:—

(i) The Durbar practically reiterates the opinion expressed in paragraph 8, (*a*), (*b*) and (*c*) of this letter, and "still prefers the northern route, and will be glad if it can be adopted and work started at once." . . . . He makes his points, I think, in holding that the Durbar must look upon Mr. Shadbolt's as a responsible survey, giving an approximate cost of the northern route, that the cost of construction and the probable receipts of the southern route must, pending survey and inquiry, be regarded as merely conjectural and can afford no safe basis for argument and comparison, that the Durbar very well understands its liabilities under the proposals previously made by the Government of India and accepted by it. I should add that there is also no question of its financial ability to discharge such liabilities.

His Highness' Government has no objection to the southern line being properly investigated, but must defer its opinion upon the adoption of that route till the result of a scientific survey and accurate traffic registration.

(ii) With regard to the new terms offered in my letter to the Durbar, I quoted the words of paragraph 3 of G.O., (Ry.), No. 167, dated 31st January 1898, which reproduced the words of the Government of India, and described the railway as "a railway from Tinnevelly to the neighbourhood of either Quilon or Trivandrum or other suitable terminus, either by the northern or southern route, as may be decided by the Government of India." I did not understand that the Government of India had assumed any attitude as regards the route other than it had formerly taken. Neither, I believe, does the Dewan, but I note the point . . . .

The Durbar naturally approves the reduction of rate of interest from 3 to 2½ per cent., but entertains misgivings as to the expediency of undertaking a sterling guarantee with the consequent liability to fluctuations in exchange; accepts of course the proposal to underwrite the guarantee, but raises a point with regard to the figures of Case I and Case II of letter No. 1746 R.C. from the Government of India, dated 22nd October 1897 (paragraph 9 of this letter) from which working expenses appear to be about 56 per cent. Those figures relate to the half-year ending 30th June 1896, I gather, while in that ending 30th June 1897, the proportion fell to 51·83. If this is correct, 50 per cent. would not be far out, and that it will probably be shortly reached may be inferred from letters from the Agent and Manager, which I have seen . . . .

The condition as regards the surplus profits, viz., that they should "be divided between the Government of India and the Travancore Durbar in proportion to the length of the sections of the line in their respective territories" is not, I think, as stated "that originally proposed," for under paragraph 5 of letter No. 1304 R.C., dated 2nd September 1896, from Government of India (see paragraph 5 of this letter) the division was to be made in proportion to the capital cost of the sections of the line in British and Travancore territory, respectively. The figures given by the Government of India show that the Travancore Government will lose by this change, for the proportions of capital cost concerned are 83 to 28 and of length 58 to 45, in favour in either case, but less in the latter case, of Travancore. The figures vary according to the estimates of cost and length. The Durbar hopes the Government of India will see its way to allowing that division of surplus profits to stand, which has already been accepted. It is not stated that any set-off is intended against the lower rate of interest now offered, and the use of the words "originally proposed" leaves me in some doubt, whether the Government of India regards the division in proportion to capital cost, as an essential feature of the new terms.

The Dewan infers from the absence of any reference, in Government of India letter containing the new terms, to the terms of purchase, that those of para. 7 of Government of India letter, dated 2nd September 1896, No. 1304 R.C. (see para. 5 of this letter) remain unchanged. So far as I am aware this is the case.

13. Having brought the history of the project up to date, I would venture to express the opinion that the Durbar need not be pressed further to adopt the southern line. It should be remembered that South Travancore is a tract which probably has reached the high water mark of prosperity, and that the future development of the State will probably be in its northern districts.

But the offer of the new terms to the Durbar depends upon their acceptance by the South Indian Railway Company, which may give its concurrence only on condition that the southern route be adopted. In that case, and if construction by other agency of the northern route be out of the question—and there are to this plan many objections—the Durbar's evidently reluctant offer to proceed with the survey of the southern route will, I presume, be accepted. I do not believe that its superiority from the Durbar's point of view is by any means yet established.

I do not understand the Durbar's objections to a sterling guarantee to be insuperable. They may none the less be thought worthy of attention, the little point raised as regards working expenses can be cleared up by the Railway Secretariat, and the more important matter relating to division of surplus profits is perhaps deserving of a reference to the Government of India, which may also, if in this case too the information is not available with Government, be asked whether the old terms of purchase apply alike to those now offered.

Memo. No. 967, Political, dated 22nd April 1898.

Transferred to the Public Works Department, with reference to G.Os., No. 137 R., dated 25th January, No. 167 R., dated 31st January and No. 278 Ry., dated 18th February 1898.

Telegram from—The Consulting Engineer for Railways, Madras.
To—The Resident in Travancore and Cochin.
Dated—23rd April 1898, No. 16 C.

Just received from Political yours dated March 29. Following points require reply from me: *firstly*—India has assumed no new attitude about route; *secondly*—my wire five, dated thirteenth April, removes doubts about India's intentions regarding surplus profits and informs you that South Indian accepts India's terms for other route; *thirdly*—Dewan's inference about purchase terms remaining unaltered may be considered correct; *fourthly*—working percentages for seven full years ending 1897 have been 66, 63, 61, 59, 56, 55, 53, respectively, showing that further economy may be confidently anticipated. I have again taken His Excellency's instructions and this Government will support Durbar's decision about route. Hope you can now obtain Durbar's definite proposals in time for Simla fifteenth.

From—The Agent, South Indian Railway.
To—The Consulting Engineer for Railways, Madras.
Dated—Trichinopoly, 26th April 1898, No. 371.

With reference to your telegram, No. 15 C. of the 21st April 1898, I have the honour to forward, herewith, two copies of the Managing Director's letter, No. 209, dated 7th April 1898, containing the acceptance by the Board of Directors of the South Indian Railway Company of the modified proposals of Government regarding the Madura-Paumban and Tinnevelly-Quilon extensions, and beg to invite attention to the concluding paragraph thereof.

ENCLOSURE.

From—The Managing Director, South Indian Railway.
To—The Agent, South Indian Railway.
Dated—55. Gracechurch Street, London, 7th April 1898, No. 209.

Railway Extensions.

In reply to Board's letter, No. 204, 11th February 1898, and to their telegram of 3rd March 1898—"Board's 204. Send without delay. Report extensions"—the Board have now had before them your views, as expressed in your No. 576 of 9th March 1898, upon the proposals of the Government of India contained in their letter, No. 1746 R.C. of 22nd October 1897.

2. After full consideration of the whole subject, the Board have decided to accept the modified proposals of the Government, formulated in that letter, as regards the Madura-Paumban and Tinnevelly-Quilon extensions. These are shortly—

(*a*) That the Company should construct the Tinnevelly-Quilon Railway, including rolling-stock, at cost price, the money required being raised under a sterling guarantee of the Government of India at the rate of 2½ per cent. per annum.

(*b*) That the Company should work the line as a portion of their existing system at the same rate of working expenses as obtains on their whole line, including the branch railway and other branches which may hereafter be added to it.

The Board consider that the contract should contain a clause to the effect that in the event of its hereafter being proved by the officers of the South Indian Railway Company, to the satisfaction of the Government, that there is an actual loss on working the branch at that rate, the rate shall be raised to such a point as may be calculated to cover working expenses.

(*c*) That the cost of maintenance of the line for two years after opening shall be debited to Capital.

(*d*) The net deficit as against Government and the total surplus profit to be divided between the Government and the Company in the usual proportions as stated—excluding, for the purposes of such division, the capital provided for this branch. The proposal as to the Travancore Government underwriting a proportion of the guarantee affects the Government of India and the Travancore State only, and, therefore, need not be imported into any agreement between the Government and the Company.

(*e*) That the Company should assist the formation of an independent subsidiary Company for providing funds for the construction of the Madura-Paumban Extension, which would be worked by the South Indian Railway Company upon branch line terms.

3. While accepting, as stated, the proposals of the Government of India, the Board think it desirable to place on record that the southern route into Travancore would be looked upon by them with more favour than the northern route *viâ* Shencotta. They are still of opinion that, whether looked upon in the light of comparative cost of construction, or of probable revenue, or of advantage to the State of Travancore, the suggested route *viâ* Nagercoil to Trivandrum is the superior of the two. The Board's acceptance of the proposals as regards the northern route may be taken to apply to the southern route, if adopted.

4. With reference to the Madura-Paumban branch, there can be no doubt, as a glance at the map will show, that a considerable portion of its revenue will be derived from traffic diverted from the South Indian Company's existing Madura-Tuticorin line, upon which a reduction in earning power must be looked for after the Paumban line is opened. It would appear, therefore, to be only equitable that any compensating advantage which may accrue from the construction of the branch should belong to the South Indian Company, and not become the property of the separate company, as will be the case under the proposals of the Government.

The extension will, as it seems to the Board, be a portion of the Company's main line, and will, in effect, be the neck of the bottle to which the system in general will contribute traffic, and more especially will this be the case should the Indo-Ceylon Railway be constructed, when the Madura-Paumban section would form an important link in the line of through communication between the two countries.

The necessity for the line is admitted on all sides, and it would be with regret that the Directors would see it pass into the hands of another Company, however intimately that Company might be connected with the South Indian Railway. They would greatly prefer that it should be constructed as an integral part of the undertaking, with money raised in a way similar to that proposed for the Travancore Railway, and they still hope that the Government, on further consideration, may be able to agree to the adoption of this course.

While expressing these views, and fully assured that the branch would be more cheaply financed and constructed by the direct agency of the South Indian Company, the Board accept the proposals of the Government for the construction of the line now by a Branch Line Company as preferable to an indefinite postponement of the work.

5. With regard to both branches, the Board agree with your suggestion, but they do not propose it as a condition, that a clause should be inserted in the agreement to secure for the Provident Institution the calculation of its additional contribution on the net earnings. It is also desirable, as you further suggest, that, if the Government of India see fit, each line should bear some share of the interest upon stores, of which, of necessity, larger quantities would be kept in stock and so the stores balances increased.

6. You will be good enough to lose no time in placing before Government this acceptance of their proposals, with the expression of the Board's earnest hope that the matter will, without delay, be brought before the Secretary of State in Council, with a view to the early preparation of the necessary contracts.

Order—No. 650 Ry., dated 28th April 1898.

The Government of India will be addressed.

From—The Joint Secretary to the Government of Madras, P.W. Dept., Ry. Branch.
To—The Secretary to the Government of India, Public Works Department, Simla.
Dated—Ootacamund, 28th April 1898, No. 651 Ry.

I am instructed to forward, in continuation of my telegram, No. 1 A., dated the 11th April 1898, a copy of a letter from the Board of Directors of the South Indian Railway Company to their Agent, No. 209, dated the 7th April 1898.

2. This Government is in daily expectation of receiving definite proposals from the Travancore Durbar, and these when received shall, in due course, be forwarded to the Government of India with such comments as His Excellency the Governor in Council may have to offer.

Telegram from—The Resident in Travancore.
To—The Joint Secretary to the Government of Madras, P.W. Dept., Ry. Branch.
Dated—4th May 1898.

Travancore Dewan telegraphs all terms Railway accepted. Northern route preferred. Letter follows.

From—The Joint Secretary to the Government of Madras, P.W. Dept., Ry. Branch.
To—The Secretary to the Government of India, Public Works Department.
Dated—Ootacamund, 5th May 1898, No. 691 Ry.

In continuation of my letter, No. 651 Ry., dated the 28th April 1898, in which was enclosed a copy of the Board of Directors' (South Indian Railway) letter to their Agent, No. 209, dated the 7th April 1898, accepting the terms proposed in your letter, No. 1746 R.C., dated the 22nd October 1897, for constructing and working the proposed extension from Tinnevelly into Travancore, I am now directed to inform you that the Resident in Travancore and Cochin has telegraphed to the effect that the Travancore Durbar have also accepted the proposed conditions, but adhere to their preference for the northern route.

2. I am instructed that, on receipt of an official communication from the Durbar, the Government of India are again to be addressed, with a full expression of the views of His Excellency the Governor in Council.

From—The Resident in Travancore.
To—The Chief Secretary to Government.
Dated—7th May 1898, Camp No. A. 19.

I have the honour to address you in continuation of my letter, Camp No. X.Y.C.I., dated 29th March 1898, regarding the Travancore Railway.

2. Since writing that letter I informed His Highness' Government that the "intention of the Government of India is that Durbar and Government [of India] should bear loss in proportion to capitals, while as regards surplus profits working company would retain about one-sixth, the balance being divided between Government and the Durbar in proportion to mileage," quoting the words of the Consulting Engineer's telegram to me of April 13th, 5 C., and adding, as also was intimated in that telegram, that the South Indian Railway had agreed to make the line on the conditions now offered by the Government of India, either by the southern or the northern route.

3. Subsequently, upon receipt of the Consulting Engineer's telegram, 16 C., dated April 23rd, I was able to inform the Durbar that the new terms offered by the Government of India implied no change of attitude on the part of that Government as regards the route to be adopted; that no change is made in respect of terms of purchase, those stated in the terms formerly offered being now applicable; that the working expenses of the South Indian Railway have been gradually reduced and that further economies were anticipated; and lastly, that the Government of Madras would support the Durbar's decision in favour of the northern route.

4. His Highness the Maharaja's Government informed me on the 29th April, with reference to the first matter mentioned in paragraph 2 of this letter, that as the Government of India did not seem prepared to reconsider the matter, the Durbar accepted the terms as offered, and on May 1st the Dewan telegraphed:

"Your telegram Travancore Railway. All terms accepted. Northern route preferred."

5. I have this day received a further communication from the Dewan confirming his telegram, the contents of which are already before Government, and his letter to which reference is made in the last paragraph. The following portions of his latest letter should be quoted, *viz.*:

"His Highness' Government also accept the other terms, *viz.*, (1) guarantee of $2\frac{1}{2}$ per cent. in interest in sterling, and (2) the working expenses not to be limited to 50 per cent. inclusive of the use of the main line rolling-stock, but to be the same as obtains from time to time on the main line system, exclusive of use of rolling-stock.

"In regard to these terms, however, I may be permitted to observe that His Highness' Government are still not without misgivings as to their ultimate effect. Under these terms, the amount of interest payable in rupees, and the proportion of the gross receipts which would be deducted as working expenses, are indeterminate and variable from year to year—a feature calculated to disturb the financial forecast, and possibly the financial equilibrium of a state like Travancore. It is observed that, during the last seven years, the percentage of working expenses on the South Indian Railway fluctuated from 66 to 53. As you point out, the percentage may likely go down to 50; but it is, I fancy, also possible that it may go up beyond 66. In the case of some lines, I understand the working percentages have gone up to 72, 82 and even 95. I leave it to you to consider whether it is not possible to fix a maximum limit, say 55.

"The above observations are by no means intended in any manner to qualify the acceptance of the terms by His Highness' Government.

"I observe that the terms of purchase adverted to in paragraph 3 of your letter No. 3005, dated the 26th September 1896, remain unchanged." [See paragraph 5 of my letter X.Y.C.I., dated 29th March 1898.]

"I presume that arrangements similar to those in force on railways in British territory in the matter of services rendered to all departments of the State will, as regards the line in Travancore territory, apply in respect of services to this State."

6. The communications quoted, or referred to, above, deal with the points previously raised by the Durbar, and discussed in paragraphs 12 and 13 of my letter X. Y. C. I., dated 29th March. A sterling guarantee must of course be subject to fluctuations when expressed in rupees, but it would be fortunate indeed if all Governments could, like Travancore, count with confidence on being able without inconvenience to face such fluctuations. Even if the working expenses were 90 per cent. which is so improbable a contingency as hardly to be worthy of consideration, everything pointing to a probable reduction to 50 per cent., yet the Durbar would only be exposed to the fluctuations of exchange in regard to an annual payment of about Rs. 2,30,000. This is no great matter for a State whose annual income is at least equal to its expenditure, which could effect savings, which has a surplus of nearly a year's revenue, which has great possibilities of expansion and development. As a fact I believe the last published South Indian figure was 51·83, and I do not myself feel any misgivings as to the sterling guarantee, or the working expenses, though some reluctance to come in contact with the exchange question is not unnatural. I should imagine that it would be out of the question to propose to the South Indian Railway, or to the Government of India, a limit of 55 per cent. and probably the Government could explain to the Durbar that the circumstances of the railways, in which the high percentages quoted were reached, are in no way analagous to those of the South Indian Railway.

In its letter No. 4777, dated 11th December 1897, the Durbar said: "There need thus be no serious misgiving in regard to the financial aspect of the Northern line." It seems to me that the $\frac{1}{2}$ per cent. reduction in interest will very probably cover the fluctuations of exchange which result from the acceptance of the sterling guarantee, and that circumstances and good management in the South Indian Railway will work together to bring about an agreement between the old and the new terms in regard to working expenses.

In short, my knowledge of the country, the Government, the finances of Travancore, lead me to think that His Highness' Government will have no reason to regret that it does not allow its misgivings to qualify its acceptance of the new terms.

7. An assurance as regards services rendered to departments of the State would be acceptable, in view of the presumption of the last sentence in the extract from the Dewan's letter.

Endorsement in the Political Department, dated 11th May 1898.

Transferred to the Public Works Department (Railway Branch), in continuation of endorsement No. 967, dated 22nd April 1898.

Order—No. $\frac{781}{A}$ Ry., dated 6th June 1898.

The Government of India will be addressed.

[Here enter No. 782 Ry., dated 6th June 1898.]

(True Extract.)

Francis J. E. Spring,
Joint Secretary.

Exd. T. K. Narayana Aiyangar.

RAILWAY.

Government {1898} of Madras.

PUBLIC WORKS.

Recd. } 1898. *Enclosures*

Regd. *Spare copies*

Letter, No. 782 Ry., 6th June 1898.

JUNE.

Tinnevelly-Quilon Railway

Forwarding proposals for financing and working the — as definitely accepted by the Agent, South Indian Railway, and the Travancore Durbar, with an expression of the views of this Government.

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,
Simla.

Sir,

The several doubts and difficulties of the Travancore Durbar, with regard to the proposals for financing and working the Tinnevelly-Quilon Railway, which were put forward in your letter, No. 1746 R.C., dated the 22nd October 1897, having been cleared up, and the conditions laid down in your letter, No. 90 R.C., dated the 17th January 1898, having been definitely accepted by the South Indian Railway Company, I am now in a position to communicate to you the views of this Government upon the subject of that railway. But first I am instructed to say that His Excellency the Governor in Council will be pleased if this particular extension of the South Indian Railway may in future be designated "*the Travancore Branch,*" a designation which is agreed to by the Travancore Durbar.

2. In deference to the strongly expressed opinion of the South Indian Railway Company that the alternative alignment passing from Tinnevelly round the southern extremity of the Western Ghats, through Aramboli, to Trevandrum, the terminus of an extensive backwater system of navigation, would prove more remunerative than the northern route through Shenakotta across the line of ghats to Quilon which was surveyed by Mr. Shadbolt, this Government was careful to lay before the Travancore Durbar all available facts and figures for the two routes. The intention was that the Durbar should itself exercise an intelligent choice when in possession of all that was to be said on both sides. The result has been that, while expressing a full and intelligent appreciation of all these facts and of their bearings upon the financial prospects of the undertaking, the Travancore Durbar have deliberately and finally expressed a preference for the northern route. With this decision this Government has no desire to interfere, and the more so because the British portion of this route is likely to be decidedly more remunerative than the corresponding portion of the southern route, although it seems quite possible that the South Indian Railway Company may be right in their belief that comparing the routes as a whole, British and Native, the southern has the superior advantages from a traffic and a working point of view. But however that may be, His Excellency the Governor in Council would not have felt justified, taking all the circumstances into consideration, the Durbar's intelligent appreciation of the financial position, its responsibilities, and its prejudices, in going further than laying all the facts before His Highness the Maharaja and his advisers and accepting their decision.

3. The terms put forward for acceptance in your letter, No. 1746 R.C., dated the 22nd October 1897, for the financing and subsequent working of the Travancore branch may conveniently be here recited. They were as follows:—

(*a*) That the South Indian Railway Company should be enabled to raise the whole of the money required for the construction of the entire line, at 2½ per cent. in sterling under the guarantee of the Government of India.

(*b*) That the Travancore Durbar should underwrite that guarantee to the extent of the cost of the line in their own territory.

(*c*) That the South Indian Railway Company should construct the whole of the line including rolling stock at cost price.

(*d*) That the South Indian Railway Company should work the line on completion as a portion of its existing system at the same rate of working expenses as obtains on their whole line including this and all future branches: the cost of maintenance for two years after opening being debited to capital.

(*e*) That surplus profits should be divided, after deducting the share payable to the South Indian Railway Company, quoted at about one-sixth, between Government and the Durbar in proportion to the mileage in their respective territories.

4. When stating that these terms have been accepted by the South Indian Railway Company, and by the Travancore Durbar, it is essential that I should draw special attention to certain suggested modifications of the terms, which two of the parties to the proposed tripartite agreement have put forward.

5. In the Board of Directors' letter to their Agent, No. 209, dated the 7th April 1898, a copy of which was formally sent you for information with my No. 651 Ry., dated the 28th April 1898, they express the opinion that the contract should contain a clause to the effect that, in the event of its hereafter being proved by the officers of the South Indian Railway Company, to the satisfaction of Government, that there is an actual loss on working the branch at the rate of working expenses which obtains throughout the system, the rate shall be raised to such a point as may be calculated to cover working expenses. With reference to this expression of the Board's opinion, I am instructed to say that, in view of the continual temptation to the Company to try to profit by such a proviso, and of the disputes which would thereby arise, and of the increased traffic which the branch will undoubtedly bring on the main line, and of the stipulation made by the Government of India, concurred in by this Government, and accepted by the Company, that the Travancore branch and the Madura-Paumban line must be considered as linked together, the less with the more remunerative, this Government cannot recommend that this suggestion of the Company's Board should be acceded to.

6. In clause (*d*) of paragraph 2 of the Board's letter just referred to, the terms for the partition of surplus profits are dealt with. The Board do not concern themselves as to the partition, between Government and the Durbar, of the State share of these profits: they deal only with the question of how their own share (defined by the Government of India as "about one-sixth") shall be fixed, and they assume that the net deficit as against Government, and the total surplus profit, is to be divided between Government and the Company in the usual proportions as stated, excluding, for the purposes of such division, the capital provided for this branch. It is understood that the Board mean by this that "surplus profits" whether positive or negative shall be shared in the proportion of "Company's capital" to "Government capital," the latter being net expenditure standing at the debit of Capital advance account, the Stores account, and the Capital account of the undertaking including the Travancore branch, less the sums of 140 lakhs Company's capital, 59½ lakhs old debentures, and the amount of State Guaranteed debentures necessary to construct the branch. This interpretation appears to this Government to coincide with that intended by the Government of India. The suggestion is made in paragraph 5 of the Board's letter that provision should be made for securing to the Company's Provident Institution a suitable contribution from net earnings, and also that some share of the interest on stores should be brought to account. Both these suggestions, I am instructed to say, are, in the opinion of this Government, only reasonable.

7. The Travancore Durbar's enquiries and comments on the Government of India's latest proposals shall now be dealt with. They enquired whether in view of no reference being found in your letter, No. 1746 R.C. of the 22nd October 1897, to the terms of purchase which had been previously agreed to, it was in contemplation to modify these terms, and in reply this Government took it upon itself to interpret the Government of India's intentions to be that no modification was contemplated. After some natural hesitation to involve themselves in sterling liabilities the Durbar have finally agreed to underwrite the proposed sterling guarantee of 2½ per cent. to the extent of the cost of the section of the line lying within their State.

8. They also at first expressed considerable hesitation in accepting the proposal that working expenses should bear to gross receipts the same proportion obtaining throughout the South Indian Railway Company's system, in lieu of the proposal previously made, but most unlikely, as explained to them, to be ever accepted by the Company, of fixing the proportion at 50 per cent. But now they have communicated their unqualified acceptance of this item also of the proposed terms.

9. The Durbar having expressed a presumption that arrangements similar to those in force on railways in British territory in the matter of services rendered to all departments of the State will be made applicable to the Services of the Travancore State, on the section of the railway lying within their territory, I am directed to ask that I may be instructed to convey to them the assurance that such a stipulation shall be made part of the agreement. This seems to this Government to be only right and reasonable.

10. It remains now to address the Government of India in regard to the South Indian Railway Board's remarks about the financing of the Madura-Paumban line. This shall form the subject of a separate communication. But, meanwhile, as a reference to the final clause of paragraph 4 of South Indian Railway Board's letter, No. 209 of 7th April 1898, shows that the Company have given in their unqualified adherence to the condition proposed by the Government of India, that the agency of a Branch Line Company shall be accepted for the financing of the Madura-Paumban line rather than that it should be indefinitely postponed, there would seem to be no further obstacle to this Government pressing for early permission being accorded to the South Indian Railway authorities for the arrangement of the many preliminaries which ought to be put in hand between now and October next, if, as soon as the season permits, a push is to be made with the construction of the British portion of the Travancore branch. The Agent of the South Indian Railway Company will be addressed in regard to all such matters of routine preparation, *i.e.*, staff, money, surveys, &c., during the time that must elapse before a reply to this letter can fairly be expected.

11. In conclusion, I am instructed by His Excellency the Governor in Council to say that he hopes that it may be found possible to make such arrangements as will enable the South Indian Railway Company to raise sufficient funds to allow of a vigorous commencement being made, at least with the construction of the British portion, and with the detailed alignment of the hill section, and possibly also of construction from Quilon as a base, during the ensuing working season.

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

Francis J. E. Spring,
Joint Secretary.

Ootacamund,
6th June 1898.

Exd. C. Parthasarathy.

SERIAL
No. 58

Public Works (1897) Department.

Railway Branch

CURRENT No. 5

From the Govt. of India

Order

No. 1746 R-C

Dated 22nd October 1897.

Received 1-11-97

Registered 1-11-97

Enclosures Nil

Spare copies 50

SUBJECT.

Madura-Paumban Palghat-Dindigul, & Tinnevelly-Quilon Extensions

Requesting that the further views of the Govt. of Madras, the Travancore Durbar and S. I. Ry Company in connection with the ______ may be communicated to the Govt. of India.

BACK PAPERS.

No.	Date.

FURTHER PAPERS.

No.	Date.

Print

1P

No. 1746 R.C.

GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT.

RAILWAY CONSTRUCTION.

To

THE JOINT SECRETARY TO THE GOVT. OF MADRAS,
P. W. D., RAILWAY BRANCH.

Simla, the 22nd October 1897.

SIR,

No. 530 R., dated 5th August 1897.
No. 532 R., dated 5th August 1897.
No. 533 R., dated 5th August 1897.

I am directed to acknowledge the receipt of your letters marginally quoted, on the subject of the proposals of the South Indian Railway Company, for the construction and working of the following proposed railways—

Flag N

(1) Madura-Paumban, 100 miles in length and estimated to cost Rs. 42 lakhs.

(2) Tinnevelly-Quilon :—

British section, 45 miles, Rs. 24 to 25 lakhs.

Travancore section, 58 miles, Rs. 76 lakhs.

(3) Palghat-Dindigul, 115 miles in length and estimated to cost Rs. 85 lakhs.

2. The proposals of the Board of the South Indian Railway Company contemplate the undertaking *en bloc* of the three lines, Madura-Paumban, Palghat-Dindigul and the British portion of the Tinnevelly-Quilon as integral parts of that Company's system. The Board are also willing to construct the Travancore section of the Tinnevelly-Quilon Railway at actual cost and work it on behalf of the Travancore Durbar for 50 per cent. of the gross receipts, provided that the cost of maintenance for the first two years after opening is charged to capital.

3. In your letter No. 530 R., dated 5th August 1897, you say with regard to the Madura-Paumban line that His Excellency the Governor in Council does not lose sight of the disadvantages attaching to the proposal made by the South Indian Railway Company for financing this extension, *viz.*, that if it is to form an integral part of the South Indian Railway, it must wait for a place in the general programme for all India, but you urge that if it is possible to give it a very early place in that programme, it may be borne in mind that the Government of Madras would much prefer that it should be so constructed rather than be entrusted to a Branch Line Company.

4. As regards the British Section of the Tinnevelly-Quilon Railway, the same preference is expressed in your letter No. 532 R., dated 5th August 1897; *viz.*, that, unless the exigencies of the general programme make it impossible to allow the South Indian Railway Company to construct it until after the expiry of say another two years, it will for all reasons be far preferable to adopt this method of financing the scheme, but that if the general exigencies should cause

considerable delay in the commencement of the work, the Government of Madras would then urge that the South Indian Railway Company be given every encouragement to form a Subsidiary Company for its construction and working under the rebate terms of Public Works Department Resolution No. 514 R. C., dated 17th April 1896.

Flag D

As to the Travancore Section, you suggest that there would presumably be no opposition on the part of the Travancore Durbar, who had already accepted the proposal of the Government of India to underwrite the proposed guarantee by the Government of India in so far as it applies to the Native State Section, to similarly underwrite a corresponding British guarantee offered to a Branch Line Company owning the British Section of the Railway.

5. Lastly, as regards the Palghat-Dindigul Line, the Government of Madras recommend, for the reasons advanced in your letter No. 533 R., dated 5th August 1897, that the offer of the South Indian Railway Company in so far as it concerns this project should be refused for the present, but without prejudice to the reopening of the question of its construction hereafter.

6. I am now to inform you that these proposals of the South Indian Railway Company and the views of the Government of Madras thereon, have been carefully considered by the Government of India together with the recommendations of the Railway Conference which has just concluded its sittings at Simla under the Presidency of His Excellency the Viceroy.

7. I am to say that while the Government of India are fully aware of the advantages offered by the proposals of the South Indian Railway Company, which are supported by the Government of Madras, for constructing the Branch Lines connected with the South Indian Railway in British territory as integral parts of that Railway, His Excellency the Governor General in Council desires to again impress on the Government of Madras and upon the South Indian Railway Company that, having regard to the existing engagements of the Government of India which have received the approval of Her Majesty's Secretary of State, there is no prospect whatever of all the lines referred to in this correspondence being included in the ordinary programme of railway construction for the next two years.

8. It was after a full consideration of the proposals that had previously been made for the construction and working of the Tinnevelly-Quilon Railway, which are virtually identical with those now put forward by the South Indian Railway Company, and of the limitations of the ordinary Railway programme, that the Government of India addressed the Government of Madras in their letter No. 1304 R. C., dated 2nd September 1896, on the subject of this railway, and explained the arrangements which appeared to His Excellency the Governor General in Council to be best calculated to secure the early construction of the line under conditions which would be most equitable to all the parties interested.

Flag E

I am now to say that after further consideration of the present views of the Government of Madras, the Government of India adhere to the opinion already formed that the proposals made in their letter of the 2nd September 1896, No. 1304 R. C., although not offering any direct advantages in respect of the division of surplus profits, were not inequitable to the South Indian Railway Company, and were such as His Excellency the Governor General in Council had hoped that the Government of Madras would support in the reasonable interests of the Travancore Durbar, which interests would appear to have been overlooked in the proposals now made by the Board of the South Indian Railway Company and recommended by the Local Government.

Flag F

9. As regards the Madura-Paumban Railway, with letter No. 1958 R. C., dated 22nd December 1896, the Government of Madras were furnished with a copy of a Despatch (No. 95 Ry., dated 15th October 1896) from the Secretary of State intimating that the provisional concession granted to Messrs. Wallace Brothers for the construction of this Railway had lapsed, and you were informed that the orders of the Secretary of State were not understood to restrict the undertaking of this line to the direct agency of the South Indian Railway Company with funds to be supplied by the State. These funds the Government of Madras were reminded were limited and it was indicated that there was little chance of any being available for this railway until after 1899, but that it might be carried out at an earlier date upon branch line terms by a Company subsidiary to the South Indian Railway Company.

Flag Q

With a subsequent letter, No. 552 R. C., dated 5th April 1897, the Government of Madras were furnished, for favour of opinion, with an application from Messrs. Best & Co., Madras, for a concession for the construction of this line upon branch line terms. The Government of Madras replied in your letter No. 277 R., dated 22nd April 1897, that as there was no chance of funds being available before the end of 1898-99, nor of the South Indian Railway Company being authorised to issue State guaranteed debentures, they were strongly of opinion that the best course would be for the South Indian Railway Company to promote the formation of a subsidiary branch company for the construction and working of the Madura-Paumban Line on terms acceptable to both Companies and to Government, without the intervention of Messrs. Best & Co., or any particular firm of promoters.

Flag P

Flag O

You were informed in letter No. 837 R. C., dated 20th May 1897, that the Government of India had no objection to the Board of the South Indian Railway Company being invited to consider the above proposal of the Government of Madras, as alternative to Messrs. Best & Co.'s application, but you were at the same time reminded that if the proposed subsidiary company had any direct financial connection with the South Indian Railway Company, except through the rebate clause of the branch line terms, the scheme would have to wait for a place in the railway programme for all India.

Flag B

Simultaneously with the receipt of your letter No. 530 R., dated 5th August 1897, conveying the offer of the Board of the South Indian Railway Company to undertake this and the other lines *en bloc* as integral parts of the South Indian Railway, intimation was received from Messrs. Best & Co. that they had been informed by the Board of the South Indian Railway Company of their willingness to join that firm in their scheme for the formation of an independent subsidiary company for the construction and working of the Madura-Paumban Railway on branch line terms, and that the Board had also communicated this information to the Secretary of State.

Flag K

10. With the foregoing explanatory remarks, I am to communicate the decision of the Government of India upon the collective proposals submitted by the Board of the South Indian Railway Company in their telegram of July 1897 to their Agent (a copy of which was received with the latter's letter No. 753, dated 22nd July 1897), for dealing *en bloc* with the three lines—

Palghat-Dindigul.

Madura-Paumban.

Tinnevelly-Quilon.

11. *Palghat-Dindigul.* The Government of India, while disposed to favour the construction of a metre gauge rather than a standard gauge railway through that district, are unable at present to pass any orders in regard to this scheme which requires careful consideration in many aspects and in the light of information not yet available.

12. *Madura-Paumban.* As already explained and reiterated in paragraph 9 above, unless the South Indian Railway Company definitely accept some such arrangement as that proposed by Messrs. Best & Co., the construction of this line in the immediate, or even near future, is entirely out of the question and it must therefore wait for a place in the general programme for all India, which so far as can be foreseen may not be found for many years to come, a result which the Government of India would view with much regret.

13. *Tinnevelly-Quilon.* As also explained in the foregoing paragraph 8 the Government of India still prefer the arrangements previously proposed by them that the Tinnevelly-Quilon Railway, should be constructed upon the Branch line terms. As, however, those arrangements do not appear

to meet with the approval of the Board of the South Indian Railway Company, and as their alternative proposal for the construction of the British portion of this line as an integral part of the South Indian Railway, even though that course may involve some delay in commencing the work, has the support of the Government of Madras, I am to say that, recognizing the necessity for meeting the legitimate wishes of the Travancore Durbar for the development of their country, and with the desire to meet so far as possible the views of the Government of Madras and of the South Indian Railway Company, the Government of India are willing to see this line undertaken on the following modified conditions, provided that the Travancore Durbar assent to them and that the South Indian Railway Company also accept them.

The Government of India are prepared to recommend to the Secretary of State that the South Indian Railway Company should raise the whole of the money required for the construction of the entire line from Tinnevelly to Quilon at 2½ per cent. in sterling under the guarantee of the Government of India, the Travancore Durbar underwriting that guarantee to the extent of the cost of the line in their own territory, and that the South Indian Railway Company should construct the whole line including the rolling-stock at cost price and then work it on completion as a portion of their existing system at the same rate of working expenses as obtains on their whole line including the branch Railway and other branches which may hereafter be added to it, the cost of maintenance for two years after opening being debited to capital.

Any surplus profits obtained by working the branch on the above conditions would, after deducting the share payable to the South Indian Railway Company, be divided as originally proposed between the Government of India and the Travancore Durbar in proportion to the lengths of the sections of the line in their respective territories. Under these arrangements assuming that, including rolling-stock and maintenance for 2 years, the British section will cost Rs. 28½ lakhs for 45 miles, the Travancore section Rs. 83½ lakhs for 58½ miles, the capital will be raised by the South Indian Railway Company at 2½ per cent. and the working expenses of the South Indian Railway will remain nearly stationary, the results to the Government of India, the Travancore State and the South Indian Railway may be expected to show a loss in the third year after the opening of the line, as explained in Case I below, to be superseded a few years later according to the moderate estimate contained in Case II, by surplus profits divisible between all parties :—

28½
83½
112

	Case I.	Case II.
	Per mile per week.	Per mile per week.
	Rs.	Rs.
Estimated gross earnings Travancore State section ..	50	100
Ditto ditto British ...	115	175
Estimated gross receipts of the whole branch line...	4,21,000	7,14,000
Ditto net ditto ditto ...	1,85,000	3,14,000
Deduct interest charges	2,80,000	2,90,000
Estimated surplus profit of the whole branch line ...	—95,000	+24,000
Ditto share Travancore State	—71,000	+11,000
Ditto share Government of India	—20,000	+9,000
Ditto share South Indian Railway about 1/6 surplus or deficit.	—4,000	+4,000

These results, which are worked out on the supposition, that Rs. 4 lakhs of extra capital for the rolling stock will be required in Case II, and that the South Indian Railway will share the net deficit as against Government and the total surplus profit in the usual proportions, show that the possibility of the South Indian Railway incurring serious loss will be very small indeed whilst the liabilities incurred by the Travancore Durbar will not be unduly burdensome to that State which will still obtain a large share of the high traffic returns expected from the British section of the line.

3 P

It will also be noticed that in the calculations no account is taken of the incremental traffic brought into the main line of the South Indian Railway the earnings from which it has not been found possible to estimate.

14. I am also to say that the Government of India in agreeing to the modified conditions proposed in the last paragraph for the Tinnevelly-Quilon Branch wish it to be clearly understood that the arrangements made for the construction of this and the Madura-Paumban Railway must stand or fall together; they are not disposed to consider any proposals for the construction of the latter which do not contemplate that the former should also be put in hand almost simultaneously.

15. The Government of India regard themselves as pledged by the proposals made in their letter No. 1304 R. C., dated 2nd September 1896, and accepted by the Travancore Durbar, to use their best endeavours to carry the scheme for the construction of the Tinnevelly-Quilon Railway through at an early a date as possible, upon terms that will not be inequitable either to the South Indian Railway Company or to the Durbar, and they are therefore prepared, with a view to ensure this, to admit the cost of the British portion of the scheme within their general programme of railway construction, and will endeavour to find the funds for it within the next two years. It must, however, be understood that the concessions now made are final and the largest that the Government of India are prepared to make, and I am to express the hope of His Excellency the Governor General in Council that they will meet with the support of His Excellency the Governor of Madras in Council, and will also be acceptable to the Travancore Durbar and to the South Indian Railway Company.

16. In conclusion I am to request that the further views of the Government of Madras, the Travancore Durbar and the South Indian Railway Company may be communicated to the Government of India as soon as possible.

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

Colonel, R.E.,
Offg. Secretary.

I.o.R

Documents accompanying.
Nil.

50 L C sent by packet post

G. C. Press, Simla.—No 1021 P. W. D.—23-10-97—81.

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

Please see my Note on the outer sheet, containing Mr. Spring's later note.

AGH
13.11.97

HE
2.11.97

R
16.11.97

HMS
16.11.97

R
18.11.97

Public Works Railway Current No. 5

SERIAL
No. 59

Madura-Paumban, Palghat-Dindigul and Tinnevelly-Quilon Rys.

Govt. of India's reply to S.I.Ry. Co's proposal

In the accompanying very important letter from the Govt. of India, they inform us of their decision about the S.I.Ry. Co's offer to undertake en bloc the three lines

Palghat-Dindigul
Madura-Paumban
Tinnevelly-Quilon

Briefly their decision is as follows.

(a) Palghat-Dindigul, as recommended by this Government, this must for the present be deferred.

(b) Madura-Paumban. Unless the South Indian Ry. definitely accept some such offer as that of Messrs Best & Co. to form a subsidiary Company, the undertaking of this line must be indefinitely deferred.

(c) Tinnevelly Quilon. The Govt. of India are prepared to recommend to the Secretary of State that the S.I.Ry. Co. should raise the whole of the money required for the construction of the line from Tinnevelly to Quilon, in the form of 2½ per cent State Guaranteed debentures, the Travancore Government underwriting the guarantee to the extent of the cost of the line in their Territory. Then the South I.

Ry. to work the branch on the same percentage of expenses to earnings as obtains on the entire system, and to divide profits between the Govt. of India and the Durbar in proportion to mileage.

Now we must decide what to reply. As regards the Palghat Dindigul, we concur with the Govt of India. But as regards the other two, I am very far from disposed to accept the Govt. of India's decision as final. I think that they are trying to bounce us into a totally wrong policy in the matter of the Madura Pamban line. Perhaps Messrs Dent & Co have some influence in Simla and the India office which has caused their proposals to be received with undue favour. I think it would be quite wrong and very shortsighted if this Government were to change its mind about the supreme importance of the Madura Pamban line being an integral part of the South Indian Ry.

The Government of India have so far relaxed the stringency of the terms of "the fixed railway programme" as to admit within it the British portion of the Tinnevelly Quilon line which necessitates their virtually raising 27 lakhs. Had they admitted the Madura Pamban line within that programme, they would virtually have to have raised 42 lakhs. The difference in the revenue account of the Empire on account of interest would, at 2½ per cent, have been Rs 37,500 per annum, no very great sum. But considering the difference in the paying prospects of the two lines this small balance of disadvantage would soon have been more than wiped out by improved earnings on the better paying line, the Madura Pamban.

Maj I

The tone of our reply must greatly depend on the result of His Excellency's recent advice to the Travancore Durbar (if the subject was entered on). on the subject of the relative advantages and disadvantages of the Southern and the Northern routes respectively. If the Durbar have decided to adhere to their decision to have nothing to do with the Southern route, perhaps it may be considered politic to accept the Govt of India's decision, and let the line get built as soon as possible. But if the Durbar have changed their mind, and accept the Southern route for the reasons advanced in my Note which was sent to the Resident in Travancore and Cochin, we can reply, with reason, to the Govt. of India that the new survey will take fully another season, and that it is most improbable that work can be really begun on an extensive scale, or much money spent until 1899-1900, by which time the state of the "railway programme" will doubtless allow of more liberal grants.

We might say that meanwhile there is nothing to prevent the immediate commencement of work on the Madura Pamban line if the Govt. of India will only consent to substitute that line for the necessarily deferred Quilon line in the railway programme.

Had the Government of India not intimated their readiness to permit 27 lakhs worth of a line to be brought within the programme, I would not have suggested that we should press them to go a little further and admit a 42 lakh line into it. Even were the difference in interest Rs 37,500 per annum, likely to be all uncovered outgoings, I would have hesitated to recommend our pressing them at this unlucky financial juncture to incur the responsibility. But the traffic prospects of the Madura Paumben line are such as to render it more than probable that in a very short time the liability will be merely a nominal one.

H.E. and Hon Members will see in para 13 that the Govt. of India, while consenting to allow money to be raised for the Tinnevelly Quilon under a State guarantee, express their preference for that line being financed as originally proposed as a branch line scheme. We may concur in this preference if they will only consent to substitute a State guarantee for the Madura Paumben for that now offered for the Tinnevelly Quilon, and there will still be a field left open for the enterprise of Messrs Best & Co.

There is no necessity to put up the Palghat Dindigul papers for the reference of H.E. and Hon Members. ~~[illegible]~~.

I see that the Govt of India have recognized in their 13th paragraph that the estimates for the Tinnevelly Quilon must be raised. They have taken figures of 28½ and 83½ lakhs for the British and Native portions respectively, as against my 27½ and 89½ lakhs or over.

F.J.E.S. 1/11/97

H.E. The Governor

The Hon. Sir H. Bliss K.C.I.E.

" " Mr. Grose C.I.S.

I spoke to Captain Shelley yesterday about this, making known to him the decision of the Govt. of India as given in their letter of the 22nd Oct. 1897. He does not anticipate any difficulty on the part of the Board of the S.I.R. in taking up the Madura-Paumben and the Tinnevelly-Quilon lines on the terms laid down. He thinks the Board will probably see the wisdom of accepting as compensation for the loss on the Tinnevelly-Quilon project, the gain that will accrue on the Madura-Paumben line. His Board would, however, greatly prefer the ~~southern~~ to the Northern route for the Tinnevelly-Travancore line, and he suggested that possibly it might be well, if the southern route were adopted, that it should at first, and ~~[illegible]~~, the terminus of the water communications near Quilon through Trivandrum. He observed that the change of route would not

word Kolachel road, see D.O. letter and note of H.E. dated 10-1-98. F.J.S. 14/1/98

SERIAL 60

The Madura Paumben Ry.

The papers are, for the moment, with H.E. the Governor, so I write under some disadvantage in not being able to refer to them. But, on account of H.E.'s intended interview with Capt Shelley, I expedite this note as it may be found useful.

I have already noted, and we have told the Govt. of India, that it is more desirable that the S.I.R. Co. should themselves own the Madura Paumben, or to speak more correctly that the Madura Paumben should be an integral part of the State Railway which is worked by the S.I.R. Co., rather than that it should be owned by an outside Company.

I still adhere to this opinion, but since carefully studying the terms of the two agreements under which the Ahmedabad Parantij Ry. has been constructed and worked, I find that it is possible so to safeguard the situation that the evil of the intervention of a third party between the producer and the carrier can be reduced to comparatively small importance.

The conditions under which the Ahmedabad Parantij line was financed and will be worked are very similar to those proposed by the Govt. of India for the financing and working of the Madura Paumben. The Ahmedabad Parantij R. Co. merely raised the rupee capital, under "Branch line" conditions, and they pay it as required, to the Sec. of State's credit in an Indian Treasury. To construct the railway, and afterwards to work it, the Sec. of State employs any agency he chooses, State or other. (as a matter of fact that of the B.B. & C.I. Ry.) The fullest possible control is retained over rates, and in fact the Branch line Company have no say at all in questions of rates.

The Agreement provides for the termination of the contract, at certain appointed intervals, at the Sec. of State's pleasure, on terms of payment to the Branch Company of 25 times the amount of average yearly net earnings during the previous 5 years, with a limit of 20 per cent in excess of actual capital outlay. It is also provided that at the expiry of 50 years the Sec. of State may acquire the Branch Company's property by payment to them of the actual capital raised.

It is provided that the Sec. of State, either by his own or other agency, may work the line, handing over to the Branch Company the same percentage of gross revenue as the net receipts bear to gross revenue on the entire system worked by the working Company, or by the State line, which it is agreed shall work the Branch. But there is a proviso that the amount to be thus paid to the Branch Company shall never be less than 50 % of gross revenue.

not mean much, if any, additional delay in the commencement of the work, because although the survey of the Southern route has not been touched, that of the Northern route must be done over again, and as the latter is a difficult survey and the other an easy one, – ~~there will~~ it would take nearly as long to perfect the one as to make the other ab initio.

He hoped the final Indian decision should be made known to him as soon as possible, and I think this should be done.

WS

A.S.H.
13.11.97

N.B. I understood from Capt. Shelley that Brunt & Co. had come to terms with his Board, and that they virtually formed one body.

A.S.H.
13.11.97

I think a reply on these lines will do.

A.S.H.
13.11.97

WS

JG
17/11/97

In addition there is the important Rebate Clause under which for all traffic interchanged between main line and branch, a percentage of receipts, not exceeding 10 %, shall be paid to the Branch Company, with a view to bringing the shareholders dividends up to 4 %.

The above are the chief terms of the main contract between the Sec. of State and the Branch Company. But there is a second agreement, that between the Sec of State and the B.B. & C.I. C. for the working of the Branch line. The clauses of the two agreements are of course carefully coordinated.

In settling similar agreements between the Sec of State and (a) the Madras Paumben R.C. and (b) the S.I.R.C., it would of course be agreed that the 1st date of termination (at Sec. of State's will.) of the S.I.R.Co. present contract should coincide with the 1st date for acquisition of the Madras Paumben Company's property.

I would suggest that our reply to the Govt of India take some such form as the following. We might express appreciation of their having consented, in the existing restricted state of the P.W. grant, to guarantee interest on money raised for the Trinevelly Quilon line. But we might say that at the same time this Govt. does not see why this line and the Madras Paumben, which have nothing in common should be so tied together that we are held to be bound only to be able to claim the Govt of India concession for the former if we consent to the aid of a Branch line agency being accepted for the latter. We might say that we propose to address them separately on the subject of the Tinnevelly Route: and that as regards the Madura-Pamban, while adhering to the opinion already expressed that it would be far preferable, were it at all possible, that this extension should be financed by the S.I.R. and form an integral part of the system which is worked by that Company yet that we recognise the limitations of the situation, and agree to the S.I.R. Co. being enabled to enter into such arrangements with a Branch line Co. as may leave the result of agreements being come to between the Sec. of State and such a Company, and between the Sec of State and the S.I.R. Co. similar to those relating to the Ahmedabad Prantij line under which non-interference of the owning Company in matters of working administration and of rates is effectively safeguarded.

I may note here that in so far as this present memorandum differs in its suggestions from that already put up, the differences are due to my having, since the previous one was written, discussed the matter personally with H.E. the Governor, and learnt the result (or absence as yet of result) of H.E.'s interview with the Travancore Authorities. I have also found, and studied, the Ahmedabad Prantij Agreements, which I put up herewith, flagged C. and T.

F.J.E.S. 10/11/97

The Maharajah himself favours the Northern route; the Dewan professes to recognize the advantages, financial and otherwise of the Southern route. They both promised to go carefully into the question and address the Madras Govt.

A.S.H.
13.11.97

We must await their reply, I suppose

16/11/97

P. W. Ry. Current No. 5

SERIAL
No. 61

H.E. The Governor.

I have drafted for the approval of your Excellency three letters from this Govt. to the Govt. of India on the subjects of the three separate railways. They differ slightly from the proposed rough terms of our reply as approved by your Excellency in the notes below, and this is why I resubmit them for approval before issue.

I have also drafted a letter from the Con. Engr to the Agent S.I.R. which I think correctly expresses what ought to be written to him.

I suppose we must wait to hear again from the Travancore Durbar. It would be fatal to send them a copy of the Govt of India's letter at this juncture as they might make it an excuse to jump at the off. But it might be as well if your Excellency caused the Resident to be addressed D.O. (by Mr Sim?) with a view to expediting the Durbar's decision.

F.J.E.S.
19/11/97

I have written to Mr. Rees in this sense.
A.S.H.
21.11.97

H.E.
19.11.97

R
23.11.97.

No 1033 R d/ 25-11-97

(R.) Form No. 3.

P. W. DEPARTMENT.
Railway Branch

SERIAL No. 62

Print

PROCEEDINGS OF THE MADRAS GOVERNMENT.

4P

READ the following

Print Letter from the Govt. of India P. W. Deptt } No. 1746 R.C. of 22d Octr 97

The Government of India will be addressed with regard to the Tinnevelly-Quilon Railway.

Print

F/S
2/10/97

R Form No. 12.

No. 1034. R

SERIAL No. 63

Government of Madras.

Print

PUBLIC WORKS DEPARTMENT,
RAILWAY BRANCH.

5P

To

The Secy. to the Govt. of India,
P. W. Department.
Calcutta

Madras the 25th Novr 1897.

H.G.D.
R.S.P. 26.11.97

Sir,

I am directed to acknowledge the receipt of your letter No. 1746. R.C. dated the 22nd Oct. 97, and with reference to those paragraphs of it which deal with the Tinnevelly Quilon Railway, to communicate the following remarks.

2. H.E. the Governor of Madras in Council is gratified at learning from para 15 of your letter under reply, that the Government of India regard themselves as pledged to use their best endeavours to carry the scheme for the construction of the Tinnevelly-Quilon Railway through at as early a date as possible, upon terms not inequitable either to the S.I.R. C. or to the Travancore Durbar. Recognizing as he does the difficult financial position in which the Govt. of India are for the moment situated, ~~[illegible]~~ H.E. in Council fully appreciates

the ~~[illegible]~~ offer now made to enable the S.I.R.C. to ~~[illegible]~~ raise the capital ~~[illegible]~~ for the railway at 2½ per cent. in sterling, under a State ~~[illegible]~~ Guarantee, and that within the next two years.

3.— Had ~~[illegible]~~ H.E. the Governor in Council been ~~[illegible]~~ quite satisfied that the best alignment for access to Travancore had been selected, and that the line so selected was also the most favourable for the future development of that State, he would have had no hesitation ~~[illegible]~~ in accepting the Govt of India's offer, and in using his influence to induce the S.I.R.C. and the Travancore Durbar to accept the conditions contained in para 13 of your letter under reply.

4.— The Govt of India is ~~may~~ doubtless aware, indeed the full history will be found in Mr Shadbolt's report, that there have been years of discussion as to the relative advantages and disadvantages of the route through Shencottah surveyed by Mr Shadbolt, and the alternative route round the southern end of the hills through Aramboli. This Government has always believed and still believes that the latter would be the better route of the two, and in this view it is ~~[illegible]~~ strongly supported by the officers of the South Indian R.C. The advantages of the southern route lie not only in the fact that it seems probable that the same capital which would be required to build the line on the northern route through the hills to Quilon, would suffice if expended on the southern route to build the considerably greater mileage by that route to Quilon, and to open up a very much greater extent of Travancore Territory, but also in the very much more favourable prospect of the southern route from a traffic point of view.

Flag Z

5.— The opposition to the Southern Route has arisen from a certain section of the people of Travancore who, for one reason or another, which it is unnecessary here to specify, are averse from having the country opened up by railway in the neighbourhood of Trivandrum the Capital of the State. During his recent tour through Travancore, however, His Excellency the Governor took the opportunity of talking things over with ~~[illegible]~~ H.H. the Maharajah, and with the Dewan of the State. The matter is just now in the hands of the ~~[illegible]~~ Resident in Travancore and Cochin, and there is reason to hope that proposals in favour of the Southern Route may before long be forthcoming. It seems probable that for the present, and for several years to come, there will be no necessity ~~[illegible]~~ for extending ~~the~~ railway communication beyond Kolachel, the southern end of the complete and extensive system of backwater communication between that place and Quilon through Trivandrum.

1.

6.— Should this ~~[illegible]~~ expected proposal be made, the Govt of India ~~[illegible]~~ shall again be addressed on the subject, and I am directed ~~[illegible]~~ to express a hope that terms similar to those contained in para 13 of your letter under reply ~~[illegible]~~ may still be open for acceptance, as they seem fair and reasonable terms for all concerned.

F.H.S.
15/1/98

7.— I am instructed to add that ~~[illegible]~~ the prospects of traffic on ~~[illegible]~~ the Southern Route, if agreed to by the Durbar, are so superior to those on the northern route that there seems good reason to believe that the S.I.R.C. may find themselves able to arrange with a Branch line Company for the necessary capital without recourse to a State Guarantee.

I was not aware of this, but I accept Mr. Spring's statement. A.S.H.

I have &c
F.H.S.
19/11/97

Despatched on 25/11/97

Encl: Nil.

PRIVATE SECRETARY TO THE GOVERNOR · MADRAS

GOVERNMENT HOUSE,
Madras
8th January 1898

CONSULTING ENGINEER
RECd
10 JAN. 1898
MADRAS

My dear Spring,

This file does not contain the notes which His Excellency wants to see. There was one in particular written by himself after an interview with Capt Shelley which he cannot find in this file.

Yours Sincerely

Quilon through Trivandrum. I am informed by Mr.

File in Tinnevelly-Quilon case
F.R.S.
13/1/98

SERIAL
No. 54

LEGRAM ~~Urgent~~ ~~Ordinary~~ Deferred ✓

To • Works
Calcutta

1897

No 1034R 25th els is
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C.J.E.S.
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way,

W. J. Weightman

---

vancore Durbar the pro-
posal to adopt the southern
instead of the northern route
for the ——

GOVERNMENT OF MADRAS.

Public Works Department,
RAILWAY BRANCH,
MADRAS.

Jany. 10th 1898.

My dear Sir,

Mr. Spring is away on inspection and is expected back to-morrow morning – I send you the file containing the note you refer to written by His Excellency after an interview with Capt. Shelley.

Yours sincerely
F. W. Fowler

Flag A

I sent for these papers in order to correct a mistake which appears in my Note of 13.11.87, flagged A. I there mention Kolachel as the terminus of the water communication from Quilon through Trivandrum. I am informed by Mr.

Mr. Rees and by the First Prince of Travancore that the southern terminus of the water communication is Trivandrum, not Kolachel. Capt. Shelley gave me the erroneous statement that Kolachel was the southern Terminus.

AIH
10.1.98

EN

14/1/98

ER These papers were put up. The paper re financing Shoranur Cochin Rly. was retained by H E when the Shoranur Cochin case was returned.
14/1/98

R/13.1.98

500—26-6-97.

Form No. 20.

TELEGRAM

~~Urgent~~
~~Ordinary~~
Deferred ✓

From ~~E.~~R.

To Works
Calcutta

4B× My No 1034R 25th November 1897 in paragraph five erase the word Kolachel ×

/Sd/ F.J.E.S.
R

Despd
15/1/98.

SERIAL
No. 54

Nilgiri Railway Company, Limited.
Engineer in Chief's Office

Sept 11th 1897

My dear Spring, The cost of our tunnels is as follows –

I Hard Rock no lining Rs 82 per foot
II Medium ground 3/4 lined but little or no timbering } Rs 153 " "
III Soft ground 3/4 lined heavy timbering, short lengths } Rs 178 " "

These rates are very low & for Estimate purposes I would advise 30 p.c. be added: these tunnels were cheap because (1) they are short (2) were not pushed (3) no English miners (4) not much water &c: Only a little Portland Cement masonry required –

Total Length 1583 feet – Longest 322 feet –

I shall be glad to give you any further information –

Yours Sincerely
W. J. Weightman

File in Tinnevelly-Quilon case
FRS
13/9/97

posal to adopt the Southern
instead of the Northern route
for the ——

Public Works (1897) Department.

CURRENT No.

Order

From The Cons: Engineer
for Railways,
Madras

No. 113/O

Dated the 8th September 1897

Received

Registered

Enclosures

Spare copies

SUBJECT.

Tinnevelly-Quilon Railway.

Suggesting for the Consideration of the Travancore Durbar the pro
posal to adopt the souther
instead of the northern route
for the ——

BACK PAPERS.

No.	Date.

FURTHER PAPERS.

No.	Date.

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

The facts and arguments in this Note should be communicated to the Travancore Durbar.

A.S.H.
13.8.97

Yes – but not, I think, immediately. See para 13 "when I get reliable figures". Mr Spring apparently desires to work the case up more before the Trav: Govt. is addressed

HB
16/8/97

We should also, I take it, tell India that the estimate is considered too low & that further survey work is needed.

J.G.
17/8/97

I think we had better wait for this until after hearing from the Durbar.

F.W.S.
3/9/97

Put up the roll of plans & sections

F.W.S.
27/8/97

Will H.E. and Hon members please see note opposite paras. 10 and 11. and see draft put up for approval.

F.W.S.
3/9/97

again circ 16/9/97
O.S. 391
Cir/ vol 9287
Rd 18/8/97
R 3/9/97

Tinnevelly Quilon Railway.

1.– When on tour of inspection recently, I had an opportunity of going through Mr Shadbolt's original plans and sections of the Tinnevelly Quilon Ry. with Mr Spalding the Chief Engineer of the S.I.R.C. Mr Spalding knows the country thoroughly, having searched it for a line through the ghats west of Shencottah, on Mr Shadbolt's alignment, some years ago.

2.– The work on the ghat section, and indeed nearly all the way from Shencottah to Quilon, is very heavy. The work on the actual ghat section is I think quite as heavy as that on the hill section of the Assam Bengal Railway, and it has, I feel pretty sure, been very largely under-estimated. It looks to me to be likely to cost 2¼ to 2½ lakhs per mile.

3.– The chief cause of the heaviness of the work has been the adoption of a gradient unsuitable to the features of the country, viz 1 in 80, when the country is more of a 1 in 40 than 1 in 80 country.

I may explain to your Excellency that with 1 in 80 gradients the ordinary engines in use on the S.I.Ry. can deal with the trains single handed. But that with 1 in 40 grades a separate pushing engine must be used at the back of the train on the ghat section. When this expedient is resorted to it is essential to 'bunch the grades', that is to crowd together into one short length all the bits of stiff grade, so that one extra engine having only a short run can be always prepared to help all trains over the stiff parts. It is in the multiplication of engines that extravagance of working chiefly lies.

4.– The cost of working this separate engine or engines can be capitalised and if the sum thus arrived at is less than the capital sum saved by the adoption of the steeper grades the adoption of such grades is engineeringly and commercially justified.

5.– Mr Spalding and I agree that it seems more than probable that in the case of the alignment of the T.Q.Ry through the Ariankavu pass, it would pay handsomely to adopt a steeper gradient, probably 1 in 40.

6.– The works on the ghat section are, as I have said, extraordinarily heavy. indeed in places there are what I would almost call impracticable works. Enormous banks over 100 ft high, with corresponding cuttings, only that in the case of cuttings tunnels can be substituted after a certain depth is attained, and things do not look so bad. The viaducts, too are in places quite gigantic, and indeed the whole of the work is on a scale only commercially justifiable if a very much larger traffic is to be hoped for than anybody can honestly anticipate.

7.– All this relates to the part of the project lying within Travancore territory. But I presume that we must be looked on as the financial guardians and advisers of that Government, and that we ought not to allow them to ignorantly plunge into an annual guarantee likely to limit forever their power of constructing necessary public works elsewhere.

8.– I cannot find that Mr Shadbolt has anywhere separated the cost of the Travancore portion from that of the British portion of his scheme. But the information can be picked out later on.

9.– I am inclined to think that 45 miles at Rs 60,000 = Rs. 27 lakhs may be taken as representing the cost of the British part, and 58 miles at Rs 1.30.000 per mile = Rs 75 lakhs, may be taken as representing the cost of the Travancore part. Indeed I am disposed to think the latter too low a figure, unless the gradients are steepened, and length as well as works thereby economised.

10.– On the 1 in 80 grading I would add fully a lakh a mile on the 30 miles of ghat work thus raising the Travancore figure to 100 lakhs. But it is quite possible that by the adoption of a more suitable gradient Mr Shadbolt's figure may be worked to.

11.– The Travancore Government's aversion from the Southern or Aramboli route is a matter of common notoriety. Everyone says that the Brahmin community cannot bear to have their stronghold, Trevandrum, invaded by what may eventually lead to the lessening of their gains and influence. Then again it is said that because the Rajah and his ancestors never left the State by the Southern route it would not be lucky for him to begin doing so now.

Note. I have now picked it up, so it appears, as nearly as I can get it, that the British portion will cost Rs 32 lakhs and the Travancore portion Rs 70 lakhs, or per mile Rs. 68,000 for the former and Rs. 1.23.000 for the latter. I feel convinced that the Travancore part especially the 30 miles of ghat part cannot be done for anything like Mr Shadbolt's estimate on the present grading.

FWS
7/8/77

Later on I have gone more closely into figures

Dividing the line into 3 parts.

British, easy. 46 miles at Rs. 57.000 = Rs. 26.22.000
Travancore ghat 30 " " " ~~2.00.000~~ 1.82.000 = " 54.60.000
" easy 27 " " " 78.000 = " 21.06.000
Total Rs. 101.88.000

of which total British = Rs. 26.22.000
and " Travancore = " 75.66.000

so that my first rough shot was a very close one.

I feel tolerably sure that Mr Shadbolt's estimate is too low, and that the following would be more likely, judging by the look of his sections, and also by my recent Assam experience.

British, easy 46 miles at Rs. 60.000 = Rs. 27.60.000
Travancore ghat 30 " " " 2.25.000 = " 67.50.000
" easy 27 " " " 80.000 = " 21.60.000
Total Rs. ~~112.65.000~~ 116.70.000

of which total British = Rs 27.60.000
and " Travancore = " ~~85.05.000~~ 89.10.000

F.W.S.
3/9/77

12.– I have heard it said that the Brahmans lived in hopes of the Northern route proving so costly that the whole idea of a railway would be dropped. But now that they probably think that it will only involve them in a guarantee of 3% on 0.55 percent, (the railway percentage) of the whole 102 lakhs, that is in a guarantee of Rs 1.68.000 per annum, and now that they see it likely to be taken to Quilon instead of to Trevandrum, they are apparently agreeable to give the guarantee. But they probably do not know that the guarantee would have to be on at least 70 and possibly on 100 lakhs.. or from two to three lakhs per annum.

13.– Ought we not in fairness to take all this to the Travancore Government (when I get reliable figures) and ask them whether in view of these figures, and of the fact that fully two seasons more must be spent on the surveying of the ghats, and fully four years more for construction (one tunnel is 3/4 mile long, and some of the banks and viaducts are probably unequalled among ghat works in India) they would not be inclined to reconsider the question of agreeing to

Please see Note opposite paras 10-11
FWS
3/9/77

the adoption of the Southern route, which would not only be far cheaper but which could easily be opened in three years from now, and would moreover be infinitely the better line of the two for future development.

14.– I met Mr. W. Jopp the other day. He is Chief Engineer of the Travancore State, late of the Irrigation Dept. and he knows the country and the officials well. Mr. Jopp privately told me that he believes that if the matter were now put plainly to the Dewan of the State it might result in their accepting the only proper alignment.

15.– As regards the S.I.R. Capt. Shelley tells me that they would gladly substitute the Tinnevelly Aramboli piece for the Tinnevelly Shencottah piece.

16.– I cannot do better than refer H.E. and Hon. Members to Mr. Shadbolt's very lucid history of former proposals and how they finally took form in the survey which he made through the Ariankavu pass. It will be found in the blue covered, not the grey, book below. Flag A.

17.– I had some conversation too with Mr. Michell the Ex. Engr. who under Mr. Shadbolt ~~survey~~ surveyed through the ghat section. I learn that the survey though useful enough as a basis for future detailed survey is a very rough traverse, all in fact that the party with Mr. Michell had a chance of doing in the time at their disposal. Even if the 1 in 80 grading is adopted a survey party must take the field for a whole season, or possibly longer, to stake out the work ready for construction. But the work already done is of uncommonly little use for a party seeking for a 1 in 40 alignment. The latter will apparently save several miles of length, perhaps 3 perhaps 5 mile. Mr. Michell too is confident that the estimate is insufficient. I have recently been very familiar with the impossibility of doing work at anything near ordinary rates in such a country as the Travancore ghat country. All wages rule higher as food is higher. Men do less on account of sickness and every stick or stone costs a fortune to move on the difficult ground.

18.– On the Southern section it is all comparatively plain sailing, and it is I think not unlikely that Rs 66,000 per mile in the British portion to Aramboli and Rs 80,000 onwards over the undulating Travancore lowlands, would suffice. Indeed it seems probable that the same expenditure, 102 lakhs, would suffice to carry the railway via Aramboli through Trevandrum on to Quilon.

19.- There can be no argument about the circuitousness of the Southern route. The Northern route is also most circuitous. If it had been desired to carry the produce of Travancore State to the harbours and markets on the East Coast of India, via Negapatam, Tuticorin &c. or later on to Paumben for Ceylon, the proper alignment for the Northern route would have been from Shencottah to Sattur, which I understand is a good cotton dry country, though at present not very densely populated. I take it that all that the Travancore people want is to get to Tinnevelly, and, necessarily via Tinnevelly, onwards to places served by the S.I.R. Temples and so on, and that they have no great trade to offer for export at the East ports.

I believe this is the case. A.G.H.

20.- If as I say the same money would get them their railway to Quilon via Trevandrum and Aramboli, they gain all the benefit of access to their own chosen port and in addition they get the best part of their country opened out.

21.- I think it will be a great pity if we permit them in their ignorance or wilfulness to drift into the wrong policy. F.R.S.

9/8/97

I understand that the Durbar have deliberately adopted this policy. A.G.H.

No. 757. R dated 1/10/97.

Public Works Department,
~~Irrigation~~ Railway Branch.

Proposal to adopt the Southern route for the Tinnevelly-Quilon Ry

55

PROCEEDINGS OF THE MADRAS GOVERNMENT.

18/-

Print

Under date the

Read the following

Quote

Quote { Note by the Consg. Engr. for Rys Madras } H.E. No 113/6 d/ 8th September 1897

7 S.P.

8 P.

Print

Forwarded to the Resident in Travancore & Cochin, through the Political Department, for the consideration of the Travancore Durbar.-

F.R.S. 18/9/97 R

Omit

Appd. [illegible] A.G.H. 30.9.97

N.B. I should like to have a copy of the Note to take with me to Travancore. A.G.H. 30.9.97

Sent at once

Put Slip. Copy sent separately for H.E.'s [illegible] F.H. 1/10/97

R This need not I presume be circulated to the 2 H.M.s

No. 7 [illegible] 1/10

To The Resident in Travancore & Cochin thro' Pol: Dept.

Despatched 1.10.97

D. Seen [illegible] 5/10/97

B/f

No. 757-R, dated 1.10.97

E. I. Form No. 1—1,000—2-2-97.

9/8/97

[G./10]
200—29-7-96.

Public Works

~~Political~~ (1898) Department.

Ry Branch

CURRENT No. ~~23~~ 85

~~2 Confidential No. 10~~

From

The Resident in T & C

Endt. ~~Order~~ No. 122, d/ 17th January 1898.

Transferred to the Public Works Department with reference to G.O. No. 757 R dated 1st october 1897. Flag A

M E Couchman.

Ag Assistant Secretary

Emb 14.1.98

No. H-2 / Camp

Dated 2nd Jany 1898

Received 2nd Jany 1898

Registered 5th Jany 1898

Enclosures 3

Spare copies.

SUBJECT.

Extension of railway to Travancore

BACK PAPERS.

G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.

No. 4777 P.W.

Huzur Cutchery
Trivandrum, 11th December 1897

From
The Dewan of Travancore

To
J. D. Rees Esquire C. I. E.
Ag. British Resident in Travancore

Sir,

I have the honor to acknowledge receipt of your letter Ref: cul. No. 3205 dated 15th October last forwarding a note from the Consulting Engineer for Railways, Madras on the subject of the proposed extension of the Railway to Travancore.

2. Mr. Spring, in whose view Mr. Spalding seems to have concurred considers that the estimate prepared by Mr. Shadbolt after the detailed survey of 1895 is too low and gives what in his opinion may be taken to be the more probable figures. The following statement compares the two estimates-

	Mr. Shadbolt's Estimate		Mr. Spring's Estimate	
	Rate per mile Rs	Total Rs	Rate per mile Rs	Total
British Section 46 miles	57,000	26,22,000	60,000	27,60,000
Travancore Do. Ghat 30 "	1,82,000	54,60,000	2,25,000	67,50,000
Do. Do. easy 27 "	78,000	21,06,000	80,000	21,60,000
Total 103 "		1,01,88,000		1,16,70,000

The total cost of the Travancore Section is 89,10,000 against 75,66,000 - Mr. Shadbolt's figures.

3. Mr. Spring is also of opinion that the

BACK PAPERS.

G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.

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to reconsider the expediency of adopting the Southern route. The first step in this direction would be to arrange for a detailed survey and definite location of the line. The opinions such as have been expressed on the Southern route were not based upon accurate data as to alignment, gradients and other details. The history of the Northern route suggests the expediency of postponing any definite expression of opinion until we are in possession of a working survey. The estimated cost of this route rose from 8,00,000 to about 102 lacs and eventually to 117 lacs. If the Travancore section alone is taken, the latest estimate is double the first. Mr. Jopp the Chief Engineer, thinks that it would be necessary to exploit the Southern route more fully than has been done, before a correct estimate of the cost of that line could be formed. A sketch map showing the centre line of the land to be taken up is also necessary to estimate the cost of the land which it should be remembered is far more valuable in South Travancore than in the part of the country taken by the Northern route. Mr. Horsley, who, as Acting Chief Engineer, investigated the Southern route, appears to have recorded his opinion that about 200 acres of rich wet area, which means about 2 lacs of Rupees, may have to be acquired for the purpose.

9. I trust ~~that~~ it will be admitted that, if a reconsideration of the question of route becomes necessary, a detailed survey should precede all further discussion. His Highness' Government having incurred the cost of survey of the whole of the northern line, they trust that the cost of the survey of the Southern line, should such survey be undertaken,

earnings on the Travancore Section would not exceed 40 Rs per mile per week or Rs 1,18,560 per annum. Deducting 50 per cent working expenses, the net earnings on this Section amount to Rs 59,000 while the interest at 3½ per cent on the cost of the Section comes to Rs 3,11,500. Thus Mr. Spring concludes that the adoption of the proposed Northern Route would result in an annual loss to the State of 2½ lakhs of rupees.

4. Mr. Spring thinks that the cost of the Aramboli or Southern Route would average only Rs 75,000 a mile, while the gross earnings would be Rs 100, fifty per cent of which (i.e the net earnings) would just cover the interest on the Capital outlay. On this and some other considerations which he indicates in para 8 of his note, Mr. Spring advocates the adoption of the Southern in preference to the Northern Route.

5. Having regard to the long discussion which has already taken place on the relative importance of the two Routes from the Engineering, Economical, Commercial and other points of view and the opinion so decisively and repeatedly expressed by this Government and accepted by the British Government, it would be manifestly undesirable to reopen that question except on grounds which materially affect the main issues involved and which could be shown to have received no adequate consideration. If the financial aspect of the undertaking is as anticipated by Mr. Spring, the matter certainly calls for serious reconsideration. The burden of a guarantee which would involve an annual sacrifice of 2½ lakhs of rupees would indeed be too much for this State to bear. Mr. Spring's calculation however seems to be incorrect.

6. His Highness' Government are of course not in a position to question Mr. Spring's authority in regard to his opinion as to what should be taken as the correct estimate of the cost and would accept his figures. They are also not disposed to demur to his opinion of the probable gross earnings on the Travancore Section, though Mr. Shadbolt whose estimate was 50 Rs per mile per week had ample opportunities of gauging the traffic prospects of the line and Mr. Spring has given no reason for rejecting that estimate. Mr. Spring gives no rate for the British Section and it may, I fancy, be presumed that he accepts Mr. Shadbolt's figure — 250 Rs per mile per week. Mr. Spring calculates interest on the outlay at 3½ per cent, but the guarantee is only for 3 per cent (vide your letter No. 3005 dated 26th September 1896). Mr. Spring also assumes that the earnings of the two Sections are to be treated separately — the earnings on the British Section to go to the British Government and those on the Travancore Section alone to go to this State. The actual understanding however is different — vide your letter above quoted, para 2 of which runs: "In the event of there being "any surplus profits in excess of the guaranteed 3 per "cent interest out of the net earnings, it is proposed "that such share of the surplus profits as may be "retained by the Government of India as guarantor shall "be divided between the Government of India and the "Travancore State in proportion to the Capital cost of "the Sections of the line in British Territory and the Travan-"core State respectively". The arrangement in fact is that the British Government guarantees interest on the Capital expenditure on the whole line and pays the same out of the net earnings on the whole line. If

the net earnings fall short of the guaranteed interest, this Government is bound to make up the deficiency proportionate to the outlay on the Travancore Section. If there be any surplus profits, Travancore will be allowed a corresponding share of such profits.

7. If the above view is, as I have no doubt it is, correct, the following will be the proper calculation, taking Mr. Spring's figures in respect of cost and earnings.

A. Interest on 117 lacs at 3 per cent per annum —— Rs 3,51,000

B. Gross earning:

British Section	46 × 250 × 52 =	" 5,98,000
Travancore Do.	57 × 40 × 52 =	" 1,18,560
Total	——	" 7,16,560

C. Net earning

Deducting 50 per cent as working expenses – the percentage (55) adopted by Mr. Shadbolt is obviously incorrect (vide para 3 (5) of the Resolution of the Government of India. P. W. D. No. 514 dated 17th April 1896

—— Rs 3,58,280

which exceeds the interest (A) by 7280 Rs. This represents the surplus profits, $\frac{89}{117}$ of which or Rs 5,537 will go to Travancore.

There need thus be no serious misgiving in regard to the financial aspect of the northern line.

8. Should however my reading of your letter above referred to be deemed incorrect and Mr. Spring's view of the method of dealing with the earnings on the two sections be correct, it becomes of course necessary to consider the expediency of adopting the Southern route. The first step in this direction would be to arrange for a detailed survey and definite location of the line. The opinions such as have been expressed on the Southern route were not based upon accurate data as to alignment, gradients and other details. The history of the northern route suggests the expediency of postponing any definite expression of opinion until we are in possession of a working survey. The estimated cost of this route rose from 8000,000 to about 102 lacs and eventually to 117 lacs. If the Travancore Section alone is taken, the latest estimate is double the first. Mr. Jopp the Chief Engineer, thinks that it would be necessary to exploit the Southern route more fully than has been done, before a correct estimate of the cost of that line could be formed. A sketch map showing the centre line of the land to be taken up is also necessary to estimate the cost of the land which it should be remembered is far more valuable in South Travancore than in the part of the country taken by the Northern route. Mr. Horsley, who, as Acting Chief Engineer, investigated the Southern route, appears to have recorded his opinion that about 200 acres of rich wet area, which means about 2 lacs of Rupees, may have to be acquired for the purpose.

9. I trust ~~that~~ it will be admitted that, if a reconsideration of the question of route becomes necessary, a detailed survey should precede all further discussion. His Highness' Government having incurred the cost of survey of the whole of the northern line, they trust that the cost of the survey of the Southern line, should such survey be undertaken

would be borne by the British Government.

10. I do not quite understand the concluding portion of Mr. Spring's note, in which he says, "So far as it is possible to judge there seems to be but a poor prospect of the Northern Route being taken in hand. Indeed it would need at least 2 years of further surveys before it could be got ready for work to be started on." His Highness' Government have been under the impression that the detailed survey made so recently as in 1895 at such heavy cost under the direction of an Engineer of Mr. Shadbolt's position would be sufficient basis for starting work when other preliminaries have been settled. Mr. Shadbolt's report was, it will be noted, carefully reviewed and thoroughly approved by the then Consulting Engineer for Railways, Madras. (Vide your letter No. 44 dated 14th January 1896)

11. His Highness' Government anxiously await your further advice.

I have the
(Sgd) Shungarasubbier
Dewan

(True Copy)

J. D. Rees
Resident

Enclo: No 2 to Pol. C No 680.

Political Current No. 23
~~Con. C No 10~~

CHIEF SECRETARIAT
-2. JAN. 1898
GOVERNMENT OF MADRAS

X 2
Camp
1898

Madras
The 2nd January 1898

Sir,

I beg leave to forward for the information of Government ✕ letter of the Travancore Dewan no: 4777 P. W. of 11th Decr 1897. As this will no doubt be forwarded to Mr. Spring for his remarks, I refrain myself from making any at this stage in the correspondence.

I am Sir your most obedient servant
J. D. Rees
Resident

✕ In original for kind return with one enclosure.

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GOVERNMENT HOUSE.
MADRAS.

(True Copy)

Resident

Enclos: No 2 to
Lr. No 680

P. Dr. Reg. Current No. 85 of 1898

Tinnevelly Quilon Railway

H. E. The Governor

Note by the Consulting Engineer for Railways Madras.

Flag J

Flag M

I have read the Dewan of Travancore's letter to the British Resident, No. 4777-P.W. dated the 11th Dec. 97 on the subject of my Note dated 8th Sept 97.

While adhering to the opinions expressed in my note about the insufficiency of Mr. Shadbolt's estimates, and about the likelihood of the capital cost of the Northern route amounting to

for British section	Rs 28,60.000
for Travancore section	89.10.000

I must express regret that my at that time ~~[illegible]~~ want of familiarity with the subject of the Tinnevelly Quilon Ry. and insufficient care in reading it up. led me into errors which the Dewan has quite correctly pointed out.

The interest ~~[illegible]~~ proposed to be guaranteed by the British Govt. and underwritten by the Durbar was 3 per cent and not 3½.

Again the Dewan is right in his reading of the intention of the Govt. of India's proposal as contained in their 1304 R.C. d

Flag E

2d Sept 96. viz that it was not intended to keep separate ~~[illegible]~~ revenue accounts of the British and Travancore parts of the line, and that any deficiency of net earnings below guaranteed interest should be made good and that similarly any surplus should be divided, in proportion to the capital cost of the two sections.

The Dewan's estimate therefore of the effect of the working of the line on the finances of the State is correct, and there will not be that great loss of revenue which I thought likely.

I propose therefore, for H.E.'s approval, that in reply to Mr Rees' demi official letter now under reference, we send him, through the Pol. Dept. ~~[illegible]~~, a copy of my note as now altered in pencil and ask him to substitute it for the previous note, sent to him with G.O. 757 R. dated 1-10-97, returning at the same time the Dewan's letter to Mr Rees.

Flag H

Flag M

Flag A

Appd.
A.H.
25.1.98

The argument deduced from the Capital aspects of the case though less strong than those which I deduced from my regrettably erroneous reading of its revenue aspects, are still I think strong enough to induce the Darbar, if not already too prejudiced, to reconsider the question of route. Does H.E. approve of this being done?

Yes. A.H.

I shall note separately in return of [illegible] with orders on the above about the

Flag R
para 13
of India's 1746 RC
22-10-97

advisability or otherwise of our now, without further delay, informing the Resident about India's more recent offer to enable the S.I.R. to raise the money on a 2½ per cent guarantee to be underwritten in part by the Darbar.

I am not quite sure now of the morality of keeping this dark from the Darbar any longer, though it will be a great pity if our acquainting them with it should finally cause them to decide for the Northern route so as to get it through.

The Darbar were quite in the dark about the amount of survey actually done on the hill section by Mr Shadbolt. As a matter of fact the centre line is nowhere staked out on that section. The profile is little better than a guess on the basis of a traverse. It will take a full season's ~~[illegible]~~ survey before work can be begun.

[illegible]
A.H.
25.1.98

I owe your Excellency and Hon. Members an apology for having used false premises to add strength to my argument, through carelessness in not having sufficiently familiarised myself with the contents of the file in Pol. Dept. when I had not the Examiner of Accounts to refer to.

F.R.S.

20/1/98

SERIAL
No. 67

108

Office of Consulting Engineer for Railways,
MADRAS,

24 – 1 – 1898.

My dear Sir

If convenient to His Excellency I should very much like a quarter of an hour's talk to-day about the Tinnevelly Quilon with reference to enclosed from Rees, the part marked in red.

The papers are with you ~~[illegible]~~ now in which I told H. E. that

ineer for Railways, Madras,

3.

Bri

Tra

I had made a mistake in my Note about the advisability of reopening the question of the southern route, and in which I asked H.E.'s permission to send Rees a revised Note.

In my remarks dated I think the 20th now with H.E. I said that I had doubts of the morality of keeping Travancore any longer in the dark about India's latest 2½ per cent. offer. Now I see from enclosed that Rees knows of that offer. and I think therefore that we ought to tell him of it officially for communication to the Dewan. letting him understand at the same time that we think that this latest offer ought not to prejudice the question of adopting the southern route if on enquiry it should seem to be the better route, and if the Durbar could bring itself to adopt it.

A few minutes to day with H.E. will settle more than many written Notes.

Yours sincerely

Francis G. Spring

GOVERNMENT OF MADRAS.

Public Works Department,
RAILWAY BRANCH,
MADRAS.

25 - 1 - 1898.

[illegible]

Through the Chief Secretary
(Political Department)

To. The Resident in Travancore & Cochin.

Sir

In reply to your ~~demi official~~ letter No. x 2/Camp/1898 dated Madras the 2nd January 98. I beg to return herewith the letter enclosed therein from the Diwan of Travancore, No. 4777/P.W.

dated 11th Dec. 97. and to request that the enclosed copy of a revised Note by the Consulting Engineer for Railways may be substituted in lieu of that therein referred to which should be considered as cancelled.

I have &c

F.H.L.

25/1/98

SERIAL No. 67

Print

10 P

Note by the Consulting Engineer for Railways, Madras, No. 237, dated 25th January 1898.

------:o:------

On a recent visit to Trichinopoly I went carefully into the plan and sections of the projected Tinnevelly-Quilon Railway, in Company with Mr. Spalding who knows the country thoroughly and who is the Chief Engineer of the South Indian Railway by whom the line would have to be constructed. I was very much impressed with the magnitude of the work to be done on the 30 miles of actual ghat. It is of an extraordinarily heavy character and will have to be carried out under exceptionally difficult and expensive conditions.

2. I have made a careful analysis of Mr. Shadbolt's estimate, and his figures, in round numbers, stand thus:-

British Section, easy country	46 miles at Rs.	57,000 = Rs.	26,22,000
Travancore Section, ghat work.	30 " " "	182,000 = "	54,60,000
" " easy country.	27 " " "	78,000 = "	21,06,000
		Total Rs...	101,88,000

of which the total British portion comes to Rs... 26,22,000
and " " Travancore " " " 75,66,000

3. Mr. Spalding and I agree in thinking the estimate too low, and I would be disposed to give the following revised figures as the very lowest at which it could be done under the most favourable conditions.

British Section,	easy country.	46 miles at Rs.	60,000 = Rs.	27,60,000
Travancore "	ghat work.	30 " " "	225,000 = "	67,50,000
" "	easy country.	27 " " "	80,000 = "	21,60,000
			Total Rs...	116,70,000

Total for British Section Rs. 27,60,000 and for Travancore Section. Rs... 89,10,000

4. During the last three years I have had close experience of 113 miles of the Assam-Bengal metre gauge Railway estimated to cost Rs. 2,87,000 per mile, in a ghat country of a character very similar to that of the 30 mile section between Shenakotta and Ponalur, and I fear that even after the most careful detailed realignment fully 2¼ lakhs per mile will be required to cover the cost of the latter. I see no provision under Formation for retaining walls, of which there will undoubtedly be a very large quantity, and I fear that tunnels will run to nearer Rs. 200 per foot than Rs. 150. Mr. Shadbolt has estimated for 7,350 lineal feet of tunnels at Rs. 150. But on the Assam-Bengal Railway similar tunnels will probably cost Rs. 500, and in Mr. J. Ramsay's paper in the last Volume CXXVIII of the Institution of Civil Engineers 10,545 lineal feet of double tunnel on the Mushkaf Bolan Railway are shown to have cost (for true tunnel, not cut and cover,) from Rs. 244 to Rs. 425, or on the average Rs. 325 per foot run. Mr. Shadbolt estimates the 30 miles of metre gauge ghat line at Rs. 1,82,000 per mile, whereas the 113 miles of very similar line in, so far as I can learn, very similar country, on the Assam-Bengal Railway seem likely, as above remarked to cost Rs. 2,87,000 per mile. Mr.Shadbolt's

mean rate for banks works out to Rs. 7 per 1,000 cubic feet, which is the mean rate of work actually done in the very much easier Nellore Country on the Bezwada-Madras Railway. His cuttings run to Rs. 36 which, considering the character of the country, seems too low a figure. For these reasons I am inclined to think that the 46 miles of British Section will cost 28 lakhs, and that the 57 miles of Travancore Section will cost 89 lakhs.

5. I doubt whether the Travancore Durbar can have realized what the true position of affairs would be. I think it probable that in offering their guarantee they took Mr.Shadbolt's estimate of about one lakh per mile all through, and so took it for granted that their own section would probably cost about 60 lakhs instead of the 90 lakhs which seems the more probable figure. The difference is enough to build 50 miles of ordinary railway.

6. I desire now to point out that if the same money, Rs. 116,70,000, be spent on the Southern Route through Aramboli, it ought, at a mean rate of Rs. 75,000 per mile, to suffice to make 156 miles of Railway: or at the very worst it would fully suffice to take the railway right round through Aramboli, past Trivandrum and on to Quilon itself, a distance of 133 miles.

7. Of these 133 miles about 35 miles would be British and

98 miles Travancore. Passing through so very much better country those 98 miles might reasonably be expected to earn fully Rs. 100 per mile per week, 50 per cent of which, the Travancore portion, would just about cover the interest on its capital cost.

8. To sum up, so far as it is possible to judge without further detailed surveys, the adoption of the Southern Route would secure the opening up of Travancore from Quilon to its Southern extremity, and would also secure connection with the Railway system of Southern India, with a very reasonable prospect of this end being attained with no recurring annual loss to the State, and of a return for its investment of Rs. 90 lakhs equal, if it sees fit to itself invest its treasure in the undertaking, to at least what may be derived from Government paper.

9. I am disposed to think that if these figures are laid before the Travancore Durbar they may see their way to modifying their views, and to enquiring further about the Southern Route. So far as it is possible to judge there seems to be but a poor prospect of the Northern Route being taken in hand at an early date, because there is no chance of a survey party being available for the coming working season so that it will be at least two years before it can be got ready for work to be started on its hill section. I strongly recommend that the Southern Route be properly surveyed as soon as may be.

F.W.S.

Consulting Engineer.

25/1/98

Tinnevelly-Quilon Railway.

Partition of Mr. Shadbolt's estimate between the British and Travancore Sections and of the latter between ghat work and easy work.

Heads of Account.	How divided.	British 46 miles.	Ghat 30 miles.	Travancore plain 27 miles.	Total 103 miles.
Preliminary	Half to ghat, rest by mileage	22,816	36,256	13,440	72,512
Land	Special and irrigated British, remainder Travancore	3,00,800	10,000	48,660	3,59,460
Earthwork	at Rs. 50,000 per mile for ghat, rest guess	5,00,000	15,00,000	9,41,894	29,41,894
Tunnels	Actual	...	10,83,000	...	10,83,000
Major Bridges.	"	3,01,988	10,47,101	41,644	13,90,733
Minor "	"	1,80,482	6,48,790	1,81,446	10,10,718
Fencing &c.	by mileage	42,348	27,600	24,840	94,788
Ballast	"	1,52,930	1,00,000	90,000	3,42,930
Permanent Way	"	7,57,790	5,00,000	4,50,000	17,07,790
Stations & Offices.	Actual	46,951	6,130	38,175	91,256
Staff Quarters	"	36,959	19,644	68,478	1,25,086
Station machinery.	"	43,570	15,356	66,140	1,25,066
Plant	About equal	11,000	11,990	11,000	33,990
General Charges.	Ghat double per mile of what rest costs	2,06,540	4,56,000	1,20,260	7,82,800
	Total...	26,04,174	54,61,867	20,95,977	101,62,018
	or per mile...	56,600	1,82,000	77,600	..

Round figures. British portions 46 miles at Rs. 57,000 = Rs. 26,22,000
Travancore " 30 " " " 1,82,000 = " 54,60,000 } 75,66,000
" " 27 " " " 78,000 = " 21,06,000 }
Total Rs. 101,88,000 Round figures.

FWS
8/9/98

Print

No. 137 R of 25 Jany 98

P. W.
Ry: Branch

DEPARTMENT
SERIAL
No. 68

PROCEEDINGS OF THE MADRAS GOVERNMENT.

READ again the following.

Procgs: of the Madras Govt P.W.D. H.E. No. 757 R of 1st Octr 1897 S.P Quote

Read also

Endorsement from the Political Depts: — } H.E. No. 122 of 17th January 1898 Quote

Note by the Consg: Engr for Rys. — } — " — " — 137 of 25th January 1898 Print

13 P

The letter from the Dewan of Travancore No. 4777/P.G. dated 11th December 1897, received with the above endorsement will be returned to the Resident in Travancore & Cochin with the request that the revised Note by the Consg: Engr: for Rys read above may be substituted in lieu of that forwarded with G. O. No. 757 R dated 1st Octr 1897 which should be considered as cancelled.—

Print

25/1/98

To

The Resident in Travancore & Cochin thro' Political Depts

25/1/98.

P. W. 49
1000—26-11-97.

Print

14 P

SERIAL No. 69

587
Recd 1-2.98

Public Works Department,
Railway Branch.

Proceedings of the Madras Government.

Read the following:-

Letter from the Government of India, Public Works Department, No. 90 R. C., dated 17th January 1898.

I am directed to acknowledge the receipt of your letter No. 1118 R., dated 10th December 1897, on the subject of the financing by a Branch Line Company, under the auspices of the South Indian Railway Company, upon the rebate terms of Government of India Resolution No. 514 R.C., dated 17th April 1896, of the proposed XXXXX Madura-Paumban Railway independently of the scheme for the construction of the proposed Tinnevelly Quilon Railway.

2. In reply I am to say that the Government of India will await the views of the Board of the South Indian Railway Company on the proposed financing of the Madura-Paumban Railway by a Branch Line Company, but that they are of opinion that before work is commenced on this line the South Indian Railway Company should give an undertaking to construct a railway from Tinnevelly to the neighbourhood of either Quilon or Trivandrum, or other suitable terminus either by the northern or southern route as may be decided by the Government of India whenever called upon to do so upon the terms and conditions stated in paragraph 13 of Public Works Department letter No. 1746 R. C., dated 22nd October 1897.

Order thereon:-No. 167. R dated 31st January 1898.

The terms for the construction and working of the Tinnevelly-Travancore Railway have long formed the subject of correspondence by this Government with the Travancore Durbar through the Resident and with the South Indian Railway Company through their Agent. The correspondence with the Travancore Durbar culminated in the acceptance by the Durbar, as communicated in letter from the Resident No. 3105 of the 12th October 1898 of the terms offered in Government of India letter No. 1304 R.C., dated the 2nd September 1896. To validate this acceptance however it was essential that the concurrence of the third party viz: of the South Indian Railway Company should be secured: but this concurrence it has not so far been found possible to obtain. Negociations have however progressed and in connection with the Company's desire to obtain a concession for another branch railway in which they are interested, certain new terms have been put forward by the Government of India and these are now communicated verbatim (as per margin) to the Resident.

Extract from Government of India, letter No. 1746 R.C., dated 22nd October 1897.
Copy attached.

2. The Resident will understand that the acceptance by the Durbar of these new terms which are very much more favourable than those already accepted by them and which are only rendered possible by the greater facility with which at the present time money can be raised by Railway Companies on the security of a State Guarantee, can lead to practical action only in the event of their acceptance also by the South Indian Railway Company whose Agent has been asked to communicate his board's decision if possible by telegraph.

3. The Resident is also informed that in offering the above conditions for the acceptance of the Railway Company the Government of India define the Travancore line as "a Railway from Tinnevelly to the neighbourhood of either Quilon or Trivandrum or other suitable terminus either by the northern or southern route as may be decided by the Government of India". As regards this question of choice of routes this Government will be glad to receive an early expression of the wishes of the Travancore Durbar.

4. The Government of India will also be addressed.

(True Extract)

Francis B. Spring
Joint Secretary.

To,

The Resident in Travancore and Cochin
through the Political Department.

" Consulting Engineer for

2.7.98

R. No. 13 -250--18-1-97. Print 15P No. 168 R.

SERIAL No. 70

Gobernment of Madras.

PUBLIC WORKS DEPARTMENT,

RAILWAY BRANCH.

To

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

31st January 1898.

SIR,

I am directed to acknowledge the receipt of your letter No. 90 R. C., dated the 17th January 1898, in which you communicate the opinion of the Government of India that before work is commenced on the Madura-Paumban line an undertaking should be obtained from the South Indian Railway Company to construct and to work a Railway from Tinnevelly to a suitable terminus in Travancore to be later selected, whenever called upon to do so, upon the terms and conditions stated in para 13 of your letter No. 1746 R. C. of the 22nd October 1897.

2. In reply I am desired to inform you that the conditions have been laid before the Travancore Durbar and the South Indian Railway Company for consideration and acceptance, and that the result shall in due course be communicated to the Government of India.

3. I am instructed to say that the Government of India's suggestion that the opportunity of the South Indian Railway Company's desire to obtain the working of the Madura-Paumban line should be availed of in order to secure their acceptance of fair terms for the working of the less promising Tinnevelly-Quilon line has the entire

approval and concurrence of His Excellency the Governor in Council.

4. The question of route for access to Travancore is still under the Durbar's consideration and when a decision has been arrived at the Government of India shall be duly informed.

I have the honour to be,

Sir,

Your Most Obedient Servant,

F.W.S.

Joint Secretary.

Documents accompanying :-

---Nil---

Printed

16 P

SERIAL
No. 6

Extract from Agent, S. I. Ry, letter to Board
No. 564 d/ 15-12-1897.

Railway Extensions.

With reference to the paragraph under this heading in my letter No. 545 d/ 3.8-97, I have placed in the packet copies of letter No. 3777 d/ 10.12-97, from the Consulting Engineer for Railways, and of letter No. 1746 R.C d/ 22.10-97; from the Govt. of India. Reading these two letters together it will seen that pending settlement of the route to be adopted for the Tinnevelly-Quilon Railway, the Board is not asked to decide on the modified propositions formulated by the Govt. of India in para 13 of its letter above referred to. In the meantime, however, the Govt. of Madras is desirous of receiving the Board's views on its proposals for so financing the Madura-Paumban Railway as to prevent the working agency being unduly interfered with by the subsidiary Company. The situation of this line as a link in the through connection between India and Ceylon renders it very necessary that it should be controlled by the same authorities as control the South Indian Railway. As pointed out by the Consulting Engineer the insistence of the following clause extracted from the Contract dated 13th March, 1896, between the Secretary of State and the Ahmedabad-Parantej Railway Company Limited should efficiently guard the interests of the through route.

"21. All the business connected with the management and maintenance of the said railway and conducting traffic thereon, including police and telegraphs and telegraphic appliances, shall in all respects as far as practicable, be carried on in the same manner and subject to the same regulations and control by the Secretary of State as the like business on the Rajputana-Malwa Railway, and the Company shall not interfere or be concerned with such business."

Non-interference would be further assured by a close connection between the working and subsidiary companies, a policy which, I hope, may commend itself to the Board.

Form No. 1.

Print

No. 302.

Copy

SERIAL
No. 70(a)

Madras, 31st January 1898.

From

THE CONSULTING ENGINEER FOR RAILWAYS,
MADRAS,

Reminders.

To

THE AGENT ~~AND MANAGER, M. RY.~~
" " S. I. RY.
~~" " H. H. THE N. G. S. RY.~~
~~" " AND CHIEF ENGR., N. RY.~~
~~" " S. M. RY.~~
~~" ENGR.-IN-CHIEF, B. M. RY.~~
~~" MANAGER, E. C. RY.~~

174

Reply No.
dated

SIR,

In continuation of my letter No. 3777, dated the 10th December 1897, and with reference to the paragraph headed "Railway Extensions" in your letter to your Board of Directors No. 564, dated the 15th December 1897, I have the honour to inform you that Government has decided that before work can be allowed to begin on the Madura-Paumben Railway your Company must give an undertaking to construct a Railway, whenever called upon to do so, from Tinnevelly to the neighbourhood of either Quilon or Trevandrum or other suitable terminus either by the Northern or the Southern Route as Government may decide, upon the following terms and conditions, as expressed by the Government of India.

2. (Here quote from Government of India's letter No. 1746, R. C., dated the 22nd October 1897, para 13, beginning at place marked A. "The Government of India are

prepared" &c. and ending at place marked B, end of para 13.)

3. I have the honour to request that I may be favoured with a very early expression of your Boards views in regard to this proposal. It would be very desirable that, if they accept it, they should telegraph to that effect, in order that by the time of the receipt of their reply to your No. 564 of the 15th December 1897 I may be in a position to acquaint Government with the conclusions arrived at.

(Initial) F. J. E. S.
27/1/98.

Original in Case "Madura Paumben Ry South Indian Ry's proposals." S.No. 81

Print

SERIAL No.

Extract from Boards' letter to the Agent, S. I. Ry, No. 204 d/ 11.2.98

19P

Railway Extensions.

Your letters 545 of 3rd August 1897, and 564 of 15th December 1897, together with the letter dated 10th December from the Consulting Engineer for Railways, and Govt. of India letter 1746 R-C of 22nd October 1897, have been considered by the Board.

Await receipt of expected communication from the Resident in Travancore & Cochin about the Durbar's preference.
(Intd) F.J.E.S
9/3/98.

It is observed that the Board are requested not to decide on the modified propositions formulated by the Govt. of India in paragraph 13 of their letter above quoted, pending the settlement of the route to be adopted for the proposed extension into Travancore territory. In the anticipation that some decision has already been, or may soon be, arrived at with regard to this route, and, with the view of placing the Board in a position to deal with the matter without delay, you are desired to give your own views fully upon the whole subject.

In reply to the question of the Madras Government, and assuming the Madura-Paumban line to be constructed by a subsidiary Company it is not thought that there will be any difficulty in financing the Company upon such lines as will prevent the working agency being unduly interfered with by the subsidiary Company, and a clause similar to that (No 21) in the Ahmedabad-Prantij Contract will probably be sufficient to meet the object in view.

Urgent

SERIAL No. 73

H.E. the Governor

The Hon Sir H. Bliss K.C.I.E.
" " Mr Grose C.I.S.

H.E. the Governor has seen this, and I gathered last day at Council that Hon. Members had also seen it, and that it was settled in Council as expressed in H.E.'s Note at the end. I have therefore drafted in the terms which I understand are intended, in the form of a G.O. to the Resident in Travancore: for Hon Members' approval.

F.R.S.

15/2/98

16/2/98

If the Southern route is adopted will not Travancore have to bear the expenses of the survey of the Northern route?

J.G.

17/2/98

I agree

A.A.H.

15.2.98

R
18.2.98

In reply to the Hon Mr Grose's enquiry above. I say No. The cost of all

Tinnevelly Quilon Railway

(Which by the way might with much advantage be called the Tinnevelly-Travancore Railway because Quilon is practically unknown except locally.)

I have had a talk with Mr Rees about this. It suggests itself that it might perhaps be useful to argue with the Travancore Durbar that because the potential liability of their guarantee on account of the T.Q.R. has been reduced from 3 to 2½ per cent, they need no longer demur to sharing the underwriting of the Shoranur Cochin guarantee if such underwriting or such guarantee should be necessary. (In my Note about the S.C.R. to day I showed that if it is built on the metre gauge a guarantee will probably be unnecessary)

Mr Rees and I agreed that it would be wiser, in dealing now with the Travancore Durbar, to say nothing more at all about the Cochin line. Does your Excellency agree?

Then we talked of the Southern and Northern routes. Mr. Rees thinks that the Durbar would adopt the Southern route if pressed to do so. But I gathered that without direct instigation from Government he did not like to press them, though he is as convinced as I am, or as the S.I.R. is, about the superior advantages of the Southern route.

I suggest to His Excellency that it would be wise to instigate the Resident to "endeavour to impress upon the Durbar the superior advantages possessed by the Southern route", instead of merely leaving it to him to "ascertain from the Durbar what their wishes are in the matter".

The Durbar are, I learn, in some anxiety about the cost of Survey, and think that as they provided the cost of the Northern Survey the British Govt. should provide the cost of the Southern survey. But they are probably not aware that the debit of the cost of railway surveys to the Province, State or Railway Company which makes the Survey, is merely a temporary arrangement. And that as soon as a Company is formed to make a line or Capital is any way provided, there is an adjustment and a credit of the cost of the Survey to the authority who made it, by debit to the new capital account. They ought therefore not to object to temporarily provide the money for the second survey. The Survey of many lines has cost from Rs 650 to Rs 1500 per mile.

The Durbar are probably not aware, and the Resident might now be told, that to build the line through the hills will take every day of four years, and that even though a survey has first to be made, the railway will probably arrive every bit as quickly round by the South as through the hills. Not a basket of earth or a stone of masonry can be laid in the hills until at least a full season has been spent in actually staking out the most difficult and intricate line.

On the Southern Route, for the first

surveys, however far apart they may have wandered, is debitable to capital eventually, provided that the object in view, e.g. access to Travancore State, is identical.

FM

18/

seen

JG

23/2/98

30 or 40 miles south of Tinnevelly there need be very little delay in getting the line laid behind the surveyor. as the country is easy at least as far as the Travancore frontier.

What we would like to get from the Travancore Durbar is a letter to say that they had had the whole subject of choice of route under careful consideration, and that they were inclined to agree with the Govt. in the opinion that the Southern route had superior advantages, especially in view of the great delay that must necessarily occur before the hill section of the northern route can be completed. That they are therefore prepared to advance money for the cost of a proper survey and estimate through the southern route, provided that the cost of this survey as well as of the provision can be charged to the capital account of the railway, the State being refunded, as soon as arrangements for the capital of the railway are matured.

F.K.S.
5/2/98

I think such a letter is desirable, but I would not press the Travancore Durbar for it. I would sooner put before them the pros and cons of the two routes, and leave it to them to decide which is to be adopted. I have recently learnt that, in so far as British territory is concerned, the Northern route is the more advantageous of the two. This has somewhat weakened my advocacy of the southern line.

A.S.H.
12.2.98

I understood Hon. Members to be of the above opinion when I spoke to them on this subject at our last meeting. But, the papers had better be sent to them.

A.S.H. 12.2.98

No. 278. Ry dated 18/2/98.

Read again the following

Progs: of the Madras Govt. P.W. Deptt. — } H.E. No. 167-68 R of 31st Jany: 1898.

Flag V

W
16/2/98

Flag E.

17/2/98

The following remarks are now communicated to the Resident in continuation of G.O. No. 167 R. P.W. dated 31st Jan. 98.

2 — It is desirable that before the Travancore Durbar express the opinion asked for at the end of para 3 of the above quoted G.O. as to their preference for the Southern or Northern route for railway access to Travancore from Tinnevelly, they should be placed in possession of all the pros and cons of both routes. As regards the engineering aspect these have been expressed in the Con. Engr's note No. 237. dated the 25th Jan. 98. which may be briefly summarised as follows. There is every reason to believe that Mr. Stradholt's estimate is insufficient and that the Travancore portion of the northern route will cost nearer to 89 lakhs than to Mr. Stradholt's figure of 76 lakhs. The ghat estimate was based, as stated in Mr. Stradholt's report, on a traverse survey, which was all that he was able to accomplish at the time and with the staff at his disposal in the difficult country. The actual centre line section is conjectural only. and before work can be begun, or an accurate estimate made, an actual staking out along the centre line will have to be done. This will take a working season. and will cost money. Then again to make the line through the hills will take time, probably not less than five years. Whereas even with the delay of a season to survey the

3

Southern route, the difference in the character of the country will probably make it as long to finish this route in four years, including a final survey, as the other one in five. The Consulting Engineer for Rys says that the construction of a metre gauge line through 100 miles of very similar country in Burma has already taken several years and will probably take two more before trains run through.

In favour, from a financial point of view, of the Northern route is the fact that the British portion of it will undoubtedly be far more remunerative than the British portion of the Southern route. But so far as is understood the Travancore portion of the Southern route will be far more remunerative than the corresponding portion of the Northern route.

The Resident should explain to the Durbar that it is usual, once a Ry. Company is formed and the money raised, ~~[illegible]~~, that the cost of surveys should be recouped by debit to the capital account of the Company. It does not therefore seem to be a matter of much moment, now that it is practically settled that a railway shall be made, if additional Durbar money is temporarily spent upon further surveys. ~~[illegible]~~

The Resident should now lay the above considerations before the Durbar, and should leave it to them to decide which route they desire to adopt, or whether they desire that the Southern route should be properly surveyed and if so whether they are prepared to advance the money on the understanding that the cost of all surveys shall be recouped as soon as capital is forthcoming for the construction of the line.

In view of the fact that Quilon is but a little known place outside of Southern India, and of the possibility of the Durbar desiring hereafter to promote further extension of Rys within their territory, the Resident should ascertain whether the Durbar would be willing that the title of the proposed railway should in future be written "The Tinnevelly Travancore Ry." or ~~[illegible]~~ or better, the "Travancore Railway."

F.J.E.S.

15/2/98

To. The Resident in Travancore & Cochin, through the Pol. Dept ✓

" The Con. Engr ✓

21P

Copy

Print

SERIAL No. 79

No. 17 R. P.

Government of India.

Public Works Department.

To,

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

Simla, the 1st April 1898.

Sir,

SN° 70

With reference to your letter No. 168 R., dated the 31st January 1898, I am directed to enquire what progress has been made in the negotiations for the construction of the proposed Madura-Paumban and Tinnevelly-Quilon Railways.

SERIAL No. 80

Telegram

Print

From R Madras. To 22 P Works Simla

19 Bx

Please see final sentence para 2 your 1304 R.C. September 2d '96, also please see Surplus profits Clause in para 13 your 1746 R.C. October 22d '97. In latter you propose dividing profits proportionately to length and use the expression "as originally proposed", but in your 1304 the proposal was to divide proportionately to Capital Cost. Travancore Durbar and this Government anxious to know what your intention actually was, viz, division proportionately to Capital or division by mileage.

SNo 15

SNo 62

(Sd) F.J.E.S.
2.4.98

SERIAL No. 84

2/3 P

Code Class. D2 [illegible]

INDIAN TELEGRAPHS

Monthly Number. 04198

To (Office) Madras Triplicane	From (Office) Simla
Words 63 · Day 10 · 7 · Hour 18 · Minute 39	Official Instructions Dfd.
To (Person) works railway	From (Person) works

20 R. P. Your
SN° 79 19 B. (a) anointer † indias
intention is durbar ~~at~~
and government to bear
loss in proportion to
capital while as regards
surplus profits working
company to retain
about one sixth and
balance to be divided
between government
and durbar in propo
rtion to mileage † vide
results tabulated in
paragraph 13 of (c) appl[illegible]
174 R. Cadell

64 Word Form.

F.C. 2.

(a) 2d word

SN° 62 Hay C.

Recd. from [illegible] Sent to [illegible] & date [illegible] follows

(c) 22d October last

At Hrs. Mts. by At Hrs. Mts. by

MADRAS

Telegraph Master.

U.G. — No. 88 · T.[illegible] 99 — 6000000

Print

Wire Resident. "Indian wires as follows, begins † † message ends. Hope this will enable Durbar to come to decision. I told you verbally that South Indian have agreed to make railway on either basis on Indian's conditions."

FMS 13/4/98

T. Q. Ca

Print

TELEGRAM URGENT ~~ORDINARY~~, DEFERRED

SERIAL No. 85

24 P

FROM R. TO Works Simla

1 A. Your 17 R.P. April 1st. Agent South Indian has received wire from Board begins accept Government proposals but hope Paumben may be integral part of undertaking. Message ends. Negociations with Travancore Durbar now nearly completed. Will reply fully when copy received of Board's letter to Agent, and when Travancore's official proposals made.

FW
11/4/98

Despatched on 11-4-98

Works
Simla

Your 17 R.P. Ap
1st. Agent South Indi
has received wire from
Board begins accept
Government proposals bu
hope Paumben may be
integral part of undertakin
Message ends. Negociation
with Travancore Durb
now nearly completed.
Will reply fully when
copy received of Board
letter to Agent, and
when Travancore's offi
proposals made.

INDIAN TELEGRAPHS. Monthly Number. 1182

Code Class. S

To (Office) Madras Guindy

From (Office) Bodinayakanur

Words.	Day.	Hour.	Minute.	Official Instructions.
25	31	13	44	

To (Person) P S Guindy

(16)

From (Person) Resident in Travancore

His excellency's letter received yesterday/ durbars answer sent d o arundel fifteen [illegible] officer letter despatch subsequently/.

GUINDY 31 MA 98

Recd from LN. At Hrs. Mts. by

Sent to LN. At Hrs. Mts. by

Telegraph Master.

64 Word Form. F.C. 2.

C G P—No. 427 T—15-12-96—2400000.

Trivandrum is near the southern extremity of the State.

4. The contribution made by the Darbar to the survey of the northern route was upwards of Rs. 73,000, and subsequently to the completion of the survey the Darbar repeatedly addressed the Resident in 1895-96 asking whether negotiations for construction were proceeding, and expressing its anxiety for an early commencement.

25 P

GOVERNMENT OF MADRAS.

POLITICAL DEPARTMENT.

Print

READ—the following paper :—

From J. D. REES, Esq., C.I.E., Resident in Travancore, to the Chief Secretary to Government, dated Camp, Bódináyakkanúr, 29th March 1898, Camp No. X.Y.C.I.

Political

In regard to the Travancore Railway scheme, I have the honour to reply to G.Os., No. 131, ~~Public~~ Political, dated 21st February 1898; No. 88, ~~Public~~ Political, dated 2nd February 1898; and endorsement No. 198, dated 25th January 1898.

2. A history of this project up to 1895 will be found in Mr. Shadbolt's report of September in that year. It may suffice to repeat here that in 1883 the Darbar expressed a decided preference for the northern route to Quilon; the Diwan, Hon'ble V. Ramiengar, pointing out that the commerce of the country would best be served by the adoption of that route; that Quilon, and not the official capital, Trivandrum, was the proper objective, a point perhaps naturally lost sight of by the South Indian Railway. The Government of Madras accepted these views, and asked the South Indian Railway if it was prepared to undertake the construction of the proposed extension. In 1886 the opinion in favour of the northern route was reiterated with emphasis by the same Diwan. The Madras Government then said that "whichever route His Highness the Maharaja might select, it would recommend to Government of India that the portion in British territory should be constructed concurrently with the portion lying in Travancore." In 1887 the Diwan again urged that the northern route should be adopted, but the Secretary of State having expressed a preference for the southern route, the South Indian Railway again opened the question, whereupon the Diwan (Mr. Rama Rau) again expressed the Darbar's preference for the north. After various abortive proposals in 1894, the survey of the northern route was undertaken by the British authorities.

3. On its completion the Consulting Engineer for Railways approved the conclusions at which the survey party arrived, and, with reference to the prospects of traffic, quoted the opinion of the Diwan, Hon'ble V. Ramiengar, dated 13th Aug. 1883, ~~which is appended to this letter (appendix A)~~. With reference to this opinion, and to this branch of the subject under discussion, I have to add that, since the Diwan wrote, the extension of tea and coffee in North Travancore has been enormous, and is still proceeding by leaps and bounds; one company alone is operating with a capital of 1½ millions sterling and there are many of less account; that there is not, as is supposed in some of the records, any canal communication south of Trivandrum; and that the Darbar has never objected to the capital being approached by railway, or being made a station on, or a terminus of, any line that may be constructed. Its preference for the northern route has been based on general commercial grounds, and it may be added that Quilon is in the centre of the coast line, while Trivandrum is near the southern extremity of the State.

4. The contribution made by the Darbar to the survey of the northern route was upwards of Rs. 73,000, and subsequently to the completion of the survey the Darbar repeatedly addressed the Resident in 1895-96 asking whether negotiations for construction were proceeding, and expressing its anxiety for an early commencement.

Reprint of page 2 to 6.

7/11

Enclosure to S No 88

Government {1898} of Madras.

POLITICAL.

~~CONFIDENTIAL.~~

Recd. }
1898.
Regd. }

Enclosures

Spare copies

G.O., No. , April 1898.

See note on 1/7
H.W.
16/5

APRIL.

Sr. 17

5. In September 1896 the Government of India arrived at the conclusions set out below, viz.—

That the best and simplest plan to ensure the early construction of this railway upon suitable conditions would be to permit a company to provide the funds under the terms recently offered for branch lines, the Government of India guaranteeing to the shareholders of the branch line company the interest at 3 per cent. on the actual capital expenditure on the whole length of 103 miles, and the Travancore State underwriting the guarantee so far as it relates to the cost of the section of the railway in that State.

That with the concurrence of the South Indian Railway administration, the Travancore branch railway should be constructed by, and worked as part of, the undertaking of the South Indian Railway to which it would act as a feeder. In the event of there being any surplus profits in excess of the guaranteed 3 per cent. interest out of the net earnings, such share of the surplus profits as may be retained by the Government of India as guarantor should be divided between the Government of India and the Travancore State, *in proportion to the capital cost of the sections of the line in British territory and the Travancore State, respectively.*

That the Government of India proposed to reserve to themselves the option of purchasing the entire branch at the end of 21 years, and thereafter at intervals of 10 years.

That in the event of its being decided to exercise this right of purchase, the Government of India would be prepared to offer to the Travancore State the option of purchasing the section of the line within its territory, the Government of India and the Travancore State each bearing a share of the total purchase price of the whole line, proportionate to the capital cost of its own section.

Should the Darbar effect this purchase, a choice between the following two courses would be given to it:—

(*a*) The Darbar might work its own portion as an independent line, or have it worked for it by the parent line, on the responsibility and at the risk of the Darbar.

(*b*) The two sections might be worked by the Government of India as a single line, the net earnings thereof being divided in equal shares, but the Government of India (the proprietor of the best-paying section of the branch railway) guaranteeing to the Darbar out of the Government share of the net earnings of the branch railway such an amount as would make up the Darbar's share to 3 per cent. upon its outlay on the purchase of its section.

6. The Darbar immediately accepted these proposals considering them "quite satisfactory and viewing with great pleasure the prospect of the early accomplishment of this long-desired project which His Highness the Maharaja felt would greatly promote the further development of his country, and would materially contribute to the increased prosperity and well-being of his people" (G.O., No. 377, Political ~~Public~~, dated 24th October 1896).

7. It is evident, therefore, that the Darbar has been consistently and continuously anxious that a railway should be constructed, and that it should enter Travancore by the northern route, and end for the present at Quilon. From a perusal of some of the papers in the file it appears to me that the recital of the above facts is not superfluous.

8. In October 1897 the officers of the South Indian Railway, however, again impressed on the Consulting Engineer for Railways their conviction that the southern route should be adopted, and the notes of the Consulting Engineer, who was inclined to accept these views, were communicated* to the Resident, who elicited from the Darbar thereon the following expressions of opinion, viz.—

(*a*) That after the long discussion as to the relative importance of the two routes, and the opinions so decisively and repeatedly expressed by the Darbar, and accepted by the British Government, it would manifestly be undesirable to re-open the question, except on grounds materially affecting the main issues.

Political orders

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* G.O., No. 274, dated 2nd October 1897.
" " 704 " 5th November 1897.
" " 198 " 25th January 1898.

~~27~~

3

(*b*) That the Government of India's proposal was that the British Government should guarantee interest on capital expenditure on the whole line and pay such interest out of net earnings on the whole line, the Travancore Government being only bound to make up the deficiency proportionate to the outlay on the Travancore section, and that this arrangement would not result in any burden greater than the Darbar had anticipated. Indeed the Darbar would profit by the fact that the British portion of the northern route passes through a very rich irrigated country—a great contrast, it may be remarked, in passing, to the British portion of the southern route.

(*c*) That a detailed survey and definite location of the southern route must necessarily precede its serious consideration as an alternative route, that His Highness' Government had looked on Mr. Shadbolt's survey as a sufficient basis upon which to start work, and was surprised to learn that further delay must ensue even if financial preliminaries were settled before operations could be commenced.

SN°62
69

Letter, No. 1746 R.C., dated 22nd Oct. 1897.
G.O., (Ry.) No. 167, dated 31st Jan. 1898.
" (P.) " 88, dated 2nd Feb. 1898.

9. At this stage other proposals than those accepted by the Darbar and set out in paragraph 5 of this letter were received from the Government of India, viz., that the South Indian Railway Company should raise the whole of the money required for the construction of the entire line from Tinnevelly to Quilon at 2½ per cent. in sterling under the guarantee of the Government of India, the Travancore Darbar underwriting that guarantee to the extent of the cost of the line in their own territory, and that the South Indian Railway Company should construct the whole line, including the rolling-stock, at cost price, and then work it on completion as a portion of their existing system at the same rate of working expenses as obtains on their whole line including the branch railway and other branches which may hereafter be added to it, the cost of maintenance for two years after opening being debited to capital.

Any surplus profits obtained by working the branch on the above conditions would, after deducting the share payable to the South Indian Railway Company, *be divided as originally proposed between the Government of India and the Travancore Darbar in proportion to the lengths of the sections of the line in their respective territories.* Under these arrangements assuming that, including rolling-stock and maintenance for two years, the British section would cost Rs. 28½ lakhs for 45 miles and the Travancore section Rs. 83½ lakhs for 58½ miles, the capital would be raised by the South Indian Railway Company at 2½ per cent., and the working expenses of the South Indian Railway would remain nearly stationary, and the results to the Government of India, the Travancore State and the South Indian Railway might be expected to show a loss in the third year after the opening of the line, as explained in case I below, to be superseded a few years later according to the moderate estimate contained in case II by surplus profits divisible between all parties.

6

	Case I, per mile per week. RS.	Case II, per mile per week. RS.
Estimated gross earnings, Travancore State section ..	50	100
Do. do. British do. ..	115	175
Estimated gross receipts of the whole branch line ..	4,21,000	7,14,000
Do. net do. do. ..	1,85,000	3,14,000
Deduct interest charges	2,80,000	2,90,000
Estimated surplus profits of the whole branch line ..	— 95,000	+ 24,000
Do. share, Travancore State	— 71,000	+ 11,000
Do. share, Government of India	— 20,000	+ 9,000
Do. share, South Indian Railway about ⅙ surplus or deficit	— 4,000	+ 4,000

These results, which are worked out on the supposition that Rs. 4 lakhs of extra capital for the rolling-stock would be required in case II, and that the South Indian Railway would share the net deficit as against Government, and the total surplus profit in the usual proportions show that the possibility of the South Indian Railway incurring serious loss will be very small indeed, whilst the liabilities incurred by the Travancore Darbar would not be unduly burdensome to that State, which would still obtain a large share of the high traffic returns expected from the British section of the line.

27P

para 13(3)

The Government of India says: "The working expenses of South Indian Railway will remain nearly stationary." I presume it is meant that the percentage of working expenses to gross earnings would remain stationary, and that no account was taken in these calculations of the percentage falling, in the future, as it has in the last few years.

(1)

In communicating these proposals to the Darbar, I pointed out that they depended on the concurrence of the South Indian Railway and that, so far as the terms went, they were equally applicable to the line whether it took the northern or southern route (see paragraph 2, letter Government of India, Public Works Department, No. 90 R.C., dated 17th January 1898).

SN°65

SN°74

G.O., No. 278 (Ry.), dated 18th February 1898.
" " 131 (P.) " 21st " "

10. In regard to the latter question, the Madras Government now laid before the Darbar the relative advantages of the northern and southern route, dwelling on the probable insufficiency of Mr. Shadbolt's estimate, the length of time a line with so much ghát work would occupy in construction, the more remunerative character of the Travancore portion of the southern route, the greater speed with which that line could be constructed, and the fact that the cost of all surveys would be debitable to the capital, so that the extra expense of surveying the southern route was of little consequence. The Government also suggested that the "Tinnevelly-Travancore" or the "Travancore" railway was a preferable title to that of "Tinnevelly-Quilon" which had been hitherto adopted for the line.

11. To the last suggestion the Darbar "raised no objection" and indicated no preference between the two alternatives. As Tinnevelly is only a station on the South Indian Railway, and Travancore is in wealth and population one of the six greatest Native States in India, it would appear that the "Travancore" railway would be the more suitable appellation. The greater length too will be within the State, which will also contribute the larger share of the cost of construction.

12. As regards the more important questions, viz., (i) the route to be finally adopted, and (ii) the new terms offered, the Government of His Highness the Maharaja has returned the following replies, viz.—

(i) The Darbar practically reiterates the opinion expressed in paragraph 8, (*a*), (*b*) and (*c*) of this letter, and "still prefers the northern route, and will be glad if it can be adopted and work started at once." I do not refer more particularly to what the Diwan says, because a *verbatim* copy of his important letter with brief marginal notes by myself is appended (appendix B). He makes his points, I think, in holding that the Darbar must look upon Mr. Shadbolt's as a responsible survey, giving an approximate cost of the northern route (see paragraph 3 of this letter), that the cost of construction and the probable receipts of the southern route must, pending survey and inquiry, be regarded as merely conjectural and can afford no safe basis for argument and comparison, that the Darbar very well understands its liabilities under the proposals previously made by the Government of India and accepted by it. I should add that there is also no question of its financial ability to discharge such liabilities.

* * *

8

(2)

His Highness' Government has no objection to the southern line being properly investigated, but must defer its opinion upon the adoption of that route till the result of a scientific survey and accurate traffic registration.

9
SN°69

(ii) With regard to the new terms offered (see paragraph 8 of this letter) in my letter to the Darbar, I quoted the words of paragraph 3 of G.O., (Ry.) No. 167, dated 31st January 1898, which reproduced the words of the Government of India, and described the railway as "a railway from Tinnevelly to the neighbourhood of either Quilon or Trivandrum or other suitable terminus, either by the northern or southern route, as may be decided by the Government of India." I did not understand that the Government of India had assumed any attitude as regards the route other than it had formerly taken. Neither, I believe, does the Diwan, but I note the point with reference to paragraph 6 of his letter.

(3)

The Darbar naturally approves the reduction of rate of interest from 3 to 2½ per cent., but entertains misgivings as to the expediency of undertaking a sterling guarantee with the consequent liability to fluctuations in exchange, accepts of course the proposal to underwrite the guarantee, but raises a point with regard to the figures of case I and case II of letter No. 1746 R.C. from the Government of India, dated 22nd October 1897 (paragraph 9 of this letter) from which working expenses appear to be about 56 per cent. Those figures relate to the half-year ending 30th June 1896, I gather, while in that ending 30th June 1897, the proportion fell to 51·83. If this is correct, 50 per cent. would not be far out, and that it will probably be shortly reached, may be inferred from letters from the Agent and Manager, which I have seen. These are perhaps the source of the figures quoted by the Diwan in paragraph 10 of his letter (appendix B) from the Consulting Engineer's first memorandum forwarded with my letter to which he refers, but subsequently withdrawn and replaced by another memorandum.

SR 62

* * *

The condition as regards the surplus profits, viz., that they should "be divided between the Government of India and the Travancore Darbar in proportion to the length of the sections of the line in their respective territories" is not, I think, as stated "that originally proposed," for under paragraph 5 of letter No. 1304 R.C., dated 2nd September 1896, from Government of India (see paragraph 5 of this letter) the division was to be made in proportion to the capital cost of the sections of the line in British and Travancore territory, respectively. The figures given by the Government of India show that the Travancore Government will lose by this change, for the proportions of capital cost concerned are 83 to 28 and of length 58 to 45, in favour in either case, but less in the latter case of Travancore. The figures vary according to the estimates of cost and length. The Darbar hopes the Government of India will see its way to allowing that division of surplus profits to stand, which has already been accepted. It is not stated that any set-off is intended against the lower rate of interest now offered, and the use of the words "originally proposed" leaves me in some doubt, whether the Government of India regards the division in proportion to capital cost, as an essential feature of the new terms.

SR 17
Mr Rees' doubt on this point cleared up [illegible] telegram [illegible] N.S.C. dated 13th April 98. [illegible]

The Diwan infers from the absence of any reference to Government of India letter containing the new terms, to the terms of purchase, that those of para. 7 of Government of India letter, dated 2nd September 1896, No. 1304 R.C. (see paragraph 5 of this letter) remain unchanged.

So far as I am aware this is the case.

13. Having brought the history of the project up to date, I would venture to express the opinion that the Darbar need not be pressed further to adopt the southern line. It should be remembered that South Travancore is a tract which probably has reached the high water mark of prosperity, and that the future development of the State will probably be in its northern districts.

But the offer of the new terms to the Darbar depends upon their acceptance by the South Indian Railway Company, which may give its concurrence only on condition that the southern route be adopted. In that case, and if construction by other agency of the northern route be out of the question—and there are to this plan many objections—the Darbar's evidently reluctant offer to proceed with the survey of the southern route will, I presume, be accepted. I do not believe that its superiority from the Darbar's point of view is by any means yet established.

My [illegible] Mr Rees N.S.C. dated 13th April 98 cleared up this point, [illegible]

(4)

I do not understand the Darbar's objections to a sterling guarantee to be insuperable. They may none the less be thought worthy of attention, the little point raised as regards working expenses can be cleared up by the Railway Secretariat, and the more important matter relating to division of surplus profits is perhaps deserving of a reference to the Government of India, [which may also, if in this case too, the information is not available with Government, be asked whether the old terms of purchase apply alike to those now offered.

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APPENDIX A.

Opinion.

(1) On the other hand, Quilon, at which the line through the northern route would terminate, is a port with facilities for constructing a harbour such as no other place in Southern India possesses according to competent judges.

(2) Quilon is within easy distance, by water, of nearly all the principal centres of trade in the country, and situated on an extensive system of water communication which affords facilities for transporting goods and passengers for 100 miles and more to the north of it, and 40 miles to the south, in boats which carry as much as 15 tons at about Rs. 10 for 100 miles.

(3) Though the intermediate traffic between Shencottah and Quilon is at present small, it is capable of development, and, with the valley of the Tambraparni at one end, and Central and North Travancore and the Shercingal and Trivandrum taluks at the other end, through traffic, both in goods and passengers, will always be large.

(4) The bulk of the produce exported to Tinnevelly, viz., cocoanuts, cocoanut oil, coppra, arecanuts, ginger, pepper, etc., is grown in much greater profusion in the country about Quilon and to the north and north-east of it than in the south.

(5) Cloths, rice, pulses, cattle and other articles produced in the Tambraparni valley can be imported into North Travancore cheaper and in much larger quantities by a line through that valley into North Travancore, than by a light railway from Ambásamudram to Tinnevelly, thence by the proposed metre-gauge line through Aramboli to Trivandrum and thence north through the canal with its tunnels.

(6) Quilon is already the seat of a cotton-spinning mill; and a trade in cotton and yarn has sprung up between it and Tinnevelly, which, with the facilities afforded by a railway, is likely to expand, as fuel and labour are cheap and more mills may be established with profit.

(7) Owing to the existence of perennial streams a plentiful supply of the raw materials, facilities of water communication and other natural advantages, North Travancore is better adapted for such industries as paper manufactories, saw mills, oil mills, etc.

(8) There is abundance of waste lands along the northern route which would be taken up for tea as both the soil and elevation are said to be adapted for its cultivation.

(9) Land for the railway along the northern route will cost little or nothing, while it will have to be dearly paid for in the south.

(10) Fuel for the railway is obtainable almost on the spot all along the northern route, while in the south it will have to be brought from considerable distances; so also timber for the works.

(11) Quilon being the central and head depôt for timber, timber from the hills is floated down to it in rafts from nearly all parts of the country. This article, which is in great demand in Tinnevelly and Madura, can therefore be easily carried by a rail through the northern route, while to bring it to Trivandrum would be both difficult and expensive owing to the tunnels.

33. I append to this letter some notes furnished to me by Mr. Horsley as to the relative merits from his point of view of the rival route.

34. I also forward a copy of an address lately presented to His Highness the Maharaja signed by Mr. Cameron, of the Scottish Indian Coffee Company, Mr. Darragh and other merchants and traders, who are non-officials and keen men of business urging the adoption of the northern route.

35. Lastly, I may add that the Travancore Government do not stand alone in their advocacy of the northern route. Mr. Puckle, Mr. MacGregor, Mr. Barton, Mr. William Logan, have all advocated it before them, and they are all men intimately acquainted with the country and competent to form a sound opinion on the question.

36. After what I have stated above, it is scarcely necessary for me to add that, on a careful reconsideration of the merits of the alternative routes, His Highness is clearly in favour of Quilon being made the terminus of the railway and of the northern route, through the Tambraparni valley, Shencottah and Punalore, being adopted.

37. A light railway from Trivandrum to Kotar, costing perhaps some 10 or 12 lakhs of rupees, would serve all the purposes of the passenger and goods traffic, present or prospective, between those places, and this the Travancore Government can supply at any time.

1896. ?

(Signed) V. RAMIENGAR,
Diwan.

Ramiengar died long before 1896
13th Aug 1883
I think see [illegible]
JHS

Dont print

APPENDIX B.

From the Hon'ble S. SHUNGRASOOBYER, Diwan, to the British Resident, Travancore and Cochin, dated Trivandrum, 2nd March 1898, No. P.D. 700.

In continuation of my letter No. C. 10, dated the 10th ultimo, I have the honour to state that His Highness' Government have carefully considered the points raised in your letters therein referred to.

2. I would first deal with Mr. Spring's revised note which formed the enclosure to your letter of the 3rd ultimo.

3. Mr. Spring, for reasons set forth in paragraphs 3 and 4 of his note, considers Mr. Shadbolt's estimate (viz., Rs. 26,22,000 for the 46 miles of British section and Rs. 75,66,000 for the 57 miles of Travancore section) too low, and thinks that the 46 miles of British section would cost 28 lakhs and the 57 miles of Travancore section 89 lakhs in round numbers. He suspects that in offering their guarantee, this Government "took Mr. Shadbolt's estimate of about one lakh all through and so took it for granted that their own section would probably cost about 60 lakhs." He points out that with the estimated amount of about 117 lakhs it will be possible to construct 156 miles of railway, if the southern route be adopted, or at the very worst "to take the railway right round through Aramboli, past Trivandrum and on to Quilon itself, a distance of 133 miles." He adds that of these 133 miles, 98 will be in Travancore and "passing through so very much better country, those 98 miles might reasonably be expected to earn fully Rs. 100 per mile per week, 50 per cent. of which, the Travancore portion, would just about cover the interest on the capital cost." He concludes, therefore, that the southern route is far better than the northern route and would save the State from "recurring annual loss," and he strongly recommends that the former route be properly surveyed.

4. Now as to the correctness or otherwise of the estimate framed by Mr. Shadbolt, after a thorough and personal investigation of the northern route and of the figures given by Mr. Spring, this Government are not in a position to express an opinion. In regard to Mr. Spring's doubt as to the amount in reference to which His Highness' Government offered the guarantee, I may observe that from the enclosures to your letter No. 3101,* dated 20th October 1895, it was perfectly clear that the cost of the Travancore section would be higher than that of the British section. In other words, this Government offered the guarantee with full knowledge that the capital cost of the Travancore section would be about 75 lakhs of rupees. Mr. Spring's forecast of the earnings of the Travancore section of the southern route is obviously not based on any ascertained facts or information and he does not say what in his opinion would be the probable earnings from the British section. This is important as the net earnings on the whole line (*i.e.*, after deducting the working expenses) go towards the payment of the guaranteed interest on the capital cost of the whole line. † There is no doubt that the portion of the British territory through which the northern line will pass is far and away superior to the region which would be tapped by the southern line, and diminished returns in the British section mean reduced surplus profits and increased liabilities to this State. Mr. Spring's estimate of the cost of construction of the southern line is also more or less conjectural. It is not clear whether due account has been taken of the cost of bridges, ‡ value of land and other items in respect of which that route would bear unfavourable comparison with the northern route. I am unable to understand Mr. Spring's reference to "recurring annual loss" in regard to the northern route. His revised note is entirely silent on the question of earnings. If the reference is to the calculation made in his former note which has been omitted in the revised note, I have only to refer you to my letter No. 4777,§ dated 11th December last, in which I pointed out that there was no ground to apprehend any financial loss even on the basis of Mr. Spring's estimate of cost and earnings.

* This letter forwarded the plans and estimates of Mr. Shadbolt's survey.
(Intld.) J.D.R.

† None whatever. I know the southern and northern British portions of the line. The former is a poor country.
(Intld.) J.D.R.

‡ This would be very heavy as there are several deep and rapid rivers to be crossed. This is the part of Travancore most favoured by the people and contains the most irrigated land, which fetches very high prices.
(Intld.) J.D.R.

§ Forwarded to Government and returned with endorsement No. 198, dated 25th January 1898. I understood that it was accepted as correct in regard to the financial position of the Darbar under the proposals made and accepted.
(Intld.) J.D.R.

5. His Highness' Government do not see in the consideration set forth in Mr. Spring's note sufficient reason to modify the opinion previously expressed regarding the northern route, and in view of the long discussion that has taken place and the outlay already incurred in the survey of the line they would be glad if that route could be adopted and work started at once. As, however, Mr. Spring so strongly recommends the southern route and as the South Indian Railway authorities, whose concurrence is essential, seem also to have a decided preference to that route, His Highness' Government have no objection whatever to that line being properly investigated. As Mr. Spring himself admits, a scientific survey and location of the line must precede all further discussion. As pointed out in paragraph 8 of my letter, No. 4777, dated 11th December last, the history of the northern route clearly shows what little reliance could be placed on estimates based on rough surveys. The necessary data for accurately determining the traffic prospects of the southern route have also yet to be collected. His Highness' Government must therefore defer their definite opinion of this route until they are in possession of the results of a scientific survey and accurate information regarding traffic on the whole line. They would at once gladly arrange for registration of traffic on the Travancore section.* In regard to the survey, I would refer you to paragraph 9 of my letter No. 4777, already adverted to, and await the information therein called for. I may add that in dealing with the southern route it will be enough to take Trivandrum as the terminus, the question of eventually extending the line to Quilon being deferred for future consideration.

* This related to incidence of survey charges and now that it is aware that all surveys are debitable to capital when raised, the Darbar has no objection to advancing the money. An official intimation to this effect has been made.
(Intld.) J.D.R.

6. I now proceed to answer your letter, No. B, dated the 4th ultimo.

In this letter the terms previously proposed by the Government of India and accepted by this Government (*vide* correspondence † marginally noted) are modified and the views of this Government are invited as regards the modified proposals. These proposals are to apply alike to the northern and southern route, the decision of the route resting with the Government of India, and you desire to know also "the wishes of His Highness' Government as regards this question of choice of routes."

† From the British Resident, to Diwan, Ref. A on C. No. 3005, dated 26th September 1896.
To the British Resident, from Diwan, Ref. A on C. No. 4104, dated 29th September 1896.

7. The terms now proposed are—

(1) The South Indian Railway Company to raise the whole of the money required for the construction of the entire line at 2½ per cent. in sterling.

(2) The Government of India to guarantee the above interest, this "Government underwriting that guarantee to the extent of the cost of the line in this State."

(3) The South Indian Railway Company to construct the whole line, including the rolling-stock, and then work it on completion as a portion of their existing system at the same rate of working expenses as obtains on their whole line including branch lines, the cost of maintenance for two years after opening being debited to capital.

(4) Surplus profits after deducting the share payable to the South Indian Railway Company to be divided between the Government of India and this State in proportion to the lengths of the sections of the line in their respective territories.

8. In regard to the first condition it is noted that the guarantee is to be in sterling, while the guarantee contemplated in the previous letter was in rupees. On the other hand, the rate of interest has been reduced from 3 to 2½ per cent. This is certainly a decided advantage; but His Highness' Government are not without misgivings as to the expediency of undertaking a sterling guarantee involving, as it does, a liability varying with the fluctuations in exchange.

9. The second condition is what has been already accepted by this Government.

10. In regard to the third condition, I have to observe that the percentage of gross receipts to be allowed as working expenses is not stated. From the figures ‡ given in paragraph 3 of your letter (No. B) it would appear that the proportion is about 56 per cent., whereas according to your letter, No. 3205, dated 15th October last, and the resolution of the Government of India therein referred to, the ratio of working expenses "will § not exceed 50 per cent. of the gross earnings" inclusive of the charges for the use of the main line rolling-stock.

‡ The figures of case I and case II in Government of India letter No. 1746 R.C., dated 22nd October 1897.
(Intld.) J.D.R.

§ This is a quotation from the Consulting Engineer's earlier memorandum since withdrawn. The resolution was not sent with it.
(Intld.) J.D.R.

11. The fourth condition materially differs from what was previously offered and accepted, viz., that the surplus profits are to be divided between the Government of India and this State "in proportion to the capital cost of the sections of the line in British territory and the Travancore State, respectively." According to Mr. Spring's estimate the length and cost of the British and Travancore sections are 46 miles and 28 lakhs of rupees and 57 miles and 89 lakhs of rupees, respectively. Under the term previously offered therefore the surplus profits will be divided in the proportion of 28 : 89; while under the term now proposed the ratio will be 46 : 57. As the liability in respect of guarantee is with reference to the capital outlay on the two sections and having regard to the limited resources of this State, His Highness' Government venture to hope that the Government of India may on reconsideration be disposed to allow the division of the surplus profits and the liabilities to be made on the same basis.

12. No reference is made in your present letter to the terms of purchase adverted to in paragraph 3 of your letter No. 3005 of the 26th September 1896, but I presume that those terms remain unchanged.

13. Having generally indicated their views as above, His Highness' Government would cheerfully accept your advice as to the modified terms.

14. In regard to the route it is observed that the Government of India define the line as a "railway from Tinnevelly to the neighbourhood of Quilon or Trivandrum or other suitable terminus either by the northern or southern route as may be decided by the Government of India." As regards the terminus, His Highness' Government consider that it should be Quilon or Trivandrum according as the northern or the southern route is adopted, there being no immediate necessity to connect Quilon and Trivandrum with the railway. As to the choice of the routes, I have already in dealing with Mr. Spring's note indicated the views of His Highness' Government.

—

Exd. J. Henricus.

[G / 69-A.]
500—24-11-97.

Political DEPARTMENT.

Print

SERIAL No. 88

Memorandum No. 967 288

READ the following paper:—

Print in full

From the Resident in Travancore and Cochin, No. Camp X.Y.C.I, dated 29th March 1898.

—

Print

Transferred (with a printed proof) to the Public Works Department with reference to G.Os. No. 137 R, dated 25th January, No. 167 R, dated 31st January and No. 278 R dated 18th February 1898.

SN. 68

SN. 69

SN. 74

for Chief Secretary

Ootacamund
22nd April 1898

22.4.98

To

The Secretary to Government
Public Works Dept.

Press

29 P

TELEGRAM ~~URGENT~~
~~ORDINARY,~~
DEFERRED

SERIAL
No. 89

FROM
E. R.

To

Z. J. D. Rees Esq.

Resident in Travancore and Cochin.

No. 16.C/ just received from Political yours dated March 29 Following points require reply from me. *Firstly.* India has assumed no new attitude about route. *Secondly.* my wire five dated thirteenth April removes doubts about India's intentions regarding surplus profits and informs you that South Indian accepts India's terms for either route. *Thirdly.* Dewan's inference about purchase terms remaining unaltered may be considered correct. *Fourthly.* working percentages for seven full years ending 97 have been 66 . 63 . 61 . 59 . 56 . 55 . 53. respectively, showing that further economy may be confidently anticipated I have again taken His Excellency's instructions and this Government will support Durbar's decision about route. Hope you can now obtain Durbar's definite proposal in time for Simla fifteenth.

E.R.

23/4/98

Despatched on 23/4/98

Poll.
7
500—11-6-97.

Political (1898) Department.

CURRENT No. 640

SERIAL
No. 96

V.E

x — [illegible]

~~Order~~
To

P.W.D., Railway Branch, for perusal and return.

CmS.
4.5.98

ASA
4.5.98

To

P.W.D. Railway Branch with file in original to be returned

No. cutting not.
The railway referred to is the Tinnevelly Quilon
F.M.

? vide telegram at 6a

File returned with thanks. Copy made of Reqst. of telegram from Resident dated 4th May
F.M. 5/5/98

Telegram

From

The Resident in Travancore & Cochin

No.

Dated
Received } 4-5-98.
Registered
Enclosures
Spare copies

SUBJECT.

Stating that all terms ~~Tinnevelly Quilon~~ re railway have been accepted and that the northern route is preferred.

S

To await the Resident's letter.

CmS
5/5/98

ASA 11.5.98

The Chief Secretary. Pol. Dept.

As suggested in Pol. Dept's memo on [illegible]. the docket covering Camp letter No. A. 19. dated 7th May 98. from the Resident in Travancore and Cochin, it would be as well to telegraph to Resident for a copy of the Travancore Dewan's letter which he quotes and refers to.

Francis J. E. Spring
Jt. Sec. PWD
Rys.

11/5/98

BACK PAPERS

G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.

Pol. Current No. 640

INDIAN TELEGRAPHS

Code Class.	S
Monthly Number.	295

35 P

To (Office)	ootacamund
From (Office)	munaar

Words.	Day.	Hour.	Minute.	Official Instructions.
13	4	10		

To (Person)	madras
From (Person)	resident in travancore

V. E.

Press

CHIEF SECRETARY
4 MAY 1898
GOVERNMENT OF MADRAS

travancore dewan telegraphs all terms railway accepted northern route prefered letter follows

32 Word Form.

F. CL.

C.A.
Send copy to Secy. Rys.
4. 5. 98

Recd. from	LN.	Sent to	LN.

At Hrs. Mts. by

OOTACAMUND 4-5-98

J. Mason
Telegraph Master.

I G P No. 124 T—1: 10 — 000000

40

3. V. ED

[illegible]. Form No. 12.

SERIAL

No. 100

No. 691. Dy

Coll C V 02

Pvt Copy of Service message d/

V, ~~[illegible]~~ ———

Travancore Dewan telegraphs all terms Railway accepted. Northern Route preferred. Letter follows.

To P.W.D. Rys.
for perusal & return.
ASA 9.5.98 4. V. ED

JD Rees
Resdt

H.E. the Governor in Council

I have &c FJS 5/5/98

40
3.V.98

dia Service Post Card.

(s only to be written on this side; the signature and official designation of the sender must be written on the reverse.)

OOTACAMUND 5 MY 98

5 MY 98

CHIEF SECRETARY
9 MAY 1898
GOVERNMENT OF MADRAS

The Chief Secretary to Government
Ootacamund

R. Form No. 12.

SERIAL No. 100

No. 691. Ry

Government of Madras.

PUBLIC WORKS DEPARTMENT,
RAILWAY BRANCH.

For Print

To

The Secy. to the Govt. of India,
P. W. Department.
Simla

38 P

Ooty, the 5th May 1898.

Sir,

In continuation of my letter No. 651.Ry. dated the 28th April 98. in which was enclosed a copy of the Board of Directors S.I.R. letter to their Agent, No. 209 dated the 7th April 98, accepting the terms proposed in your letter No. 1746.R.C. dated the 22nd Oct. 97. for constructing and working the proposed extension from Tinnevelly into Travancore, I am now directed to inform you that the Resident in Travancore and Cochin has telegraphed to the effect that the Travancore Durbar have also accepted the proposed conditions, but adhere to their preference for the Northern Route.

2.— I am instructed that on receipt of an official communication from the Durbar the Govt. of India are again to be addressed with a full expression of the views of H.E. the Governor in Council.

I have &c
FHS 5/5/98

Despatched on 5.5.98

Political (1898) Department.

Print 39 P

~~Not to print~~

C. No. 640 & then VE

Transferred to the Public Works Department (Railway Branch) in continuation of Endorsement No. 967 of 22nd April 1898. If copy of the ~~Order~~ letter from the Diwan of Travancore from which the Resident quotes, is required Political Department will telegraph for it.

A. T. Arundel
Chief Secretary
11.5.98.

CURRENT No.

SERIAL No. 104

CHIEF SECRETARY
11 MAY 1898
GOVERNMENT OF MADRAS

From The Resident in Travancore & Cochin

Camp No. C-19

Dated 7th May 1898.

Received

Registered

Enclosures

Spare copies

SUBJECT.

Travancore Railway — regarding —

BACK PAPERS.

G.O.	No.	Department	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.

Urgent

Camp No. A.19

THE RESIDENCY
TRAVANCORE & COCHIN

Camp 7 May 98.

(1)

Press

37 P

1 From J. D. Rees Esq, Resident in Travancore.
To The Chief Secretary to Government.

Sir

I have the honour to address you in continuation of my letter Camp. no: X.Y.C I. of 29 March 1898 regarding the Travancore Railway.

2. Since writing that letter I informed His Highness's Government that the "intention of the Government of India is that Durbar Government [of India] should bear loss in proportion to capitals, while as regards surplus profits working company would retain about one sixth the balance ~~between~~ being divided between Government & the Durbar in proportion to mileage", quoting the words of the Consulting Engineer's telegram to me of April 13th, 5.C., and adding, as also was intimated in that telegram, that the South Indian Railway had agreed to make the line on the conditions now offered by the Government of India, either by the Southern or the Northern route.

3. Subsequently upon receipt of the Consulting Engineer's telegram 16.C. of April 23rd I was able to inform the Durbar with reference to the other points raised in its letter of 2nd March 98 [Appendix B to mins of 29 March], that the new terms offered by the Government of India implied no change of attitude on the part of that Government as regards the route to be adopted, that no change is made in respect of terms of purchase, those stated in the terms formerly offered being now applicable, that the working expenses of the South Indian Railway have been gradually reduced & that further economies were anticipated, and lastly, that the Government of Madras would support the Durbar's decision in favour of the Northern route.

4. His Highness the Maharaja's Government informed me on the 29 April, with reference to the first matter mentioned in para 2 of this letter, that as the Government of India did not seem prepared to reconsider the matter, the Durbar accepted the terms as offered, and on May 1st, the Dewan telegraphed

"Your telegram Travancore Railway. All terms accepted. Northern route preferred".

5. I have this day received a further communication from the Dewan confirming his telegram, the contents of which are already before Government, & his letter to which reference is made in the last paragraph. The following portions of his ~~Court~~ latest letter should be quoted; — viz:

"His Highness' Government also accept the other terms - viz (1) guarantee of 2½ per cent in interest in sterling, and (2) the working expenses not to be limited to 50 per cent inclusive of the use of the main line rolling stock, but to be the same as obtains from time to time on the main line system, exclusive of use of rolling stock.

In regard to these terms, however, I may be permitted to observe that His Highness' Government are still not without misgivings as to their ultimate effect. Under these terms, the amount of interest payable in rupees, and the proportion of the

gross receipts, which would be deducted as working expenses, are indeterminate, and variable from year to year - a feature calculated to disturb the financial forecast, and possibly the financial equilibrium of a State like Travancore. It is observed that during the last seven years the percentage of working expenses in the South Indian Railway fluctuated from 66 to 53. As you point out, the percentage may likely go down to 50; but it is, I fancy, also possible that it may go up beyond 66. In the case of some lines, I understand the working percentages have gone up to 72, 82 and even 95. I leave it to you to consider, whether it is not possible to fix a maximum limit, say 55.

The above observations are by no means intended in any manner to qualify the acceptance of the terms by His Highness' Government.

I observe that the terms of purchase adverted to in para 3 of your letter No: 3006 dated the 26th September 1896 remain unchanged. [see para 5 of my letter X.Y.C.1. d/ 29 March 98]

I presume that arrangements similar to those in force on Railways in British territory in the matter of services rendered to all Departments of the State will, as regards the line in Travancore territory apply in respect of services to this State."

6. The communications quoted, or referred to, above, deal with the points previously raised by the Durbar, and discussed in paras 12 & 13 of my letter X.Y.C.1. d/ 29 March. A sterling guarantee must of course be subject to fluctuations when expressed in rupees, but it would be fortunate indeed if all Governments could, like Travancore, count with confidence

(4)

on being able without inconvenience to face such fluctuations. Even if the working expenses were 90 %, which is so improbable a contingency as hardly to be worthy of consideration, everything pointing to a probable reduction to 50 %, yet the Durbar would only be exposed to the fluctuations of exchange in regard to an annual payment of about Rs: 2.30.000. This is no great matter for a State whose annual income is at least equal to its expenditure, which could effect savings, which has a surplus of nearly a year's ~~income~~ revenue, which has great possibilities of expansion & development. As a fact I believe the last published South Indian figure was 51.83, and I do not myself feel any misgivings as to the sterling guarantee, or the working expenses, though some reluctance to come in contact with the exchange question is not unnatural. I should imagine that it would be out of the question to propose to the S. Indian Railway, or to the Government of India a limit of 55 %, and probably the Government could explain to the Durbar that the circumstances of the Railways, in which the high percentages quoted were reached, are in no way analogous to those of the S. Indian Ry.

In its letter no 4777 dy 11 Decr 1897, which has been before Government – [see my last marginal note on the first page of Dewan's letter Appendix B to my letter of 29 March] – the Durbar said "There need thus be no serious misgiving in regard to the financial aspect of the Northern line". It seems to me that the ½ per cent reduction in interest will very probably cover the fluctuations of exchange, which result from the acceptance of the sterling guarantee, & that circumstances & good management in the S. Indian Ry. will work together to bring about an agreement between the old & the new terms in regard to working expenses. In short my knowledge of the country, the Government, & the finances of Travancore lead me to think that His Highness's Government will have no reason to regret that it does not allow its misgivings to qualify its acceptance of the new terms.

7. An assurance as regards services rendered to departments of the State would be acceptable, in view of the presumption of the last sentence in the extract from the Dewan's letter.

I have, the honour to be Sir,
Your most obedient servant
J. D. Rees
Resident in Travancore

SERIAL
No. 98

Code Class. } S

INDIAN TELEGRAPHS.

Monthly Number. } 410

To (Office) Ootacamund			From (Office) [illegible]unaar		
Words. 20	Day. 5	Hour. 6	Minute. 40	Official Instructions. }	

To (Person) Joint Secretary to Government
railway branch

From (Person) Resident in Travancore

Telegraphed yesterday political saying travancore accepts all new terms

32 Word Form.

F. C. I.

Recd. from LN. Sent to LN.

At Hrs. Mts. by At Hrs. Mts. by

OOTACAMUND 5-5-98

86

Telegraph Master.

C G P No 1?1 T—12 10 96—6000000

Post Copy of Service message d/ 4/V/08

"Telegraphed yesterday political saying
"Travancore accepts all new terms"

Post copy of message to Political d/. 3/V/08

"Travancore Dewan telegraphs all terms.
Railway accepted. Northern route preferred.
Letter follows." 4. V. 08 J D Rees
Resident.

SERIAL
No. 42

H.E. The Governor

The Hon. Sir H. Bliss K.C.I.E.
" " Mr. J. Grose C.I.E.

THE TINNEVELLY - QUILON AND MADURA-PAUMBEN RAILWAYS.

Towards the end of July 1897 we learnt from the Agent, South Indian Railway, that he had received telegraphic instructions from his Board to press for the grant to them of the three lines, en bloc. Palghat-Dindigul, Tinnevelly-Quilon, and Madura-Paumben.

2. In acquainting the Government of India with this offer in our letter No. 532 Ry., dated the 5th August 1897, we expressed the opinion that the time was not ripe for deciding about the Palghat-Dindigul. We asked that if possible the South Indian Railway Company might be enabled to make the Madura-Paumben without the intervention of an outside Company. As regards the Tinnevelly-Quilon we said that we hoped that the exigencies of the all-India Railway programme would allow

Secy. Perhaps Hon. Members would like to read this Note.

D.G.H.
9.5.98

The Note was prepared at H.E.'s request and is now at his desire passed on to Hon. Members.

FKS
10/5/98

HB
11/5/98

JG
12/5/98

Keep this in the T.Q. file. The rough copy can be kept in the M.P. file.

FKS
13/5/98

[illegible] 10/5 R/ 13/5/98

of the South Indian Railway Company being enabled to construct it with State Guaranteed Debentures: but we said that if this was impossible we hoped that the Company would be encouraged to form a subsidiary Company connected with the principal Company by means of the rebate clauses of the Branch line Resolution for the British portion, and getting a British Guarantee, to be underwritten by Travancore, for the Travancore portion. We concluded by pressing strongly for this line being taken in hand early.

3. The Government of India's reply, No. 1746 R. C., dated the 22nd October 1897, contains terms which they said they would be prepared to agree to for the two lines, Madura-Paumben and Tinnevelly-Quilon.

4. As regards the Madura-Paumben they said that unless the South Indian Railway Company definitely accepted some such arrangement as that proposed by Messrs. Best & Company to make this line on Branch line terms, its construction in the immediate or even in the near future would be entirely out of the question for many years to come.

5. As regards the Tinnevelly-Quilon the Government of India said that they were prepared to recommend to the Secretary of State that the South Indian Railway Company should be enabled to raise the whole of the necessary Capital at 2½ per cent in sterling under the guarantee of the Government of India, the Travancore Durbar underwriting that guarantee to the extent of the cost of the line within their territory: that the South Indian Railway Company should build the line at cost price, and work it as a portion of their existing system at the same rate of working expenses as obtains on the whole line whatever may be its extent from time to time, the cost of maintenance for two years after opening being debited to Capital: that surplus profits, after deducting the share payable to the South Indian Railway Company should

be divided in proportion to the lengths of the sections in their respective territories between the British Government and the Travancore Durbar.

6. In offering these terms the Government of India laid it down that they would consider no offer for making the Madura-Paumben which did not contemplate the making of the Tinnevelly-Quilon line almost simultaneously.

7. We replied to the Government of India about the Madura-Paumben, that while adhering to the opinion that it would be far better if possible that this line should be so financed as to be an integral part of the South Indian Railway, still, recognizing the difficulty of bringing it within the all-India programme (that is, within the list of lines for interest on whose Capital Indian revenues must be responsible directly) we agreed with the Government of India that it might, without risk of complication, be made on branch line terms, provided that the agreements between the Branch line Company and the Government of India and between the latter and the South Indian Railway Company, were drawn up somewhat on the Ahmedabad-Prantej lines.

8. As regards the Tinnevelly-Quilon line we addressed the Government of India, in our No. 1034 R., dated the 25th November 1897 to the effect that we were very pleased to learn that the Government of India were prepared to allow this line into the all-India programme. We said however that we were just then in correspondence with the Travancore Durbar about the preferable route for adoption, Southern or Northern ; that we hoped that the Durbar might perhaps pronounce in favour of the former, and that if so, we would write again and hoped that the offer of the terms quoted above would still be open.

9. In replying to our Madura-Paumben letter, in their No. 90 R. C., dated the 17th January 1898, the Government of India

said that before work is allowed to be begun on that line the South Indian Railway Company must give a guarantee that whenever called on to do so they would be prepared to build and work a Railway from Tinnevelly into some appointed place in Travancore on the terms and conditions contained in the Government of India's letter No. 1746 R. C., dated the 22nd October 1897.

10. Since the January letter of the Government of India just referred to, the Agent, South Indian Railway, has been in correspondence with his Board, and we have been in correspondence with the Travancore Durbar, and things have moved forward slowly but steadily to the following result.

(a) The Board of the South Indian Railway Company have wired to their Agent "accept Government proposals, but hope Paumben may be integral part of undertaking."

(b) The Dewan of Travancore has telegraphed to the Resident "all terms Railway accepted, Northern Route preferred."

11. This is the very latest.* We cannot well address the Government of India until we receive something fuller than the telegrams, viz., a letter from the Board of the South Indian Railway Company to their Agent, and a letter from the Dewan of Travancore to the Resident. But we may expect to receive these in a few days.

12. As a matter of routine I have officially kept the Government of India informed about the telegrams, and have said that this Government's views will be communicated on receipt of fuller communications.

9/5/98

* I find that we have as a fact sent India a copy of the S. I. Board's letter which followed their telegram.

Despd 11/5/98

Political Dept.

SERIAL No. 102

Telegram
To

Resident in Travancore
and Cochin
Munnar, Madura
District

No. 238x (Your ~~letter~~ A-19 7th
Travancore Railway). Send
immediately copy Dewan's
letter quoted and referred to [illegible]

11.5.98

11.5.98

"will lose the trace. [illegible]
written more than once.

Public Works Department,
Railway Branch.

SERIAL
No. 103

OFFICE NOTE No. ______

Dated 11 – 5 – 1898.

From

THE JOINT SECRETARY TO GOVERNMENT, P. W. D. (RAILWAY BRANCH),

To

THE Chief Secretary (Pol. Dept.)

I shall be glad to see the Travancore Durbar's letter referred to below as soon as possible.

FRS

11/5/98

THE RESIDENCY TRAVANCORE

7-5-98.

My dear Spring,

To say of this post I send an official letter on Travancore Ry. to Political. Only got the Dewan's letter today. So you can go on ahead with that.

As regards Cochin Dewan, I cannot understand his delay. It was agreed he was not to wait for any settlt. of details as regard terms of land from Travancore for the Ry. – He wants to make his report too perfect & in beating the record will lose the train. I've telegraphed & written more than once. Sincly J D Rees

To Jt Secy
P.W.D. (Ry B)
It has not yet× come. When received it shall be sent on V.E.

11.5.98

× Since recd and handed to Ry Secy.

Political Department

Current No. 680

SERIAL
No. 105

From,

E

The Resident in

Travancore &
Cochin

To, Ref. on camp No. B 1.

The Chief Secretary to

Government

Ootacamund.

Date 12th
Despd do
Recd 16th
Regd 16th
} May 1898.

Enclos: 3.

Forwarding Dewan's letters on Travancore Railway called for in Telegram No. 238 of 11th instant.

Endt. No. 1132 d/ 16th May 1898

Transferred to the Public Works Department, Railway Branch, with reference to the Joint Secretary's note of the 11th instant. R

A Arundel
Chief Secretary

Cmd
16/5/98

No. 1448.
P. W.

Huzur Cutcherry
Trevandrum 24th April 1898

From,

The Dewan of
Travancore

To,

The British Resident in
Travancore & Cochin

CHIEF SECRETARIAT
18 MAY 1898
GOVERNMENT OF MADRAS

VE

Sir,

I have the honour to acknowledge receipt of your circular No. A1 of the 15th instant forwarding copy of a telegram to you from the Consulting Engineer for Railways regarding the Tinnevelly-Travancore Railway.

The telegram, it is observed, is in reference to para 11 of this office letter No. 700 dated 2nd ultimo in which it was pointed out that the proposal to divide the loss between this State and the British Government in proportion to the capital cost of the Sections of the line in Travancore & British territories and the Surplus profit in the ratio of the lengths of the two sections was less favourable to this State than the term previously offered and accepted, and a hope was expressed that the Government of India might on reconsideration be disposed to allow the

division

division of the liabilities and the surplus profits to be made on the same basis. As the Government of India, however, do not seem prepared to reconsider the matter, His Highness' government accept the term as indicated in your letter.

Your letter is silent as to the other points - for instance the question of sterling guarantee, the percentage of gross receipts to be allowed as working expenses, the terms of purchase etc which were raised in this office letter above referred to, but I trust I shall hear from you on these points in due course.

I have etc.
(Sd) K. Krishnaswamy Rao
Dewan.

Current No 690.

True copy forwarded to the Chief Secretary to Government to be substituted in place of one sent along with this office letter, Camp no. 81 dated 12th instant, as it had to be signed in haste to catch the post by the circuit manager.

J. D. Rees
Resident in
Travancore.

Devikulam
14th May 98

Cul. 680. Transfd to P.W.D. Sect 1132 of 16-5-98
M.

Huzur Cutchery
No. 1590 P.W. Trivandrum, 29th April 1898

From
The Dewan of Travancore
To
The British Resident in Travancore and Cochin

Sir,

I have the honor to acknowledge receipt of your letter dated the 24th instant and your D.O. of the 23rd idem, with enclosures, regarding the Tinnevelly-Travancore Railway.

2. I have already replied to your endorsement, Circuit No. 41 of the 15th instant, referred to in the above letter (vide my letter No. 1448 dated 24th instant)

3. I note that, in regard to the route the Government of India has assumed no new attitude - in other words, that it would leave the choice of route to this Government, and that the South Indian Railway has accepted the new terms for either route - northern or southern. In view of the position taken up by this Government during the last 16 years, a further expression of opinion in the matter of route seems hardly necessary.

4. I have in my letter No. 1448 of the 24th instant already intimated the acceptance by His Highness Government of the new terms regarding the division of liabilities and surplus profits - the former in proportion to the capital cost, and the latter to the length of the sections of the line in the two States.

5. His Highness' Government also accept the other terms - viz (1) guarantee of 2½ percent in interest in sterling and (2) the working expenses not to be limited to 50 per cent inclusive of the use of the main line rolling stock, but to be the same as obtains from time to time on the main line system exclusive of use of rolling stock.

6. In regard to these terms, however, I may be permitted to observe that His Highness' Government are still not without misgivings as to their ultimate effect

Under these terms, the amount of interest payable in rupees and the proportion of the gross receipts which would be deducted as working expenses, are indeterminate and variable from year to year – a feature calculated to disturb the financial forecast, and possibly the financial equilibrium of a State like Travancore. It is observed that during the last seven years the percentage of working expenses in the South Indian Railway fluctuated from 66 to 53. As you point out, the percentage may likely go down to 50; but it is, I fancy, also possible that it may go up beyond 66. In the case of some lines, I understand the working percentages have gone up to 72, 82 and even 95. I leave it to you to consider whether it is not possible to fix a maximum limit, say 55.

7. The above observations are by no means intended in any manner to qualify the acceptance of the terms by Her Highness' Government.

8. I observe that the terms of purchase adverted to in para 3 of your letter No 3005 dated the 26th September 1896 remain unchanged.

9. I presume that arrangements similar to those in force on Railways in British Territory in the matter of services rendered to all departments of the State will, as regards the line in Travancore territory, apply in respect of services to this State.

I have &c
(Sgd) K. Krishnaswami Row
Dewan

(True copy)

J. D. Rees
Resident

Enclo. No 3.
Kept c No 680

Current No 680

Ap in camp No 31

E

Resident's Office on Circuit
Camp Moonaar 12th May 1898

CHIEF SECRETARIAT
16 MAY 1898

From
J. D. Rees Esq. C.I.E.
Resident in Travancore

To
The Chief Secretary to Government
Ootacamund

Sir,

I have the honor to forward herewith a copy of the Dewan's letter called for in your telegram No 238 dated the 11th instant, which however reached me in a mutilated condition today & is being repeated. I enclose also copies of Dewan's letters No 1448 of 2nd Apl 98 & No 4777 P.W. of 11th Decr 1897.

I have the honour to be
Sir
Your most obedt Servant
J. D. Rees
Resident

[Poll.
7
500—11-6-97.]

Political (1898) Department.

CURRENT No. 690

V.E.

SERIAL
No. 106

From

The Resident in
Travancore & Cochin

Order No. 1162 d/ 18th May 1898

Transferred to the P. W. D.
(Railway) in continuation of
S 105
Endorsement No. 1132 d/ 16. 5. 98.

A Arundel
Chief Secretary

Cws.
18.5.98

S 105

Copy of this to [illegible]

No. -

Dated 14th May 1898

Received 18th May 1898

Registered 18th May 1898

Enclosures

Spare copies

SUBJECT.

Re. Tinnevelly-Travancore
Railway

BACK PAPERS.

G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.

Huzur Cutcherry
Trevandrum 24th April 1898

No. 1448
B.W.

From,
The Dewan of Travancore

To,
The British Resident in
Travancore & Cochin

Sir,

I have the honour to acknowledge receipt of your circuit No. 61 of the 15th instant forwarding copy of a telegram to you from the Consulting Engineer for Railways, regarding the Tinnevelly Travancore Railway.

The telegram, it is observed, is in reference to para 11 of this office letter No. 700 dated 2nd ultimo in which it was pointed out that the proposal to divide the loss between this State and the British Government in proportion to the capital cost of the sections of the line in Travancore & British territories and the surplus profits in the ratio of the lengths of the two sections was less favourable to this State than the term previously offered and accepted and a hope was expressed that the Government of India might on reconsideration be disposed to allow the division of the liabilities & the surplus profits to be made on the same basis. As the Government of India, however, do not seem prepared to reconsider the matter His Highness' Government accept the term as indicated in your letter.

Your letter is silent as to the other points – for instance, the question of sterling guarantee, the percentage of gross receipts to be allowed as working expenses, the terms of purchase etc which were raised in this office letter above referred to, but I trust I shall hear from you on these points in due course.

I have etc
(Sd) K. Krishnaswamy Rao
Dewan.

(True copy)

T. Subramania Iyer
Assistant Manager
12/5.

Enclo. No 16 to C. No 680.

Form No. (2). No. 781/A Ry of 6th June 1898

PUBLIC WORKS DEPARTMENT,
RAILWAY BRANCH.

Print

PROCEEDINGS OF THE MADRAS GOVERNMENT.

READ the following

Progs: of the Madras Govt. P.W.D. – H.	No. 1033-34 R	of 25th Novr. 1897
Do. — Do. — Do.	757 R	of 1st Octr. 1897
Do. — Do. — Do.	137 R	of 25 January 1898
Do. — Do. — Do.	167/168 R	of 31st — do —
Extract from letter from Agent S. I. Ry. to his Board of Dir.	5 br	of 15 Decr 1897
Letter from Consg. Engr. for Rys to Agent S. I. Ry	302	of 31 Jany. 1898
Extract from letter from Agent S. I. Ry to his Board of Directors	571	of 2d Feby. 98
Extract from letter from the Board of Dir. to Agent S. I. Ry	2024	of 11 do
Progs: of the Madras Govt. P. W. D.	278 Ry	of 18 do
Letter from the Govt. of India P. W. Deptt.	17 R.P.	of 9th April 98

vide original J 80 98-99 of 28.7.98

Telegram from the Joint Secy: P. W. D. Rys to the Secy: to the Govt. of India P. W. D.	H.E. No 19 B of 2d April 1898
Telegram from the Govt. of India P. W. D.	20 R P of 7th do
Telegram to the Resident in Travancore & Cochin	of 13th do
Telegram to the Govt: of India	1A of 11th do
Memorandum from the Political Depto with enclosures	967 of 22d do
Telegram to the Resident in Travancore & Cochin	16 C of 23d do
⊕ Procgs: of the Madras Govt: P. W. D.	650-51 Ry of 28th do
Telegram from the Resident in Travancore	of 4th May 98
Letter to the Govt: of India P. W. D.	691 Ry of 5th do
Endorsement from the Political Depto.	of 11th do

40 P.

The Government of India will be addressed.

⊕ vide original of GO 988-9 R Ry 28-7-98.

B. Form No. 12.

No. 782 Ry

Government of Madras.

PUBLIC WORKS DEPARTMENT,

RAILWAY BRANCH.

SERIAL No. 109

Tinnevelly-Quilon Railway

His Excellency The Governor

The Hon'ble Sir H. Bliss K.C.I.E.

" " Mr. J. Grose C.I.E.

To

THE SECY. TO THE GOVT. OF INDIA,

P. W. DEPARTMENT.

Simla.

Ooty the 6th June 1898.

41 P

SIR,

The several doubts and difficulties of the Travancore Durbar, with regard to the proposals for financing and working the Tinnevelly-Quilon Railway which were put forward in your letter No. 1746 R. C., dated the 22nd October 1897, having been cleared up, and the conditions laid down in your letter No. 90 R. C., dated the 17th January 1898, having been definitely accepted by the South Indian Railway Company, I am now in a position to communicate to you the views of this Government upon the subject of that Railway. But first I am instructed to say that His Excellency the Governor

A. SH 14.5.98

14/5/98

18/5/98

I shall be glad of H. E's and Hon Members' permission to make the alteration proposed in pencil at para 6. This seems necessary for greater clearness.

I think that it would be a wise concession to the Durbar to fix exchange as proposed in the suggested alteration of para 7. It was done for the S. I. R. C. and India will scarcely refuse it to the Durbar, though it is a small contingency, as they may never perhaps after the first few years be called on to make the guarantee good. Have I permission to make the alteration?

FKS 21/5/98

Cr 13/5

Ry 18/5

Ry 2/6/98

in Council will be pleased if this particular extension of the South Indian Railway may in future be designated "the Travancore Branch", a designation which is agreed to by the Travancore Durbar.

2. In deference to the strongly expressed opinion of the South Indian Railway Company that the alternative alignment passing from Tinnevelly round the southern extremity of the Western Ghats, through Aramboli, to Trevandrum, the terminus of an extensive backwater system of navigation, would prove more remunerative than the northern route through Shenakotta across the line of ghats to Quilon which was surveyed by Mr. Shadbolt, this Government was careful to lay before the Travancore Durbar all available facts and figures for the two routes. The intention was that the Durbar should itself exercise an intelligent choice when in possession of all that was to be said on both sides. The result has been that while expressing a full and intelligent appreciation of

The proposed amendment of para. 2 b seems right. But, I should leave para. 8 as it is. I understand the Durbar has accepted the fluctuating rupee, and I do not see why we should volunteer to give them better terms. I may say that I went over this draft with the ex-Dewan, and that made no exception to any of its terms.

A.G.H
22.5.98

28/5/98

1/6/98

42 GP

all these facts and of their bearings upon the financial prospects of the undertaking, the Travancore Durbar have deliberately and finally expressed a preference for the Northern route. With this decision this Government has no desire to interfere, and the more so because the British portion of this route is likely to be decidedly more remunerative than the corresponding portion of the Southern route although it seems quite possible that the South Indian Railway Company may be right in their belief that comparing the routes as a whole, British and Native, the Southern has the superior advantages from a traffic and a working point of view. But however that may be, His Excellency the Governor in Council would not have felt justified, taking all the circumstances into consideration, the Durbar's intelligent appreciation of the financial position, its responsibilities, and its prejudices, in going further than laying all the facts before His Highness the Maha Rajah and his advisers and accepting their decision.

3. The terms put forward for acceptance in your letter No. 1746 R. C., dated the 22nd October 1897, for the financing and subsequent working of the Travancore Branch may conveniently be here recited They were as follows:-

(a) That the South Indian Railway Company should be enabled to raise the whole of the money required for the construction of the entire line, at 2½ per cent in sterling under the guarantee of the Government of India.

(b) That the Travancore Durbar should underwrite that guarantee to the extent of the cost of the line in their own territory.

(c) That the South Indian Railway Company should construct the whole of the line including rolling stock at cost price.

(d) That the South Indian Railway Company should work the line on completion as a portion of its existing system at the same rate of working expenses as obtains on their whole line including this and all future branches: the cost of maintenance for two years after opening being debited to Capital.

(e) That surplus profits should be divided, after deducting the share payable to the South Indian Railway Company, quoted at about one sixth, between Government and the Durbar in proportion to the mileage in their respective territories.

4. When stating that these terms have been accepted by the South Indian Railway Company, and by the Travancore Durbar, it is essential that I should draw special attention to certain suggested modifica-

-tions of the terms, which two of the parties to the proposed tripartite agreement have put forward.

5. In the Board of Directors' letter to their Agent, No. 209, dated the 7th April 1898, a copy of which was formally sent you for information with my No. 651 Ry., dated the 28th April 1898, they express the opinion that the contract should contain a clause to the effect that in the event of its hereafter being proved by the officers of the South Indian Railway Company to the satisfaction of Government, that there is an actual loss on working the branch at the rate of working expenses which obtains throughout the system, the rate shall be raised to such a point as may be calculated to cover working expenses. ~~I am instructed to say~~, With reference to this expression of the Board's opinion, I am instructed to say that in view of the continual temptation to the Company to try to profit by such a proviso, and of the disputes which would thereby arise, and of

the increased traffic which the branch will undoubtedly bring on the main line, and of the stipulation made by the Government of India, concurred in by this Government, and accepted by the Company, that the Travancore Branch and the Madura-Paumben line must be considered as linked together, the less with the more remunerative, this Government cannot recommend that this suggestion of the Company's Board should be acceded to.

6. In clause (d) of para 2 of the Board's letter just referred to, the terms for the partition of surplus profits are dealt with. The Board do not concern themselves as to the partition, between Government and the Durbar, of the State share of these profits: they deal only with the question of how their own share (defined by the Government of India as "about one sixth") shall be fixed, and they assume that the net deficit as against Government, and the total surplus profit, is to be divided between Government and the Company in the

usual proportion, as stated excluding for the purposes of such division the Capital provided for ~~the~~ this branch. ~~It is understood that the Board mean by this, that, as in the case of the main line of the South Indian Railway, so in the case of this Branch, their share shall bear to Government's share of surplus profits, or net deficit, the same proportion as "Company's Capital" bears to "Government Capital", omitting debentures from the calculation including those to be raised for the Branch.~~ This interpretation appears to this Government to coincide with that intended by the Government of India, though the actual proportion in the last half-year for the South Indian Railway was $\frac{1}{5.48}$ instead of $\frac{1}{6}$ after the Provident Fund contribution had been deducted. The suggestion is made in para 5 of the Board's letter that provision should be made for securing to the Company's Provident Institution a suitable contribution from net earnings, and also that some share of the interest on stores should ~~[illegible]~~ be brought to account. Both these suggestions I am instructed to say, are, in the opinion of this Government, only reasonable.

It is understood that the Board mean by this that "surplus profits" whether positive or negative shall be shared in the proportion of "Company's Capital" to "Government Capital" the latter being net expenditure standing at the debit of Capital Advance Account, the Stores Account, and the Capital Account of the Undertaking including the Travancore Branch, less the sums of 140 lakhs Company's Capital, 59½ lakhs old Debentures, and the amount of State Guaranteed Debentures necessary to construct the branch. This interpretation appears to this Government to coincide with that intended by the Government of India.

45P

7. The Travancore Durbar's enquiries and comments on the Government of India's latest proposals shall now be dealt with. They enquired whether in view of no reference being found in your letter No. 1746 R. C. of the 22nd October 1897, to the terms of purchase which had been previously agreed to, it was in contemplation to modify these terms, and in reply this Government took it upon itself to interpret the Government of India's intentions to be that no modification was contemplated. After some natural hesitation to involve themselves in sterling liabilities the Durbar have finally agreed to underwrite the proposed sterling guarantee of 2½ per cent to the extent of the cost of the section of the line lying within their State.

JWS

~~In deference however to the natural unwillingness of a Native State to involve itself in sterling liabilities however small, this Govt. will be glad if the Govt. of India can see their way to consenting that for the purpose of calculating the rupee incidence of the sterling liability the pound sterling shall be taken as represented by fifteen rupees. It will be recollected that a somewhat similar provision was made in the main agreement with the S.I.R. Co. for the calculation of the interest account and the partition of surplus profits.~~

8. They also at first expressed considerable

-able hesitation in accepting the proposal that working expenses should bear to gross receipts the same proportion obtaining throughout the South Indian Railway Company's system, in lieu of the proposal previously made, but most unlikely, as explained to them, to be ever accepted by the Company, of fixing the proportion at 50 per cent. But now they have communicated their unqualified acceptance of this item also of the proposed terms. G

9. The Durbar having expressed a presumption that arrangements similar to those in force on Railways in British territory in the matter of services rendered to all Departments of the State will be made applicable to the services of the Travancore State, on the ~~part~~ Section of the Railway lying within their territory, I am directed to ask that I may be instructed to convey to them the assurance that such a stipulation shall be made part of the agreement. This seems to this Government to be only right and reasonable. G para 3

10. It remains now to address the Government of India in regard to the South Indian Railway Board's remarks about the financing of the Madura-Paumben line. This shall form the subject of a separate communication. But, meanwhile, as a reference to the final clause of para 4 of S.I.Ry. Boards' ~~this~~ letter No. 209 of April 7th 98 shows that the Company have given in their unqualified adherence to the condition proposed by the Government of India, that the agency of a Branch Line Company shall be accepted for the financing of the Madura-Paumben Line rather than that it should be indefinitely postponed, there would seem to be no further obstacle to this Government pressing for early permission being accorded to the South Indian Railway authorities for the arrangement of the many preliminaries which ought to be put in hand between now and October next, if, as soon as the season permits, a push is to be made with the construction of the British portion of the Travancore Branch. The Agent of the

South Indian Railway Company will be addressed in regard to all such matters of routine preparation, i.e., staff, money, surveys &c., during the time that must elapse before a reply to this letter can fairly be expected.

11. In conclusion, I am instructed by His Excellency the Governor in Council to say that he hopes that it may be found possible to make such arrangements as will enable the South Indian Railway Company to raise sufficient funds to allow of a vigorous commencement being made at least with the construction of the British portion, and with the detailed alignment of the hill section, and possibly also of construction from Quilon as a base, during the ensuing working season.

R.

13/5/98

Despatched on 6.6.98

Documents accompanying:—

— Nil —