Public Works (1899) Department.

RAILWAY BRANCH.

G.O., No. 1155. Ry

DATED 13th Octr 1899.

[Despatch Abstract.]

Rate of Exchange

Letter from the Govt of India regarding the — to be applied to the Capital transaction of the Calicut-Ca[illegible] Ry in any half-year, Commd & requesting that the Chief Auditor may be instructed to adjust English Outlay in future on the basis of the actual withdrawals from the Sofl's as desired by the Govt of India.

[P. W. Ry. 600—1-12-98]

Indexed.

BACK PAPERS.

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

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.
—	319	20 Ry —	28/2/1900				

RAILWAY.

Government {1897} of Madras.

PUBLIC WORKS.

Recd. } 1897. *Enclosures*

Regd. } *Spare copies*

G.O., No. 984 R., 15th November 1897.

NOVEMBER.

Calicut-Cannanore Railway

Ordered that a copy of an estimate, amounting to Rs. 3,52,585, of probable expenditure on the construction of the — for the three months ending the 31st March 1898, be forwarded to the Government of India.

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

Railway.

Read the following papers:—

Telegram from the Officiating Joint Secretary to the Government of Madras, Public Works Department, Railway Branch, to the Secretary to the Government of India, Public Works Department, dated Madras, 14th April 1897, No. 139 D.

Agent, Madras Railway, has received telegram from Board that they have accepted proposed terms for Calicut-Cannanore.

It may be convenient to you to learn early of this in view of coming Conference.

From the Officiating Deputy Secretary to the Government of India, Public Works Department (Railway Construction), to the Officiating Joint Secretary to the Government of Madras, Public Works Department, Railway Branch, dated Simla, 19th June 1897, No. 1046 R.C.

With reference to your telegram, No. 139 D., dated 14th April 1 97, I am directed to forward, for information, a copy of the despatches marginally noted on the subject of the construction of the Calicut-Cannanore branch of the Madras Railway, which has been agreed to by the Madras Railway Company and approved by the Secretary of State.

(1) From the Government of India to the Secretary of State, No. 3 Railway, dated 6th January 1897.
(2) From the Secretary of State, No. 42 Railway, dated 6th May 1897, and enclosures.

2. With a view to the location and commencement of work early next cold weather and the necessary allotment of funds, I am to request that the Government of India may be furnished at an early date with an estimate of the cost of final location and of expenditure on construction that may probably be undertaken during the current financial year 1897–98.

3. I am to add that this estimate is required for financial reasons, and that no work should be actually started till the sanction of the Government of India has been given and funds allotted.

ENCLOSURES.

Despatch from the Government of India, Public Works Department (Railway Construction), to the Right Hon'ble Her Majesty's Secretary of State for India, dated Calcutta, 6th January 1897, No. 3 Railway.

We have the honour to acknowledge the receipt of your Lordship's letter, No. 54 Railway, dated 2nd July 1896, asking to be placed in possession of our views as to the agency by which the undernoted railway projects can best be executed, viz.:—

Calicut-Cannanore. | Shoranur-Cochin. | Tinnevelly-Quilon.

2. In reply, we would observe that we are prepared to recommend for sanction the construction of the Calicut-Cannanore line by the Madras Railway Company, provided they accept the terms we now propose as detailed below. The other projects mentioned in your Lordship's despatch are being considered separately, and our views regarding them will be communicated later.

3. The estimates for the Calicut-Cannanore extension are recorded in our proceedings noted in the margin. It will be seen that as originally prepared they amounted to Rs. 1,06,43,767, giving a mileage rate of Rs. 1,80,310 on a length of 59 miles, but were reduced by the Madras Railway authorities to Rs. 90,70,611, or Rs. 1,53,739 per mile, and in reviewing the estimates the Consulting Engineer for Railways Madras, remarks that by adopting grades of 1 in 100 and curves of 1,146 feet radius, and by using in the first instance pyngado sleepers and 75-lb. flat-footed rails in place of cast-iron pot sleepers and bull-headed rails, the estimates should not exceed Rs. 1,05,000 per mile excluding rolling-stock. We do not think, however, that so great a reduction will be found practicable, but we are of opinion that a good, sound railway, sufficiently equipped with rolling-stock, could be constructed for about Rs. 1,25,000 per mile.

Public Works Department Proceedings, Railway Construction, December 1895, Nos. 336–370, Part A.

4. With a view of arriving at an estimate of the traffic prospects of the proposed line we have taken into consideration the earnings of the Madras Railway on the section between Podanur and Calicut. These for the year 1894 (which, so far as is known, was by no means an exceptional year) amounted to Rs. 8,400 per mile. It is generally accepted that the country between Calicut and Cannanore is much richer and more populous than that between Podanur and Calicut, and a heavier traffic may therefore be expected from it. The Madras Railway authorities are of opinion that the traffic between Calicut and Cannanore will be 50 per cent. in excess of that between Podanur and Calicut, and, if their view is correct, the financial results of constructing the railway may be estimated as follows:—

	RS.
Earnings per mile per year, Podanur-Calicut section	8,400
Add 50 per cent.	4,200
Total ...	12,600
Deduct 50 per cent. for working expenses	6,300
	6,300

a return of 4·1 per cent. on the higher estimate of Rs. 1,53,700 per mile and of over 5·0 per cent. on the lower estimate of Rs. 1,25,000 per mile, without taking into account the increased earnings of the main line owing to the construction of the branch.

On the other hand, if the earnings of the Calicut-Cannanore section were only equal to those of the Podanur-Calicut section, the net earnings of Rs. 4,200 per mile per annum would represent a return of 2·7 per cent. on the higher estimate of Rs. 1,53,700 per mile and of 3·4 per cent. on the lower estimate of Rs. 1,25,000, excluding increase in the earnings of the main line.

There is reason, however, to believe that this increase would be considerable. Assuming that the 59 miles of line from Calicut to Cannanore cost Rs. 80,00,000, and that only four extra wagon loads of traffic run each way per diem between the new extension and Madras and earn on the average three annas per wagon per mile, the extra earnings to the Madras Railway would be 2×4 wagons $\times \frac{3}{16}$ Rs. $\times$ 413 miles $\times$ 365 days = Rs. 2,26,000, giving with 50 per cent. working expenses, net earnings to the amount of Rs. 1,13,000, or a return of 1·6 per cent. on the capital of Rs. 80 lakhs expended.

5. With regard to the terms on which the Calicut-Cannanore Railway should be constructed, referred to in paragraph 2 of this letter, we would suggest the following alternatives:—

(*a*) The line to be constructed and worked by the Madras Railway Company on behalf of a subsidiary Company to be got up by them on branch line terms.

(*b*) The line to be constructed out of special debentures to be raised by the Madras Railway Company; to have separate accounts made up at a proper rate of exchange; and any deficit upon its working to be made up, to the extent to which it will go, out of the surplus which becomes divisible upon the original contract between the Government and the Madras Railway Company, and any profits to form part of the surplus profits divisible between Government and the Madras Railway Company.

The branch, if constructed on either of these alternatives, to be considered as part of the Madras Railway so far as concerns the date on which the purchase of the parent line by the Government can be effected.

6. We would explain that the stipulation in alternative (*b*), *viz.*, that the accounts of the branch line should be made up at a proper rate of exchange, is put forward as we are of opinion that transactions in connection with extensions of the old Guaranteed Railways should not be subject to the rates obtaining on those lines under the existing contracts (the rate in the case of the Madras railways is 1*s.* 10*d.* the rupee), but that the outlay to be incurred in England for materials, &c., as well as the sterling payments of interest for entry against the rupee net earnings in calculating the amounts of surplus profits, should be converted at the market rate of exchange. If necessary, a special contract providing for this should be entered into with the companies. The matter has already been mentioned in connection with the extension now under consideration in paragraph 11 of our Railway despatch No. 76, dated 4th November 1896.

7. We request that the Madras Railway Company may be addressed in view to ascertaining which of the alternative methods for constructing the Calicut-Cannanore extension they will accept. In the meanwhile, we solicit your Lordship's provisional sanction to an estimate for the construction of the line amounting to Rs. 1,25,000 per mile for a length of 59 miles or a total of Rupees 73,75,000, and, if this is accorded and the early construction of the branch may be anticipated by the agency of the Madras Railway Company, revised plans and estimates will be prepared as speedily as possible.

Despatch from the Right Hon'ble Her Majesty's Secretary of State, to His Excellency the Right Hon'ble the Governor-General of India in Council, dated India Office, London, 6th May 1897, No. 42 Railway.

Construction by the Madras Railway Company of the Calicut-Cannanore Railway.—On receipt of your Excellency's Railway letter No. 3, dated the 6th January 1897, I caused a letter to be addressed to the Directors of the Madras Railway Company, stating the terms on which I was prepared to entrust to the Company the construction and working of the projected Calicut-Cannanore Railway.

2. These terms, which will be found stated in the correspondence* forwarded herewith, are based upon the conditions specified in paragraph 5 (*b*) of your letter under reply, the principal difference being that any profits that may result from the working of the extension will be divided between Government and the Company in the proportion of four-fifths to the former and one-fifth to the latter, instead of being divided equally under the existing contract as proposed in your letter.

* Letter to Company, dated, 17th March 1897.
,, from ,, ,, 9th April 1897.
,, to ,, ,, 4th May 1897.

3. It will be seen from the correspondence enclosed, that the terms proposed have been accepted by the Directors of the Company, and the necessary contract will accordingly be prepared by this office.

4. The Directors are of opinion that the extension can be constructed and equipped for about Rs. 1,25,000 a mile, giving a total of Rs. 73,75,000 for a length of 59 miles, and this sum may be provisionally accepted as the estimate for the line, pending the preparation of revised plans and estimates.

No. 1.

P.W. 134. INDIA OFFICE, 17th March 1897.

SIR,

With reference to your letter of the 12th January 1897, I am directed to inform you that the Secretary of State for India has now received the views of the Government of India with regard to the construction of the projected Calicut-Cannanore Railway.

His Lordship is prepared to entrust the construction and working of the railway to the Madras Railway Company on the following terms:—

The extension to be part and parcel of the Company's undertaking, and to be purchased at the same time as the parent line; the extension to be made with moneys raised by the issue of guaranteed debentures, to which, however, and to the interest thereon, the "prescribed" rate of exchange, namely, the average rate obtained for bills drawn on India by the Secretary of State during the preceding half-year, and not the 1*s.* 10*d.* rate, shall apply; a separate capital account and a separate account of gross earnings of the extension to be kept; the net earnings to be the gross earnings less working expenses calculated at the average rate prevailing in each half-year over the entire system from time to time worked by the Madras Railway Company, and any excess of net earnings over the interest chargeable on the capital raised for the extension to be treated as surplus profits, of which one-fifth shall be the share of the Company and four-fifths that of the Government; and that, whenever the interest on the debentures shall not in any half-year be covered by the net earnings of the extension, any deficit shall be met as far as possible out of any surplus profits of the Madras Railway in that or the next succeeding half-year.

The Government of India are of opinion that the line can be constructed and sufficiently equipped with rolling-stock for about Rs. 1,25,000 per mile, or a total of Rs. 73,75,000 for a length of 59 miles, and His Lordship will give provisional sanction to this estimate, pending the preparation of revised plans and estimates, on hearing that the Directors of the Madras Railway Company are prepared to undertake the construction and working of the extension on the terms stated.

I am, &c.,
HORACE WALPOLE.

Julian Byrne, Esq., Secretary,
Madras Railway Company.

No. 2.

No. 8028. MADRAS RAILWAY COMPANY,
61, NEW BROAD STREET, LONDON, E.C.,
9th April 1897.

SIR,

I am directed to acknowledge the receipt of Sir Horace Walpole's letter, P.W. 134, dated 17th ultimo, and to state in reply that the Board of the Madras Railway Company are prepared to accept the terms upon which the Secretary of State proposes to entrust to this Company the construction and working of the projected Calicut-Cannanore Railway.

These terms are seriatim as follow:—

(1) The extension to be part and parcel of the Madras Railway Company's undertaking.
(2) The requisite capital to be raised by issue of guaranteed debentures.
(3) The rate of exchange applicable to the monies so raised, and to the interest thereon to be for any half-year the average rate obtained by the Secretary of State for bills drawn on India in the preceding half-year.
(4) A separate capital account and separate account of gross earnings to be kept. Working expenses to be calculated at the average rate prevailing in each half-year over the entire system from time to time worked by the Company.
(5) Any excess of net earnings over the interest chargeable on the capital *raised for the extension to be treated as surplus profits, of which one-fifth shall be the share of the Company, and four-fifths that of the Government.

* Or expended.(?)

(6) Whenever the interest on the debentures shall not in any half-year be covered by the net earnings of the extension, any deficit shall be met, as far as possible, out of any surplus profits of the Madras Railway in that or in the next succeeding half-year.

In all other respects, it is understood that the terms or conditions of the new agreement will be those of the contracts by which the present undertaking is governed, *e.g.*, the land required will be provided free of cost to the Company, &c., &c., and that an assurance will be given to the effect that, apart from the special conditions now proposed, the extension will be subject to the existing contracts.

The Board think it probable that this extension can be built and equipped for about Rs. 1,25,000 a mile, and instructions will be sent to their Agent and Manager to prepare, as soon as instructed by the Government, revised plans and estimates framed as economically as is consistent with complete efficiency, with regard both to stability and traffic requirements.

The Board are advised by their Solicitors that they have power, without fresh legislation, to accept terms for the construction of a line of railway under a new agreement with the Secretary of State, which differ from those of the old contract with respect to rate of exchange. They conclude that the necessary form of contract or agreement will be furnished from the India Office.

A resolution of the shareholders authorising the acceptance by the Board of the terms offered by the Secretary of State for the construction and working of the extension will be taken at an Extraordinary General Meeting to be held after the next half-yearly Ordinary Meeting of the Company about the end of May.

I have, &c.,
JULIAN BYRNE,
Secretary.

The Under Secretary of State for India.

No. 3.

P.W. 660. INDIA OFFICE,
4th May 1897.

SIR,

I am directed by the Secretary of State for India in Council to acknowledge the receipt of your letter of the 9th April 1897, No. 8208, stating that the Board of the Madras Railway Company are prepared to accept the terms upon which the Secretary of State proposes to entrust to the Company the construction and working of the projected Calicut-Cannanore Railway.

With reference to the third paragraph of your letter, I am to inform you that the Directors are right in assuming that, apart from the special conditions stated in my letter of the 17th March 1897, the proposed extension will be subject to the terms of the existing contracts.

A copy of your letter will be forwarded for the information of the Government of India, and the preparation of the necessary contract will be undertaken by this office.

I am, &c.,
HORACE WALPOLE.

Julian Byrne, Esq., Secretary,
Madras Railway Company.

Read again the following papers:—

G.O., No. 729 R., dated 24th September 1897.

Read the following letter from the Agent and Manager, Madras Railway, to the Consulting Engineer for Railways, Madras, dated 20th September 1897, No. 9075/A.-907:—

I have the honour to address you with reference to the order by the Government of India quoted in paragraph 2 of your letter No. 2943 of 11th instant, and to inform you that very serious delay and inconvenience will ensue if sanction to commence construction on the Calicut-Cannanore extension is withheld until fresh estimates based upon the revised alignments of certain portions have been submitted. It is further urged that no trustworthy investigation of the alternative alignment suggested north of Tellicherry can be carried out by the limited staff which can only be provided in the allotment of Rs. 15,000 which has been granted.

2. I enclose a copy of a letter from the Acting Chief Engineer in which he fully explains the grounds on which he considers it desirable that the estimates already submitted should be sanctioned, on the understanding that construction should be limited for the present to the portion from Calicut to Mahé only, and that no work should be commenced north of the 37th mile until the results of the survey for the suggested realignment have been submitted to, and approved of by, Government.

3. The permanent staff required for the extension can then be engaged; the investigation referred to above can be conducted simultaneously with the construction of the first 37 miles; and the fresh revised estimates could be submitted when the final alignment has been decided upon.

4. I venture to hope that this request will not be considered unreasonable, and I cannot too strongly support the Acting Chief Engineer's recommendation. As the matter is one of urgency I request that you will be so good as to refer the matter, if necessary, to the Government of India and kindly favour me with a reply by telegraph.

Enclosure.

From the Acting Chief Engineer, Madras Railway, to the Acting Agent and Manager, dated Madras, 18th September 1897, No. 1384 C.

Calicut-Cannanore Extension.—With reference to your endorsement No. 9075 of 13th current on Consulting Engineer's No. 2943, dated 11th idem, I shall feel obliged if you will strongly protest against the orders issued by the Government of India as contained in paragraph 2 of the Consulting Engineer's letter and will apply for permission to be granted for the construction of the Calicut-Cannanore line to be proceeded with at once from Calicut to Mahé, a distance of 37 miles.

2. I desire to point out to you that when the Consulting Engineer for Railways inspected the proposed route of the Cannanore extension he approved of the alignment between Calicut and Mahé, the only alterations suggested being the shifting of the centre line at the 19th mile a few yards east of the position shown on plan in order to acquire suitable land for ballast pits and the introduction of two or three curves near Badagara in lieu of the straight as originally aligned so as to reduce the depths of three cuttings. I may say that from cross sections taken at the time the survey was made I have been able to revise the alignments on the plan at the latter places.

3. I fully concur with the Consulting Engineer in thinking that before any construction work is put in hand north of 37 miles it should be ascertained whether the line proposed by him to run through the neck between the two areas of land owned by the French and thence to Tellicherry is practicable, and I also think that the proposed alterations in alignment north of Tellicherry should be investigated and compared with the original survey.

4. I do not however see any reason for delaying the construction of the first 37 miles of the line until these resurveys of the northern portion of the line are completed, whilst many advantages are to be gained from putting both works in hand at the same time.

5. Under the orders issued by the Government of India, I am, in the first place, greatly hampered in obtaining staff as reliable and efficient Engineers will not take up the survey work for three months with the probable prospect of being thrown out of employment at the end of that period until such time as the revised estimates are sanctioned by Government and precisely the same difficulties apply to the subordinate staff.

6. Secondly, the whole of the working season of 1897-98 will be practically lost and no work of any importance will be commenced before October 1898, a delay of one year, as very little construction work can be carried on in Malabar during the continuance of the south-west monsoon.

7. Thirdly, the indents for permanent-way girders and other English materials and plant cannot be submitted pending the receipt of sanction from the Government of India, and in this connection I desire to call your attention to the fact that the Board in a recent letter has requested that the indents for this extension may be forwarded at once, the existing difficulties in the English labour market compelling contractors to demand considerably more than the usual time for delivery of materials contracted for.

8. Fourthly, until sanction of some description is received the Board cannot take steps to raise the capital required for the line.

9. I therefore suggest that the Government of India should sanction the estimates as already submitted, with the proviso that no construction beyond the 37th mile is to be proceeded with until such time as the resurveys required by the Consulting Engineer for Railways have been made and the alignment north of the 37th mile has been finally approved by Government.

10. With such a sanction I can at once make definite arrangements for the staff required for the line, the indents can be sent Home and the capital raised, the line from Calicut to Mahé can be staked out, and work proceeded with on that length immediately the transfer of lands required has been effected.

11. I shall be glad therefore if you will press Government to at once sanction the Calicut-Cannanore line on the conditions specified above.

Order—No. 729 R., dated 24th September 1897.

The Government of India will be addressed.

(Signed) F. J. E. SPRING,
Offg. Joint Secy. to Govt.,
Railway Branch.

From the Officiating Joint Secretary to the Government of Madras, Public Works Department, (Railway Branch) to the Secretary to the Government of India, Public Works Department, Simla, dated Ootacamund, 24th September 1897, No. 730 R.

In continuation of the correspondence on the subject of the Calicut-Cannanore Railway ending with my letter, No. 698 R., dated the 21st September 1897, I am directed to refer you to this Government's Consulting Engineer's inspection report which was sent to you with my No. 696 R., dated 21st September 1897, and also to the accompanying copy of a letter from the Agent of the Madras Railway Company, No. 9075/A.-907, dated the 20th September 1897, enclosing a copy of a letter from his Chief Engineer who strongly urges that the preliminary estimate already submitted of the cost of the line, amounting to Rs. 82 lakhs, may be sanctioned on certain specified conditions.

2. It will be seen from a perusal of the Consulting Engineer's report that very little remains to be done in the way of realignment on the first 37 miles, not more indeed than would in ordinary course be done by the construction Engineers after the receipt of sanction to start work. It will be the business of this Government to scrutinise the proposed realignments on this length, and to ensure compliance with the Government of India's instructions regarding the stiffening of curves and grades if after further survey such should appear to be necessary, a thing very unlikely on this particular mileage. I am therefore directed by His Excellency the Governor in Council to strongly press for permission being given to the Company to make their arrangements on the understanding that the commencement of construction upon this particular section need not be delayed until the completion of the resurvey, realignment and revised estimate of the remainder of the line. This permission would of course

be conditional on the minor realignments referred to as being necessary by the Consulting Engineer being approved in due course by this Government or by the Government of India.

3. The chief arguments in favour of some sort of an estimate being preliminarily sanctioned are: first, that pending such sanction the Company cannot, it is understood, raise the necessary capital; second, that under the present unsettled condition the Company find it impossible to engage suitable staff even for the realignment. The men are not in the Company's service now, and it has been ascertained that they cannot be secured on the very unstable conditions which are all that it is now possible to offer them; and third, that the climate of Malabar is such that a year at least will certainly be lost in the opening of the line unless the Agent can at once secure his staff and get to work on the construction of part of the line and the survey of the remainder.

4. Such being the circumstance I am instructed by His Excellency the Governor in Council to express a hope that the Government of India may see their way to issue such orders as will place the Agent in a position to make early and suitable arrangements.

G.O., No. 912 R., dated 4th November 1897.

Read the following letter from the Officiating Secretary to the Government of India, Public Works Department (Railway Construction), to the Officiating Joint Secretary to the Government of Madras, Public Works Department, Railway Branch, dated Simla, 27th October 1897, No. 1781 R.C.:—

In continuation of the Government of India's telegram No. 1674 R.C., dated 9th October 1897, in which sanction was conveyed to the estimate amounting to Rupees 15,524 for the location of, and preparation of the land plans for, the Calicut-Cannanore branch of the Madras Railway, I am now directed to reply to the proposals submitted with your letter, No. 730 R., dated 24th September 1897, for the commencement of the work of construction on this branch.

2. You point out in that letter that the inspection report by the Consulting Engineer, Madras, submitted with your memorandum, No. 696 R., dated 21st September 1897, shows that very little remains to be done in the way of realignment on the first 37 miles of the line, and that it will be the business of the Government of Madras to scrutinize the proposed realignments on this length and to ensure compliance with the orders of the Government of India regarding the stiffening of curves and grades if after further survey such should appear necessary.

Permission is, therefore, asked to the Madras Railway Company making their arrangements on the understanding that the commencement of construction on this particular section need not be delayed until the completion of the realignment and of the revised estimate of the remainder of the line.

It is added that the chief arguments in favour of some sort of an estimate being preliminarily sanctioned are firstly, that pending such sanction the Company cannot raise the necessary capital; secondly, that under the present unsettled conditions the Company find it impossible to engage a suitable staff; and thirdly, that the climate of Malabar is such that a year will be lost in the opening of the line unless the Agent can at once secure his staff and get to work on the construction of part of the line and the resurvey of the remainder.

3. I am to say that after carefully considering the plans of this branch and the Consulting Engineer's inspection report, the Government of India agree that not much improvement is possible in the first 26 miles, but beyond that large reductions appear possible, especially between miles 26 and 32. This is borne out by paragraph 7 of the Consulting Engineer's inspection report, and also by paragraph 2 of the letter of the Chief Engineer, Madras Railway, No. 1384 C., dated 18th September 1897, to the Agent, the place Badagara mentioned in which is opposite the 29th mile.

4. (*a*) With regard to preliminary sanction to an estimate for this branch, I am to invite attention to the correspondence with the Secretary of State marginally quoted, a copy of which was forwarded under my letter, No. 1046 R.C., dated 19th June 1897.

Despatch from the Government of India to the Secretary of State, No. 3 Railway, dated 6th January 1897.
Despatch from the Secretary of State to the Government of India, No. 42 Railway, dated 6th May 1897.

(*b*) With despatch No. 3 Railway of 1897, the Government of India submitted to the Secretary of State the estimate amounting to Rs. 90,70,611 being at the rate of Rs. 1,53,739 per mile, but at the same time expressed the opinion that by adopting grades of 1 in 100 curves of 1,146 feet radius and by using 75-lb. steel flat-footed rails with wooden sleepers and providing only 15 cubic feet of ballast per foot run, a good, sound railway sufficiently equipped with rolling-stock could be provided for Rs. 73,75,000 being at the rate of Rs. 1,25,000 per mile.

(*c*) The above opinion was communicated to the Board of the Madras Railway Company by the Secretary of State, and the Board agreed that they thought that the branch could be built and equipped for Rs. 1,25,000 per mile and stated that instructions would be sent to the Agent to prepare revised plans and estimates as economically as possible consistent with complete efficiency. The Secretary of State accordingly approved of a sum of Rs. 73,75,000 (being at the rate of Rs. 1,25,000 per mile) being provisionally accepted as the estimate for this branch, pending the preparation of revised plans and estimates.

5. It will thus be seen that any delay in the Company's raising the capital is not due to the want of a preliminary sanction as both the Board and the Secretary of State have provisionally accepted the estimate of Rs. 73,75,000 pending the preparation of a revised estimate on the most economical lines possible consistent with efficiency, but that it is due to the fact that the agreement has not yet been finally signed and executed in England.

6. I am to say, therefore, that the Government of India will be prepared to favourably consider the question of work being put in hand upon the first 26 miles upon which only slight alterations in the alignment are required as soon as the agreement between the Secretary of State and the Company has been completed and the latter have raised the necessary funds and have approved of the commencement of construction. In the meantime I am to request that you will report what funds would be required in the current official year for expenditure in India on the project on the assumption that no delay will occur in carrying out these requirements.

7. The Government of India are, however, unable to agree to work being commenced on the remainder of the line beyond mile 26 until the revised plans and estimates, which have been called for by the Board and the Secretary of State, are ready. It is evident that the alignment near Mahé will require very careful consideration in order to secure the best alignment clear of the French Settlement.

Order—No. 912 R., dated 4th November 1897.

Copy, omitting paragraphs 1, 2 and 4 (*a*), forwarded to the Agent and Manager, Madras Railway, for information and guidance and for early reply to the enquiry made at the end of paragraph 6.

(Signed) F. J. E. SPRING,
Offg. Joint Secy. to Govt.,
Railway Branch.

Read also the following paper:—

From the Agent and Manager, Madras Railway, to the Consulting Engineer for Railways, dated Madras, 11th November 1897, No. 9075/A-1041.

With reference to G.O., No. 912 R. of the 4th instant, I have the honour to forward herewith, for the information of Government, copy of an estimate of probable expenditure on the Calicut-Cannanore extension for the three months ending 31st March 1898. The Company's Chief Engineer explains that the figures given under the various sub-heads are merely approximate, as much depends upon the time the revenue authorities take to hand over the land and on this Company being able to bring together the staff requisite for the construction of the line.

ENCLOSURE.

ESTIMATE of probable expenditure on the Calicut-Cannanore extension for 1897–98.

		RS.
I.	Preliminary expenses	10,000
II.	Land	1,00,000
III.	Earthwork	1,00,000
IV.	Bridgework—	
	Large bridges for materials	50,000
	Minor bridges do.	50,000
VIII.	Stations and buildings (staff quarters)	10,000
XII.	General charges (Engineering Stores and Audit and Accounts)	32,585
	Total ...	3,52,585

MADRAS,
10th November 1897.

(Signed) H. C. WEST,
Chief Engineer.

ORDER—No. 984 R., dated 15th November 1897.

The Government of India will be addressed.

[Here enter No. 985 R., dated 15th November 1897.]

(True Extract.)

(Signed) F. J. E. SPRING,
Offg. Joint Secy. to Govt.,
Railway Branch.

To the Consulting Engineer for Railways.
" Examiner, Guaranteed Railway Accounts.
" Agent and Manager, Madras Railway.

Ex1. A. F. Eccleston.

Extract from Agent & Manager's letter to Bd. dated
No. 2411 dt 10th May 1899

Re: £100.4.9 Shown in the Statt. of Home Expr. for March.

18. The Chief Auditor informs me that the Sum of £100.4.9 Shown in your Statt. of Home Expenditure for March 1899 on Extension Capital account has, in the absence of information, been charged wholly to the Calicut-Cannanore Extension for the reason that the Construction of the Arcot. Ranipet Branch is practically completed. If any portion of the Sum mentioned should be charged to the account of the Arcot. Ranipet Branch will you kindly advise me.

Extract from Sd's letter to the Agent & Chairman MKy
No. 999 dated 30th June 1899

Adjustment of Expenditure in England on Extension Store Account.

9. With reference to para 18 of your letter No. 2404, I am desired to state that the Sd prefer the present System of keeping the Store accounts being adhered to, both as regards Main Line and Extensions. The practice of basing the Store debits upon the Invoices sent to India in each half-year has always been found to work in a Satisfactory and effective manner, and this System is also Carried out in other Indian Railways, who have to deal with accounts relating to Extensions. The Board Concur in the Opinion of the Chief Auditor, in his letter of the 12th August 1898, that the adoption of the plan Suggested by the Govt Examiner would not Serve any useful purpose, and would undoubtedly entail a number of Complicated adjusting entries both in the Home and Indian Books.

Public Works (1899) Department.

Railway

CURRENT No. 1236

Rec'd No. 599
3 OCT. 1899
Enclosures
RAILWAY ACCOUNTS, MA

From Govt. of India.
P.W.D. Account

Order 3063 3/10/99.

To C.R

For remarks.

No. 291. R.R

3.10.99.
for E.R

Dated 23rd September 99
Received 2nd October '99.
Registered
Enclosures
Spare copies

E.R.

A copy of the letter from the Govt of India may be forwarded to the A.M. with a request that the closing entries be instructed, as reference to the Board is necessary, to adjust English outlay, in future, on the basis of actual withdrawals from the Secy of State, as desired by the Govt of India.

P.W.
for C.R
5/10/99

SUBJECT.

Rate of exchange to be applied to the Capital transactions of the Calicut-Cannanore Extension in any half year.—

Requesting to move the A.M. to arrange for the adjustment of the ——— on actual treasury transactions instead of the present procedure ~~which being incorrect is undesirable & the allowed~~ & stating that it is desirable that the change in procedure should be made as regards the M. Ry proper as well as the extensions.

BACK PAPERS.

No.	Date.

FURTHER PAPERS.

No.	Date.

No. 291 A. R.

All communications should be addressed to the Secretary.

GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT.

ACCOUNT.

Railway

To.

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

Simla, the 23rd September 1899.

Sir,

May I

Under the terms for the construction and working of the Calicut-Cannanore Extension of the Madras Railway accepted by the Madras Railway Company, the rate of exchange to be applied to the Capital transactions in any half year is the average rate obtained by the Secretary of State on bills drawn on India in the preceding half year. The Accountant General, Public Works Department, has brought to the notice of the Government of India that owing to the system of accounting hitherto followed by the Company, under which the adjustments in the Indian accounts of expenditure in England are based on advices by the Board of stores shipped during a half year instead of on the actual withdrawa

from

from the treasury as shown in the India office -- Statements and classifications of Issues, difficulty has been experienced in applying the correct rate of exchange to these transactions with the result that certain transactions have been brought to account at the rate of exchange relating to the half year in which the liability was incurred instead of that relating to the half year in which the withdrawals were made from the Home treasury. --

2. The Accountant General reports that the Examiner of Guaranteed Railway Accounts, Madras, was instructed to arrange with the Chief Auditor, Madras Railway, for the transactions in England being adjusted in the Indian accounts on the basis of the Secretary of States Statements and Classifications of Issues and that the matter was eventually referred by the Chief Auditor for the orders of the Board, who stated, in their letter No. 999 dated 30th June 1899, that they preferred that the present system of basing the debits for stores on the invoices sent to India in each half year should be adhered to both as regards the main line and the extensions. --

3. It would appear that the Board have not realised the fact that this system results in incorrect rates of exchange being applied to the transactions of the extensions, and I am to request that you will move the Agent, Madras Railway, to arrange for the adjustments in question being based on the actual treasury transactions, pointing out that the Government of India consider it undesirable to allow an incorrect procedure to continue merely because the Company have found it convenient in the past under different circumstances. Although the question of exchange arises only in connection with the extensions, the Government of India consider it desirable that the change in procedure should be made as regards the Madras Railway proper as well as the extensions. --

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

C.R. Breche

Dy. Secretary to the Govt. of India

W.H.
25/9/99

Documents accompanying.
— Nil —

Form No. 1.

PUBLIC WORKS DEPARTMENT,

RAILWAY BRANCH.

Papers to be read in Proceedings :—

Letter from the Government of India P.W.D.
No. 291-A.C. dated 23rd September 1899.

ORDER. No. 1155. Dy dated 13/10/99

Communicated to the Agent and Manager, Madras Railway with the request that the Chief Auditor may be instructed, after reference to the Board if necessary, to adjust English outlay, in future, on the basis of actual withdrawals from the Secretary of State, as desired by the Government of India

J.d
9.10.99.

To
The Agent & Manager
Madras Railway
a Examiner, G.S.I. Rly accts
a Bundling Dept for Rly

Despatched on 16/10/99