Public Works (1899) Department.

RAILWAY BRANCH.

G.O., No. 286 Ry

DATED 13th March 1899

Includes.

G.O. no. 285-36 Ry dy 10-9-97

do 880 Ry dy 1-11-97

887

do 1134-35 Ry dy 97

[Despatch Abstract.]

East Coast Railway. Madras Rly

Recording correspondence relative to the circumstances under which the Govt of India have decided to continue to work the — by State Agency for the present.

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RAILWAY.

Government {1899} of Madras.

PUBLIC WORKS.

Recd. } 1899. *Enclosures*

Regd. } *Spare copies*

G.O., No. 286 Ry., 13th March 1899.

MARCH.

East Coast and Bezwada-Madras Railways

Recording correspondence relative to the circumstances under which the Government of India have decided to continue to work the — by State agency for the present.

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

Railway.

Read the following papers :—

G.O., Nos. 483–84 Ry., dated 30th May 1896.

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—25th July 1896, No. 1100 R.C.

Abstract.—Stating that, before according provisional sanction to the estimates of the cost of the junction arrangements between the Madras and the Bezwada-Madras Railways, the Government of India would be glad to be furnished with the detailed plans connected therewith, and informed of the terms upon which the Madras Railway Company will be prepared to accommodate the traffic of the East Coast Railway at their Madras Station.

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—11th December 1896, No. 1033 R.

Abstract.—Stating that the detailed plans asked for in their letter No. 1100 R.C., dated 25th July 1896, are under preparation, and forwarding, with remarks, a letter No. 9138/942, dated 23rd October 1896, from the Agent, Madras Railway, containing the terms on which he is prepared to accommodate the East Coast Railway traffic at the Madras Station.

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—16th January 1897, No. 31 R.

Abstract.—Forwarding, in continuation of letter No. 1033 R., dated 11th December 1896, plans and estimates of the junction arrangements at the Salt Cotaurs, and stating that this Government is desirous that an early decision should be come to on the question of entrusting the working of the East Coast Railway or a portion of it to the Madras Railway.

G.O., Nos. 358–59 R., dated 19th May 1897.
G.O., No. 475 R., dated 19th July 1897.

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—14th May 1898, No. 726 Ry.

Abstract.—Requesting that as soon as it is definitely known whether the Madras Railway are, or are not, to have the working of any part of the East Coast Railway the fact may be intimated to this Government as early as possible.

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, 19th August 1897, No. 655 R.T.

Abstract.—Forwarding certain confidential papers, including despatch to the Secretary of State, No. 86 Ry., dated 11th August 1897.

G.O., No. 635 R., dated 10th September 1897.

From—The Joint Secretary to the Government of Madras, P.W. Dept., Ry. Branch.
To—The Secretary to the Government of Public India, Works Dept., Simla.
Dated—Ootacamund, 10th September 1897, No. 636 R.

Abstract.—Treats of the most suitable point for the junction of the Northern and Southern agencies for the working of the East Coast Railway (see G.O., No. 1037 Ry., dated 26th Nov. 1897).

Order—No. 880 Ry., dated 1st November 1897.

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, P.W. Department, Simla.
Dated—1st November 1897, No. 881 R.

In continuation of my letter No. 636 R. of 10th September 1897, in which you were addressed with reference to the first few lines of the 2nd paragraph of the despatch to the address of the Right Honourable the Secretary of State for India which formed the enclosure of your letter No. 655 R.T., dated the 19th August 1897, I am now directed to communicate the following remarks on the subject of the bulk of that despatch, viz., the detailed arrangements which commend themselves to the Government of India as being suitable for agreement with the Madras Railway Company for the working of such part of the East Coast Railway as may be entrusted to them up to the end of March 1907.

2. I am instructed to say that the conditions laid down by the Government of India in their despatch to the Secretary of State appears to this Government to be suitable to the requirements of the case. There is a matter, however, affecting the convenience and efficiency of police administration in this Presidency to which His Excellency the Governor in Council desires me at this juncture to invite special attention. It is considered by this Government that advantage should be taken, if possible, of this opportunity, to insist on reasonable terms being agreed to with the Madras Railway Company for the concession to the Police Department of certain conveniences both on their own lines and on the State lines which it proposed that they should work. With reference to this I am directed to enclose a copy of a memorandum on the subject prepared in the Judicial Department of this Government which indicates the general lines on which reform is thought by this Government to be needed.

3. His Excellency the Governor in Council will be glad to learn of the early completion of preliminary negociations with the Madras Railway Company for the working of the East Coast Railway in order that arrangements connected with the Harbour and with a junction with the South Indian Railway may be able to be matured.

4. If, however, the negociations with the Company should unfortunately fall through, His Excellency in Council would consider it essential, in the interests of the trade of this Presidency, that if the southern working agency should be a State agency, its administrative control should be in the hands of this Government.

Enclosure.

The main point connected with the Railway Police scheme in respect to which negociations with the Madras Railway Company have proved unsuccessful is the question of providing special carriages for the Superintendent and the Assistant Superintendent. The extent to which such carriages are supplied by Railway Companies in other parts of India is shown in the letter of the Inspector-General of Police, No. 780, dated 26th February 1897, a copy of which was communicated to the Public Works Department with G.O., No. 558, Judicial, dated 21st April 1897. The carriage which is considered necessary is one which could be detached at any station, and in which the Police officer could conveniently live. In connection with the question of granting free passes to Railway Police officers dealt with in Public Works Department memorandum No. 3761 C., dated 27th August 1897, it is observed that the rates for periodical tickets proposed by the Madras Railway Company compare very unfavourably with those fixed by the South Indian Railway.

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—30th November 1897, No. 892 R.T.

I am directed to acknowledge the receipt of your letter No. 881 R., dated the 1st November 1897, communicating the views of the Government of Madras on the terms proposed for the working of a portion of the East Coast Railway by the Madras Railway Company.

2. His Excellency the Governor in Council considers that advantage should be taken of this opportunity to insist on terms being agreed to with the Madras Railway Company with a view to the free pass rules for Railway servants being made applicable to the officers and men of the Police Department and also for the provision of special carriages for the Superintendent and the Assistant Superintendent, both on the Madras Railway and on the State line which it is proposed that that Railway should work.

3. With reference to this point I am to enquire how far the Madras Railway Company provides special carriages for its own officers.

From—The Consulting Engineer for Railways, Madras.
To—The Agent and Manager, Madras Railway.
Dated—Madras, 6th December 1897, No. 3722.

I shall be obliged by your informing me to what extent you now provide your officers with carriages either for their own special use, or by lending them carriages for use during tours involving their absence from their houses or staff quarters at night. A copy of any detailed rules you may have laid down will be useful.

The information is asked for in connection with a question which has been raised as to the provision of special accommodation to certain officials of the Police department while on duty in connection with railway work, and I shall be glad if you can furnish it to me with as little delay as possible.

From—The Agent and Manager, Madras Railway.
Dated—9th December 1897, No. 7247/1132.

In reply to your letter, No. 3722 of the 6th instant, I have the honour to state that there are only three carriages on this Railway which are strictly reserved for the use of officers. These carriages are E-3 which is reserved for the use of the Consulting Engineer and E-2 and E-1 which are used by the Chief Engineer and the Telegraph Engineer, respectively, for inspection tours. There are three other carriages, viz., A-2, A-3 and A-8, which are used by the Agent and Manager, the Locomotive Superintendent and the Traffic Manager when they are available; but as these carriages are, under the Board's orders, available also for the public, they are not regarded as strictly reserved carriages.

District Engineers or District Traffic officers when they have to sleep at outstations where there are no staff quarters, can have the use of a composite or a 2nd class carriage, if such a vehicle is available at the head-quarter station of the district. We have no special or detailed rules regulating the use of the carriages I have referred to.

I think my Board would, perhaps, be prepared to accept an arrangement for hauling a special carriage for the local Police officers over this Railway, on the favoured terms that have been accepted for hauling carriages with the Director-General and other State Railway officers.

Order—No. 1134 R., dated 14th December 1897.

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.
Dated—14th December 1897, No. 1135 R.

In reply to your letter, No. 892 R.T, dated the 30th November 1897, I am directed to forward a copy of a letter from the Agent and Manager, Madras Railway Company, to the Consulting Engineer for Railways, Madras, No. 7247/1132, dated the 9th December 1897, which gives the information asked for in your final paragraph.

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—14th May 1898, No. 726 Ry.

Abstract.—Requesting that as soon as it is definitely known whether the Madras Railway are, or are not, to have the working of any part of the East Coast Railway, the fact may be intimated to this Government as early as possible.

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, 31st October 1898, No. 1209 R.T.

I am directed to forward for information copy of despatch No. 35 Ry., dated the 5th May 1898, from Her Majesty's Secretary of State for India and of its enclosure, with respect to the terms proposed in Government of India despatch No. 86 Ry., dated the 11th August 1897, which accompanied this office memo. No. 655 R.T., dated the 19th August 1897, to your address, for the transfer to the Madras Railway Company of the working of a portion of the East Coast Railway including the Bezwada-Madras Railway, and to observe as follows.

2. As stated in the Government of India despatch above referred to, the principal object of the proposal to entrust the working of the Government railway to the Madras Railway Company was to avoid the necessity for maintaining the separate Government administration and thereby secure economy if it were possible to do so on terms which would avoid any undue enhancement of the purchase price of the Madras Railway, which can be taken over by the State at a rate based upon the average price of the shares for three years preceding 1st April 1907. The Government of India accordingly, after careful consideration, suggested conditions which, in their opinion, were calculated to attain this object, and stated that, failing the acceptance of those conditions by the Madras Railway Company, they were quite prepared to undertake the working of the East Coast and Bezwada-Madras Railways by the existing administration of the East Coast Railway. The only points upon which further discussion was invited were the division of the working expenses under Abstract E—"General charges," and the provision of the necessary buildings and works for the accommodation of the Government railway at Madras.

3. It will, however, be observed from letter No. 9132, dated the 25th March 1898, from the Board of the Madras Railway Company, accompanying the despatch from Her Majesty's Secretary of State, above referred to, which has received careful consideration, that the Company intimate their inability to accept the main condition upon which it would be possible to entrust them with the working of the railway, viz., that the total expenditure under each of the Abstracts "B—Locomotive expenses," "C—Carriage and wagon expenses," "D—Traffic expenses," and "G—Special and

miscellaneous expenditure," should be divided between the Government railway and the Company's system in the same ratio as the gross earnings of the Government railway bear to the gross earnings of the Company's system including all branches except the Government railway.

4. The Company represent that this condition would entail a loss to their own line until the traffic on the Government railway had developed sufficiently to ensure that the cost of working would be covered by the same percentage of gross earnings as obtains on the rest of the Madras Railway system, and put forward an alternative proposal to work the Government Railway at a train-mileage rate.

On a comparison of the results on the present East Coast Railway with those on the Madras Railway system, it is observed that, while the percentage of working expenses on gross earnings is much lower on the latter, the expenditure per train-mile is actually higher, as shown below:—

Railway.	Percentage of working expenses on gross earnings.		Total working expenses, Rs. per train-mile.	
	1896.	1897.	1896.	1897.
East Coast Railway	77·98	69·59	2·10	1·95
Madras Railway system	50·81	47·90	2·22	2·12

Consequently the application to the Government line of a train-mileage rate based on the Madras Railway results is likely to prove unduly unfavourable, and would have the effect not only of depriving Government of any share of the economy which would result from placing the Government and the Company's railways under one administration, but would probably entail a larger expenditure than under existing arrangements, and thus frustrate the principal object of the proposal to entrust the working of the Government railway to the Company.

5. I am further to remark that there would be no object in handing over the southern section of the combined East Coast and Bezwada-Madras systems to be worked by the Madras Railway Company, even if they had accepted the terms proposed by Government, so long as it continues to be necessary for Government to maintain an establishment to work the northern section; and as until the connection with Calcutta is complete, which will not be for some three years to come, the Bengal-Nagpur Railway Company will hardly be in a position to take over and work the northern section to advantage, it will in any case be better to postpone the further consideration of the question till the connection with Calcutta is established. By that time the traffic on the Southern section of the East Coast Railway will be more developed, the percentage of working expenses to gross earnings may have improved sufficiently to remove the objection of the Madras Railway Company to the proposed terms, and the Government of India will be in a better position altogether to judge what arrangements will be fair and most convenient for the future working of the line.

6. Under these circumstances the Government of India have decided to continue to work the East Coast and Bezwada-Madras Railways by State agency for the present.

7. The other points raised in the letter from the Board of the Madras Railway Company being dependent on the main issue above referred to, need no remarks.

8. I am to add that Her Majesty's Secretary of State has been informed of the decision arrived at by the Government of India.

Enclosure.

Despatch from—The Right Honourable the Secretary of State.
To—His Excellency the Right Honourable the Governor-General of India in Council.
Dated—India Office, London, 5th May 1898, No. 35, Railway.

With reference to your letter No. 86 (Railway), dated 11th August 1897, I forward, for the consideration of your Excellency, a copy of a letter from the Board of the Madras Railway Company with respect to the terms on which they are prepared to work any portion of the East Coast Railway that may be entrusted to them.

Enclosure to the above.

From—The Secretary, Board of Madras Railway Company.
To—The Under Secretary of State for India, India Office.
Dated—61, New Board Street, London, 25th March 1898, No. 9132.

The Board of the Madras Railway Company have given very careful consideration to the proposals of the Government of India, for the working by the Company of the 500 miles of the East Cost Railway between Madras and Vizianagram, contained in the extract from their Despatch of the 11th August 1897, No. 86 (Railway). They have consulted their Agent and Manager at Madras, and the opinions of the principal officers of the Company there have also been obtained and considered.

2. The conclusion at which the Board have arrived is that they could not, without certainty of loss at first, and possible loss for some time afterwards, accept the arrangements proposed, at the commencement of the working; but they think that, for such a shorter or longer period as circumstances may show to be necessary, an alternative arrangement, guarding at any rate against any material loss on the working, is feasible, without infringing the accepted condition that profit on the working is to be avoided, while after such period it is probable that the arrangements proposed by the Government of India may, with some modification of detail, take the place of those which the Board think necessary in the first instance.

3. The reasons which have led the Board to conclude that the Government of India proposals would involve loss, until a considerable development of traffic and consequently of gross earnings had taken place, are (1) the experience gained on their own railway upon which in the last few years only has it been found possible to work at the reduced cost now practicable; (2) the present* cost of working the part of the East Coast Railway which is open for traffic, which confirms the experience of the Madras Railway that low percentages of working expenses on gross earnings are not obtainable until some years after a line of railway is opened for traffic. This is in part due to the necessity for arranging a train-mileage more or less in excess of the traffic using the railway, as judged from the revenue earning standpoint.

About and sometimes under 50 per cent. of gross earnings.
* 1896 74·26 per cent. of gross earnings.

4. Under (*a*) General it is proposed to reserve power† to terminate the agreement on 12 months' notice, either on the 1st April 1904 or any subsequent year. No doubt this provision is necessary for the purpose contemplated, and the Board make no objection to it; but it precludes the possibility of compensation after the date named for any losses incurred prior thereto, and consequently enhances the necessity of safeguards against such losses. The Board agree also not to establish a reserve fund during the time that the agreement may last.

(*a*) General.
† to the Government.

5. The proposals under (*b*) Capital are accepted.

(*b*) Capital.

6. The Government of India proposal is that the rates and fares should be subject to the same control of Government as is exercised under the Bengal-Nagpur Railway agreement. That control is, legally under that agreement, absolute and unconditional. The circumstances, however, of the Bengal-Nagpur agreement and those of the agreement now under consideration are radically different. The former agreement provides a guarantee by the Government of 4 per cent., and effectually precludes loss. The Madras Railway Company on the other hand would, under the Government of India proposals, be entirely dependent, for the reimbursement of expenses incurred, upon a part of the gross earnings, which latter depend upon rates and fares. The Board therefore think that whatever may be the general policy of the Government with regard to this subject, the circumstances under which an agreement for the working of the East Coast Railway is sought to be arrived at, are so exceptional that this Company should be allowed such discretionary power, within the limits of a schedule of maximum and minimum rates and fares, as they possess under the contracts relating to the Madras Railway.

(*c*) Rates and fares.

The Board consider, moreover, that they would have great difficulty in obtaining the confirmation by their shareholders of an agreement of this exceptional character, which vested the absolute legal control of rates and fares in the Government alone.

In respect of terminal charges the Board accept the proposals of the Government of India, viz., "No terminal to be charged on coaching traffic, or on cross traffic over either railway; on goods traffic a terminal charge of 3 pies at each of the stations of origin and destination to be admissible. The charge to the public to be based on the actual mileage, and to be divided between the two lines in mileage proportion, after deducting the terminals, if any, due to each."

Terminals.

With regard to the stations of the Madras Railway at Madras which would become joint stations, the opinion of the Company's officers at Madras is in favour of the adoption of the rules framed by the Government of India for the regulation of such stations generally, while for the short length of line outside those stations, belonging to the Madras Railway, which would be used by the State Railway, it was suggested that a toll might be levied. If, on the other hand, the Government of India proposals be adopted, viz., that "the distance from the junction to the terminal stations of the Madras Railway might be fixed for the purpose of division of the earnings at a higher figure than the actual mileage, a different distance being fixed for coaching and goods traffic, and the agreed mileage deducted from the mileage of the State Railway," the mileage allowance proposed to cover the use both of stations and line is five miles for coaching and ten miles for goods traffic, it being understood that the mileage deducted

Joint stations.

from the State Railway will be added to that of the Madras Railway for the division of traffic earnings between the two lines. As the Government of India plan is the simpler of the two arrangements, providing, as it does, for the use of stations and line, while the alternative would involve a toll or mileage allowance in addition to a charge for the stations, the Board think that the customary rules framed by the Government of India for the use of joint stations should be adopted.

(*d*) Telegraphs, Post Office and other services to be rendered to the Secretary of State.

7. The Board accept the proposals of the Government of India, viz., "the provisions regarding telegraphs and the services to be rendered to the Secretary of State in regard to the carriage of Mails and Postal servants, Government servants and military stores, to be the same as those in force on State Railways from time to time."

(*e*) Gross earnings.

8. "The gross earnings of each railway to be recorded separately" is a condition in the necessity of which the Board concur.

(*f*) Working expenses.

9. I.—Abstract A, Maintenance of Way, Works and Stations.

The Board accept the proposal of the Government of India that "the actual cost of maintenance, with a proportion to be agreed upon of the cost of the Chief Engineer and his office should be separately charged against the State line."

In dealing with this latter point, *i.e.*, the proportion of cost of the Chief Engineer and his office to be charged to the State line, what have been called "fixed charges" have to be taken into account.

Definition of employés or classed under "fixed charges."

In ascertaining from the Establishment Rolls what these charges amount to, it has been assumed that only those members of the present Establishments of the Madras Railway who will be able, and who will be required, to undertake for the State Line similar duties to those they now perform for the Madras Railway, should be included.

Extra remuneration of employés so classed.

The Board consider that it is not only right that extra remuneration should be given to those who will have additional work to do, and additional responsibility placed upon them, but that it is of great importance to the success of the management of the State line that the staff of the Madras Railway generally should feel that their interests have been considered, and that all the savings under establishments, which their employment in connection with the State line will secure, are not to be appropriated without due regard being given to the additional services demanded from them.

For present purposes it is assumed that such remuneration will be one-fifth, or 20 per cent., of the fixed charges.

Data for calculations.

The data for the calculations made in connection with Abstract A and the other Abstracts are the Revenue Accounts of the Madras Railway for 1896, the latest year for which complete details are available, and the Establishment Rolls for the first-half of 1896, the figures in the "Estimate" column of which have been taken and doubled to obtain the charges for the year.

* *Not printed.* F.J.E.S.

A complete list* of the items classed as "fixed charges" is appended to this letter, and the total of Rs. 3,61,226 has been taken for purposes of calculation as 4 lakhs, to provide for possible omissions.

Returning to the consideration of Abstract A—

The items under "fixed charges" amount to	Rs.	45,900

Total establishment Rs. 2,82,134.

As all the establishment required for and employed exclusively on the State line will form part of the actual cost of maintenance, the only contribution towards the expenses of the Chief Engineer's office that will be necessary, will be for extra hands:

The Clerks in the office cost	Rs.	9,780
„ Draftsmen	„	8,160
„ Menials	„	1,860
Total ...	Rs.	19,800

Probably one-fourth of this sum, or, say, Rs. 5,000, will suffice for extra hands.

The amount therefore on account of the Chief Engineer and his office to be charged to the State line will be 20 per cent. on the "fixed charges"	Rs.	9,180
For extra hands	„	5,000
Total ...	Rs.	14,180

(*f*) Working expenses continued.

10. II.—Abstract B, Locomotive expenses.
„ C, Carriage and Wagon Expenses.
„ D, Traffic Expenses.
„ G, Special and Miscellaneous Expenses.

The Government of India proposal is "the total expenditure under each of these heads to be divided between the Government Railway and the Company's system, in the same ratio as the gross earnings of the Government Railway bear to the gross earnings of the Company's system, including all branches except the Government Railway."

i.e., about 50 per cent.

The Board regret that they are unable to accept this proposal until they are assured of a sufficient gross revenue from the State line to make it tolerably certain that the traffic can be conducted at the same percentage of gross revenue as now suffices on the Madras Railway.

Alternative proposal.

Pending such development, they are willing to work the line at a train-mileage rate coupled with a minimum train-mileage, the latter being requisite to determine the scale on which the working arrangements should be organized.

Assuming that the train service will, as a minimum, be 1 passenger train each way daily, and 1 goods train each way daily, or the equivalent, the minimum train-mileage will be	730,000	
which appears to be a moderate estimate, the train-mileage on the 484 miles of the State Railway in 1896 having been	893,111	
Under this proposal Abstract E, "General charges" has to be included in addition to the other 4 abstracts, and, under these 5 abstracts, the cost of working on the Madras Railway was, in terms of percentage of gross revenue	38·96	
and including also Abstract A	50·50	
Earnings per mile per week were, in round numbers	Rs.	246
Working expenses do. do.	„	125
Total working expenses per train mile were	„	2·22
Working expenses, exclusive of Abstract A, were therefore per mile per week ...	„	96·4
Fixed charges, exclusive of Abstract A, are (taken as 4 lakhs)	„	9·0
Per mile per week, exclusive of Abstract A and fixed charges ...	Rs.	87·4

The train service averaged 4 trains each way daily, and cost $\frac{87{\cdot}4}{4 \times 2 \times 7}$ = Rs. 1·56 per train mile. Allowing 20 per cent. of the fixed charges for extra remuneration, the deduction for these becomes 7·2 instead of 9, and $\frac{96{\cdot}4 - 7{\cdot}2}{56}$ = Rs. 1·59 per train mile, which is the rate which, the Board consider, would probably cover the cost of working a train mile on the State Railway.

Taking this rate, it follows that, with the assumed minimum train-mileage the gross revenue would have to amount to a little under Rs. 30 lakhs in order to make the Company's receipts from a percentage (38·96) of the gross revenue equal to the minimum income secured by the train-mileage rate. With the train-mileage at 1 million a gross revenue of nearly 41 lakhs would be required to place the mileage rate in abeyance.

The Company of course would desire to apply the percentage of gross revenue arrangement whenever the circumstances admitted of its superseding the mileage rate, because they would then receive something more than the minimum secured by the train-mileage rate.

An advantage of this alternative proposal is that it leaves the Government free to increase the train-mileage as may seem to them expedient. Seeing the material effect on working expenses resulting from expansion of train-mileage, there might be a strong disinclination on the part of the Company to increase that mileage, until the gross revenue development fully warranted it, were they dependent solely on a percentage of gross revenue.

11. III.—Abstract E, General Charges.

(*f*) Working expenses continued.

So long as a train-mileage rate may remain in force, these charges will be covered thereby, and when the percentage of gross revenue arrangement may supersede the other, the Board think that it can hardly be worth while to deal differently with this abstract from that adopted as regards Abstracts B, C D, G.

However, if a sum has to be separately determined as the limit under this abstract, it would seem to be desirable, in the absence of reliable data for estimating the gross revenue, to take length of line as the basis of calculation.

The total for the Madras Railway is	6·075	lakhs.
The items under fixed charges amount to 1·94 lakhs, and deducting four-fifths of this, or	1·543	„
The balance would be	4·542	„
And $\frac{500}{849}$ths of 4·542 lakhs is	2·663	„

which would be the sum required.

If Abstract E be dealt with in the same manner as the other 4 abstracts, the adjustment of charge will be automatic. If separately treated, the Company would probably be the gainers, as they would have to take care that the sum allotted was amply sufficient.

(*g*) Stores.

12. The Madras Railway will keep in stock all stores required for use on the State line, and issue them on the same terms as to the Company's line. The only proviso necessary is that the Company is not to be liable for interest on overdrawn capital spent on stores held in stock for the State line.

(A) Buildings, &c., at Madras.

13. The Board feel themselves unable, under arrangements designed throughout, to preclude profit on the working, to undertake to provide buildings and office accommodation free of cost. Rent or a percentage on the outlay will be necessary and whatever percentage, to cover interest on cost and depreciation, may have been adopted generally by Government as sufficient, the Board will be prepared to accept.

So far as existing buildings (other than stations) and offices will suffice, no charge to the State line for their use will be made.

Rolling Stock.

14. It is understood that the State line will be equipped by Government in the first instance with rolling stock suitable to the train-mileage fixed as a minimum, and that thereafter such additions will be made in the same way to this stock as may be necessary, to meet the requirements of increased train-mileage and traffic development.

Madras Railway Provident Institution.

15. Proposals for improving the position of this Institution have for a year or two been before the Secretary of State and the Government of India. It is understood moreover that a scheme intended to apply to Railways in India generally is under consideration, and may possibly be sanctioned before long. The Board will therefore only ask in this connection that until new rules come into force, the revenue contribution to the institution may be governed by the rules at present applicable to State railways, so far as such contributions are derived from revenue earned on the State line.

Order—No. 286 Ry., dated 13th March 1899.

Recorded.

(True Extract.)

Francis J. E. Spring,
Joint Secretary.

To the Consulting Engineer for Railways.
" Examiner, Railway Accounts, Madras.

Exd. T. K. Narayana Aiyangar.

Public Works (1897) Department.

CURRENT No. 8651

SP 005

From The Govt of India

Order

No. 655 R.T.

Dated 19.8.97

Received } 30-8-97

Registered }

Enclosures (

Spare copies

SUBJECT.

Working of the E.C.Rly

Forwg copy of a despatch from the Secy of State regarding the working of a portion of the East Coast Rly by the Madras Rly Co

BACK PAPERS.

No.	Date.

FURTHER PAPERS.

No.	Date.

Print

Copy.

GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT.

RAILWAY TRAFFIC.

To

Her Majesty's Secretary of State for India.

No. 86 Railway.

Dated Simla, the 11th August 1897.

Received

EAST COAST RAILWAY.

Proposals of the Madras Railway Company for working any portion of the East Coast railway that may be entrusted to them.

Pw C.1 8851/97

G. C. Press, Simla.—No. 463 P. W. D.—9-8-97.—80.

No. 86 Railway of 1897.

GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT.

RAILWAY TRAFFIC.

To

THE RIGHT HONOURABLE LORD GEORGE FRANCIS HAMILTON,
Her Majesty's Secretary of State for India.

Simla, the 11th August 1897.

MY LORD,

With your Lordship's despatch No. 23 Railway, dated the 11th March 1897, was forwarded for our consideration a copy of a letter from the Board of the Madras Railway Company relative to the terms on which they propose to work any portion of the East Coast railway that may be entrusted to them, and your Lordship desired us to express our views on the subject.

2. We have already had under consideration the question of the working of the northern section of the East Coast railway by the Bengal-Nagpur Railway Company and have arrived at the conclusion that the portion of that line to be so worked should terminate at or about Vizianagram. When the Bezwada-Madras railway is completed the length of the line the working of which by the Madras Railway Company up to Vizianagram is now being discussed, would be about the same as the length of the present East Coast railway. While admitting that it will probably be economical to entrust the working of this line to the Madras Railway Company, yet we should be quite prepared, in the event of our failing to arrange suitable terms, to undertake the working of this line by the existing Government administration of the East Coast railway.

3. The principal difficulty in arriving at suitable terms, which appears to be fully appreciated by the Board, is to avoid any enhancement of the purchase price of the Madras railway, which can be taken over by the State at the average price of the shares for the three years preceding 1st April 1907.

The Board propose to meet this difficulty by working the East Coast railway until 1907 on an arrangement of actual cost, supplemented by a yearly contribution from the gross revenues of the East Coast railway, from which the principal administrative officers of the Madras Railway Company in India are to receive additional remuneration in consideration of the additional length of line worked, and dependent upon the success attending the working.

4. While appreciating the desire of the Madras Railway Company to arrive at a working arrangement which will meet the object in view, we are of opinion that their proposals are unnecessarily complicated. They are open to the objection that by reason of the conditions stated in the previous paragraph the Company, as distinct from its chief administrative officers in this country, would not be directly interested in the development of the traffic of the State line, or of its economical working.

5. We would suggest that an agreement embodying the following conditions would meet the requirements of the case:—

(*a*) *General.*—In order to avoid any undue enhancement of the purchase price, the agreement to be terminable on 12 months' previous notice on the

1st April 1904 or any subsequent year; the Company undertaking that no reserve fund shall be established for the equalisation of dividends during such time as the Madras Railway Company is permitted to work the State line.

(*b*) *Capital.*—Government to provide the money for all works on the State line sanctioned by them properly chargeable to capital, such works to be carried out by the staff employed by the Madras railway on the usual terms adopted by Government, *viz.*, that no charge is to be made to capital for establishment, except when it is necessary to engage staff over and above the usual maintenance establishment, when the actual cost of the extra staff so employed would be so charged.

Works costing less than Rs. 1,000 each, ordinarily chargeable to capital, to be charged to revenue up to the usual limit of Rs. 15 per mile in each half-year.

(*c*) *Rates and fares, etc.*—The rates and fares on the State line to be subject to the same control of Government as is exercised under the Bengal-Nagpur railway agreement.

No terminal to be charged on coaching traffic or on cross traffic over either railway; on goods traffic a terminal charge of 3 pies at each of the stations of origin and destination to be admissible. The charge to the public to be based on the actual mileage, and, subject to the following special provisions, to be divided between the two lines in mileage proportion after deducting the terminals, if any, due to each.

In payment for the use by the State railway of any terminal stations and accommodation which may be provided in Madras at the expense of the Company, the Madras railway to be allowed a proportion, to be agreed upon, of the traffic earnings of the State line.

(As a convenient method of division the distance from the junction to the terminal stations of the Madras railway might be fixed for the purpose of division of the earnings at a higher figure than the actual mileage, a different distance being fixed for coaching and goods traffic, and the agreed mileage deducted from the mileage of the State railway.)

(*d*) *Telegraphs, Post Office and other services to be rendered to the Secretary of State.*—The provisions regarding Telegraphs, and the services to be rendered to the Secretary of State in regard to the carriage of mails and Postal servants, Government servants and Military stores, to be the same as those in force on State railways from time to time.

(*e*) *Gross Earnings.*—The gross earnings of each railway to be recorded separately.

(*f*) *Working Expenses.*—Taking, as the Madras Railway Board has done, the usual abstracts under which the working expenses are recorded :—

(I).—*Abstract A.*—Maintenance of way, works and stations.

As it is probable that as the line is new, the maintenance charges will be high, the actual cost of maintenance, with a proportion to be agreed upon of the cost of the Chief Engineer and his office, should be separately charged against the State line.

(II).—*Abstract B.*—Locomotive Expenses.
Abstract C.—Carriage and Wagon Expenses.
Abstract D.—Traffic Expenses.
Abstract G.—Special and Miscellaneous Expenditure.

The total expenditure under each of these heads to be divided between the Government railway and the Company's system, in the same ratio as the gross earnings of the Government railway bear to the gross earnings of the Company's system, including all branches except the Government railway.

(III).—*Abstract E.*—General Charges.

The Madras Railway Company practically admit that they are in a position to work the additional length of line with comparatively small additions to the total administrative charges.

In face of this admission, however, they propose to constitute at the expense of the State railway a General Management fund of Rs. 1,00,000 annually, a sum arrived at on the assumption that the additional cost of administering the State railway may reasonably be calculated at the same mileage rate as prevails on the existing Company's line.

Out of this sum they propose that they should be permitted to provide at their absolute discretion such additional office staff as they consider necessary, and should be permitted to grant increases, which they estimate may amount to 30 or 40 per cent. of their present emoluments, to the salaries of the administrative officers of the Company's line. Any savings out of this fund would belong to Government, but in the event of the General Charges debitable to the State line hereafter exceeding the amount of the fund, the excesses are to be set off against previous savings—before any charge is made against the Company.

We are of opinion from our experience in the case of other railways similarly situated that this estimate of the cost of working such an addition to an established railway system is excessive, and while we are fully prepared to consider in a liberal spirit proposals for increases to the salaries of the administrative staff on the ground of the increased responsibilities to be imposed upon them, we are unable to assent to the Board having the absolute discretion in the matter which they ask, or to admit, without detailed and separate consideration, the necessity for allowances at all approaching the scale proposed.

We are further of opinion that the constitution of a separate fund of this nature would give rise to the feeling that the staff were being illiberally dealt with so long as any portion of the sum fixed remained unexpended.

We would suggest, therefore, that the matter should be dealt with in the following manner.

For the Madras railway on the one hand the actual expenditure under Abstract E, in the year 1896, might be taken as the standard for gross earnings of 109 lakhs. For the State railway a sum should be fixed and sanctioned by the Board and Government as the standard in respect of the initial estimated gross earnings of 26 lakhs; this sum would include the actual expenditure on such sub-heads as police and electric telegraph, the additional remuneration, if any, to be paid to the administrative officers of the Madras railway, and the increase in office and other expenses found necessary.

In the event of the actual expenditure under Abstract E, in any half year, falling short of or exceeding the sum of the two standards as above defined, the saving or excess to be divided between the State line and the Madras Railway Company in the ratio which the excess gross earnings of the former over 26 lakhs bear to the excess gross earnings of the latter over 109 lakhs.

(*g*) *Stores.*—The Board's offer to keep in stock all stores that are required for use on the State line, and issue them on the same terms as to the Company's line, may be accepted.

(*h*) *Buildings and office accommodation at Madras.*—

The extra office accommodation required at Madras for all the offices under Abstract E., and in connection with the Locomotive shops and their superintendence, should be provided free by the Madras railway.

In consideration of the additional mileage in division allowed on traffic dealt with at the Madras station (*vide* paragraph 5 (*c*) above), the engines working the State line should be stabled free in the Madras Railway Company's sheds at Madras, and all station accommodation and staff should be provided free to the State railway.

Such quarters as are required for the running staff and district and subordinate officers, and accommodation for their offices, should be built by, and at the expense of, the Madras Railway Company, the Government railway paying 6 per cent. on the cost to cover rent and depreciation, such payment to continue until the Madras railway is purchased by Government, provided that the officials of the State line are permitted to occupy the buildings so constructed.

6. In connection with the above proposals, we would explain that while we desire to adhere to the general idea that the State railway should bear the additional cost only of general and departmental management, we should be willing to discuss any reasonable alternative arrangements which may be put forward for the division of the working expenses under Abstract E, and for the provision of the necessary buildings and works for the accommodation of the East Coast railway at Madras, if the Board of the Madras Railway Company are willing to accept our other proposals.

We have the honour to be,

MY LORD,

Your Lordship's most obedient, humble Servants,

(Signed) ELGIN.
" GEO. S. WHITE.
" J. WESTLAND.
" J. WOODBURN.
" M. D. CHALMERS.
" E. H. H. COLLEN.
" A. C. TREVOR.

Documents accompanying.
Nil.

All communications should be addressed to the Secr tary.

CONSULTING ENGINEER FOR RAILWAYS
RECEIVED
30 AUG. 1897
MADRAS.

No. 655 R.T.

GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT.

RAILWAY TRAFFIC.

Simla, the 19th August 1897.

The under-mentioned paper is forwarded to the Joint Secretary to the Government of Madras, Public Works Department, Railway Branch, for the information of the Government of Madras only, with reference to that Government's letter No.359 R., dated the 19th May 1897.

By order,

G. A. Anderson

Under Secretary.

Document referred to:-

Copy of the Government of India's despatch to the Secretary of State, No.86 Railway, dated the 11th August 1897, regarding the working of a portion of the East Coast Railway by the Madras Railway Company.

--------ooOoo--------

K.P.G.

Very urgent

H.E. The Governor
The Hon. Sir H. Bliss KCIE
" " Mr. Gross CIS.

6384

I put up two drafts for approval. But I venture again to suggest to H.E. and Hon Members that it would not be improper to furnish the India Office with a copy of the correspondence up to date, without comment, merely for information. I understand that Col. Bissett leaves Simla on the 14th and that he will a month later be in the India Office sailing admiralty. That is why I think it specially necessary that the Sec. of State should be made aware that we do not accept unquestioned the Govt of India's decision about the B.N.R.. Unless we undecision them a this point the India Office will accept it as a matter of course that we have been unable to concur. and Col. B. on joining, will not undecision them.

Secret
Cor 13/9/97
3982
8/9/97

7 Jks. 7 please make a convenient note for continuity to under-secretary's procedure.
7/9/97 Should it? A.H.H. 9.9.97

P.W. Current No. 8651.

S.C.Ry.

Its partition between the Madras Ry. Co. and the Bengal Nagpore Ry. Co.

1.- With the current (No. 8651. P.W.) the Govt. of India have sent us a copy of their despatch to the Secretary of State on the subject of the working of part of the S.C.Ry. & the M.Ry.Co.

2.- But I do not propose in this Note to deal with this, the chief, subject of the despatch. Indeed I would allow this matter now to run its course between the Sec. of State & the M.Ry.Co. because it is a matter that does not greatly concern us.

3.- The matter which does concern us is referred to very briefly & incidentally in the commencement of para. 2 of the despatch. The Govt of India have informed the Secretary of State that they "have arrived at the conclusion that the portion of the line to be worked by the Madras Ry. Co. should terminate at or about Vizianagram."

4.- I would refer H.E. & Hon Members to our letter to the Govt of India No. 253

dated the 14th April 1897. Flagged. C

which we strongly favour for Khandia Road
ing under the joint of division. (failing
the preferable alternative) that the
Northern working agency should terminate
at Vizagapatam Port. For the preference
and its alternative we furnished the Govt. of
India with excellent reasons.

In their letter, covering the despatch home
they never refer to our letter, nor do they
refer at all to the wishes of the Madras
Govt. in their letter to the Sec. of State.

They merely reply to another letter of ours.
No. 359. R. dated 15th May 97, in which
we treat of the question of the terms for
working the S.C.R. of the Madras R. and make
no reference to the point of division.

I think that this Govt. is being treated
rather cavalierly in this business. In so
important a matter as this I think that
we may at least expect that the Sec. of State
shall be furnished with our views. The Govt. of
India (practically Col. Biscoe in this case) have
met the courtesy due to acknowledge a reference
to our argument, but merely hand them
back and give us no other intimation of
having done so than to send us a copy
of their despatch, in which the matter

Flag E

X. Suggest that if the
first draft (that about
the point of division between the B.N.R.
& the M.R.) going at add a para.
requesting that that letter & the
previous correspondence be submitted
to the S. of S. India can hardly
refuse that. If not does not
shall eventually go to the S. of S.
with all the more effect.

DA 8/9/97 DG 8/9/97

Y. fully concur
F.H
5.9.97

is accidentally referred to, so as to place
him at head quarters just after the
despatch is getting into the Sec. of State's
hands in England.

7.- I certainly think that this is a
case in which we ought to insist on a
hearing. It is not as if it were a
financial question in which under our
Contract we have no concern. It is a
question of the development generally of
the Northern Circars, and of Vizagapatam
harbour, and of our contract interest, as
a Government, in the flow of the trade of
our District.

8.- We shall, as I pointed out before,
have control over the Madras R. Co.— fuller
control indeed than we now have: but we
shall have none at all over the Bengal
Nagpore Co. whose interest it will be to
by all possible means drag traffic to
the Northwards towards Calcutta. If
Vizag Port becomes less than the B.N.R.'s, on other
objections, they will have some interest in
working traffic South to that port; but
none at all if they stop at Vizianagram.

9.- I would suggest that in this case
it would be proper, and only right, to

telegraph him "[illegible] to the Sec. of State somewhat as follows.

"Please delay acting on India despatched 86. R. August eleventh, until receipt my despatch giving this mail. This Government very strongly deprecates extension Bengal Nagpore Company south of Khonda Road junction. But if it coming south inevitable then it ought not stop short Vizagapatam Port. Selection of Vizianagram most unsuitable."

10. Then if the coming mail we might send the Sec. of State a copy of our letter to India No. 258. R. dated 14th Sept 97. and reiterate the argument in favour, primarily of Khonda Road, and secondarily of Vizag Port, on the point of contact between the Northern and Southern Working Agencies.

F.W.S.
7/9/97

P.S. One reason for haste is that Col Brandt wishes to see replies Gen. Williams at the India Office

I think it would be more politic, in the first instance, to address our remonstrance to the Govt of India. I should telegraph to the Govt. of India, with reference to the passage in their letter marked A, calling attention to the views expressed by us, deprecating their precipitate and urging that our proposals should be fully considered and dealt with, and their final opinion made known to us, before action upon it is taken. This might be confirmed by a letter based on Mr. Spring's Note

A.S.H
5.9.97

N.B. If the Govt. of India fail to convert us to their views, or we fail to convert them to ours, - this is a matter upon which we should appeal to the Sec. of State, inasmuch as it does important Madras interests.

A.S.H 5.9.97

Yes - And, if H.E. sees no objection, I would address the Govt of India on the Police question (vide my letter of 30/4/97 in P. 357 R 19-5-97). The inconvenience of having proper police arrangements with the M.R. - including the provision of travelling facilities from Railway Police Supt, is great, and will be felt more & more as R & Police is properly organised - I consider that proper arrangements in this respect by the M.R. on their own line as well as on the S.C.R. should be stipulated for in the agreement & remain for the working of the latter line by the former.

HS 6/9/97 JG 6/9/97

Yes no objection.
A.S.H 7.9.97

P.W. Current No. 8651

(R.) Form No. 3.

No. 635 R dated 6/9/97

PUBLIC WORKS DEPARTMENT,
RAILWAY BRANCH.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

READ the following

Memo from the Govt of India P.W. Depto:- } H.E. No. 655 R.T. of 19 Aug't 97
Telegram to do — " — " — 124 of 6 Sept 97

The Government of India note head - dressed -

1,000—5-3-96.
FORM No. 20.

FROM R. TO Work. Simla.

No. 12. A/- Your 655. R.T. August 19. with reference first four lines para 2. your despatch to Secretary of State 86. R. August eleventh,

His Excellency Governor Madras in Council in the interest of flow of trade in the presidency and its control by this Government and of Vizagapatam harbor prospects strongly deprecates your latest proposal ~~as to~~ urges that proposals contained in my 258 R dated fourteenth be fully considered and dealt with and Government of India's final opinion communicated to this Government before action upon it is taken, letter follows.

Sent A.S.H 7.9.97

Posted 7/9

F.W.S.
6/9/97

they are entitled. In the absence of a reply to that letter or of any reference to it, it can only be supposed that things have come or other the view therein expressed have failed to commend themselves to H.E. the Viceroy in Council.

4. In that letter the argument addressed in my previous letter, No. 20.R. dated the 9th Jan. 97, were referred to, and the conclusion therein arrived at was confirmed, viz that in the interest of the Presidency it is most undesirable that the Bengal Nagpur R. C. all of whose interests are centred in Nagpur or Calcutta, should be permitted to construct southwards of Khandwa Road, a joint line of rail within the frontier of Bengal, an engine station, the junction with the Peni branch, and the probable junction hereafter of the connection with the Central Provinces at Sambalpur. This opinion, deliberately arrived at, after a careful study of the commercial needs of this Presidency, I am instructed again to strongly reiterate.

5. In para 5 of my letter under reference, No. 258.R. of the 19th April 97, the opinion was expressed that, should it already have become a fait accompli that the B.N.R.C. are to be permitted to construct South of Khandwa Road, they ought not to be allowed to stop short of the Port of Vizagapatam. From the terms however of the paragraph of the despatch which is now under reference it seems evident that this question has not yet reached the point of having become a fait accompli as between the Sec. of State & the Bengal Nagpur R.C. This Govt. is therefore encouraged to hope that its strong preference for Khandwa Road, as the point of contact of the two working systems, may yet obtain full consideration, & may yet command assent to the Govt. of India.

6. In paragraph 5 of para. 5 of my letter under reference will show that the term "Vizianagram or its neighbourhood" was therein used in a sense wide enough to include the Port of Vizagapatam; & it seem quite possible that in para. 2 of this despatch to the Sec. of State the Govt. of India might have intended the term to bear the same wide significance. But in the absence of any explanation to this effect, & in view of the serious consequences which a

conclusion is likely to ensue from an error in policy, H.E. the Governor in Council desires most strongly to insist that, whatever may be the future of the proposed line in the direction of Nagpur, or of the suggested branch to Bimlipatam to terminate the B.N.R.Co's section at Vizianagram will be a serious error. No termination short of the sea face at Vizagapatam Port will, in the opinion of this Government, be satisfactory, if, unfortunately, it should be decided to let the Company construct it this Presidency at all.

7. The strong preference expressed for Khandwa Road as the point of contact of the two working systems, with Vizagapatam Port as the less preferable alternative, is dictated not so much by consideration of the interests of the Railways concerned, or of the State's share of their revenue, as of those of the general population of the districts served, of its producers, and of its trade. H.E. in Council, with an intimate knowledge of the local circumstances, cannot fail to recognise that it is best in these interests that all possible facilities should be afforded to the easy flow of exports to, and of imports from, not the northward, but the southward. For it is to the merchants & the middlemen of Madras & the South Coast ports, and not to those of Calcutta & of the north, that the producers of the Northern Circars & of the Agency tracts look to procure them and it is with these intermediaries that they have long been accustomed and so far as can be judged will in future continue, to deal.

8. For this reason, & also because a railway policy which would deprive this Government of all power of adequate surveillance over the interests of the traders & producers of a country within its territory served by some 250 miles of railway cannot but be viewed with the deepest mistrust it has been judged best by H.E. in Council that the agency by which the Southern portion of the Calcutta Madras R. is to be worked should be directly under the administrative control of the Madras Government, & not at least the

northern frontier of the Presidency, & therefore, for practical working purposes, up to Khandwa Road.

9. Should, however, the strong preference expressed in the last paragraph fail to prevail with the Govt of India, the alternative preference is given to Vizagapatam Port, as the southern terminus of the Northern working agency, in order that the Bengal Nagpur R.C. may be furnished with an adequate inducement, an inducement non existent if Vizianagram is the terminus, for developing & fostering the trade of the Port of Vizagapatam; a port which, in the opinion of the Govt will not only well repay development & fostering, but which, if improved, even to the comparatively small extent contemplated in the Thorneycroft-Mirrlees scheme, will afford the greatest possible service to the trade of the District lying to the North of it, if connected with it by a sympathetic, that is by a locally interested, railway agency, but not otherwise & anything like the same extent.

10. In communicating I am desired to convey to the Govt of India an expression of the strong desire of H.E. the Governor of Madras in Council that negociations should not be concluded with the Bengal Nagpur R.C. until the views which have now been expressed shall have received that full consideration to which the interests of this Presidency entitle them. In conclusion, I am instructed to suggest that a copy of this letter and of my Nos 258 R. & 20 R. dated the 14th April & 9th Jan. 97. respectively, be furnished to the R.H. the Secretary of State for India.

I have &c

F.R.S.

7/9/97

— Nil — 10. 9. 97

(R.) Form No. 3.

SERIAL No. 31

PUBLIC WORKS DEPARTMENT,

RAILWAY BRANCH.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

G. I. 4832 Read 4/11/97

READ the following:—

Memorandum to the Judicial Department, No 1367 D, dated 11th September 1897.

With reference to the accompanying copy of a note by Sir Henry Bliss K.C.I.E, the undersigned has the honour to request that the Judicial Department will kindly note what it is exactly that they want agreed to in connection with the Police question.

Note by the Joint Secretary to Government, P.W.D. Railway Branch, to the Chief Secretary to Government, Judicial Department, No 4228 C, dated 22nd October 1897.

I borrowed this file yesterday, as I urgently wanted it for reference. I now return it with a request that the Chief Secretary will kindly let me have the memorandum asked for as early as he possibly can. Negociations in London between the Secretary of State and the Railway Company are progressing, I happen to know; and if we take too long to reply to the Government of India we may either be too late to get what we want, or else the negociations may be hung up.

G

If I understand right what the Honorable Member Sir Henry Bliss wants is merely that the Madras Railway Company should supply a carriage for police officers which can be cut off at any station. If this is so, and if the Judicial Department will say so, the negociations can go ahead.

I know that the Agent Madras Railway has addressed his Board after holding a special meeting of his officers, and I dont like to be behind him in smartness in expressing our views to the Government of India.

Office note from the Chief Secretary to the Joint Secretary to Government, P. W. D. Railway Branch, No. 2188, dated 26th October 1897.

With reference to Public Works Department (Railway) notes No. 1367 D, dated 11th September 1897 and 4228 C, dated 22nd October 1897 the undersigned has the honour to state that the main point connected with the Railway Police scheme in respect to which negociations with the Madras Railway Company have proved unsuccessful is the question of providing special carriages for the Superintendent and the Assistant Superintendent. The extent to which such carriages are supplied by Railway Companies in other parts of India is shown in the letter of the Inspector General of Police No. 780, dated 26th February 1897, a copy of which was communicated to

10 P

to the Public Works Department with G.O. No. 558, Judicial, dated 21st April 1897. The carriage which is considered necessary is one which could be detached at any station, and in which the Police Officer could conveniently live.

In connection with the question of granting free passes to Railway Police officers, dealt with in Public Works Department Memorandum No. 3761C, dated 27th August 1897, it is observed that the rates for periodical tickets proposed by the Madras Railway Company compare very unfavourably with those fixed by the South Indian Railway.

Order thereon No. 880 R, dated 1st November 1897.

The Government of India will be addressed.

/True Extract/

F. Porter
Under Secretary.

To

The Consulting Engineer for Rys.

SERIAL
No. 32

No. 13-250--18-1-97.

11P

No. 881R

Government of Madras.

PUBLIC WORKS DEPARTMENT,

RAILWAY BRANCH.

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,

PUBLIC WORKS DEPARTMENT,

Simla

1st November 1897.

SIR,

× F.O. 1037 Ry / 26.XI.97 / page 15 — S&S — 22 Cases Partition — & the S.C. Ry. — pwo...

In continuation of my letter N°636R of 10th September 1897 in which you were addressed with reference to the first few lines of the 2nd para of the despatch to the address of the Right Honble. the Secy. of State for India, which formed the enclosure of your letter N° 655 R.T. dated the 19th August 1897. I am now directed to communicate the following remarks on the subject of the bulk of that despatch, Viz, the detailed arrangements which commend themselves to the Government of India as being suitable for agreement with the Madras Railway Company for the working of such part of the East Coast Railway as may be entrusted to them up to the end of March 1907.

S N° 30(4)

2. I am instructed to say that the condition laid down by the Government of India in their despatch to the Secretary of State appears to this Government to be suitable to the requirements of the case. There

is

is a matter however, affecting the convenences and efficiency of police administration in this Presidency to which His Excellency the Governor-in-Council desires me at this juncture to invite special attention. It is considered by this Government that advantage should be taken, if possible, of this opportunity, to insist on reasonable terms being agreed to with the Madras Railway Co for the concession to the Police Department of certain ~~concessions~~ conveniences both on their own lines and on the State lines which it is proposed that they should work. With reference to this I am directed to enclose a copy of a Memorandum on the subject prepared in the Judicial Department of this Government which indicates the general lines on which reference is thought by this Government to be needed.

3. His Excellency the Governor-in-Council will be glad to learn of the early completion of preliminary negotiations with the Madras Railway Company for the working of the East Coast Railway in order that arrangements connected with the Harbour and with a junction with the South Indian Railway may be able to be matured

4. If, however, the negotiation with the Company should unfortunately fall through, His Excellency-in-Council would consider it essential, in the interests of the trade of this Presidency that if the Southern working Agency should be a State Agency, its administrative control should be in the hands of this Government.

/Sd/ F.J.E.S.

Form No. (2).

12 P

PUBLIC WORKS DEPARTMENT,
RAILWAY BRANCH.

SERIAL No. 38

PROCEEDINGS OF THE MADRAS GOVERNMENT.

READ the following

Letter from the Government of India, Public Works Department No. 892 R.T. dated 30th November 1897.

I am directed to acknowledge the receipt of your letter No. 881 R., dated the 1st November 1897, communicating the views of the Government of Madras on the terms proposed for the working of a portion of the East Coast Railway by the Madras Railway Company. S2032

2. His Excellency the Governor in Council considers that advantage should be taken of this opportunity to insist on terms being agreed to with the Madras Railway Company with a view to the free pass rules for Railway Servants being made applicable to the officers and men of the Police Department and also for the provision of special carriages for the Superintendent and the Assistant Superintendent, both on the Madras Railway and on the State line which it is proposed that that Railway should work.

3. With reference to this point I am to enquire how far the Madras Railway Company provides special carriages for its own officers.

Letter from the Agent and Manager, Madras Railway, No. 7247/1132 dated 9th December 1897.

In reply to your letter No- 3722 of the 6th instant, I have the honour to state that there are only three Carriages

on this Railway which are strictly reserved for the use of officers.

These Carriages are E 3 which is reserved for the use of the Consulting Engineer & E 2 and E 1 which are used by the Chief Engineer and the Telegraph Engineer respectively for inspection tours. There are three other Carriages viz A 2 A 3 & A 8 which are used by the Agent and Manager, the Loco: Superintendent and the Traffic Manager when they are available but as these Carriages are, under the Boards' orders, available also for the Public, they are not regarded as strictly reserved Carriages.

District Engineers or District Traffic Officers when they have to sleep at out Stations where there are no Staff quarters can have the use of a Composite or a 2nd class Carriage, if such a vechile is available at the head quarter station of the District.

We have no special or detailed rules regulating the use of the Carriages I have referred to.

I think my Board would perhaps be prepared to accept an arrangement for hauling a special Carriage for the local Police Officers over this Railway, on the favoured terms that have been accepted for hauling Carriages with the Director General and other State Railway Officers.

Order thereon No. 1134 R. dated 14th December 1897.

The Government of India will be addressed.

(Sd) F.J.E.SPRING.

R

Form No. 11.

13 P

No. 1135. R.

SERIAL No. 34

Government of Madras,

PUBLIC WORKS DEPARTMENT,

RAILWAY BRANCH.

To

The Secretary to the Government of India,

Public Works Department,

Dated 14th December 1897.

Sir,

In reply to your letter No.892 R .T. dated the 30 th November 97. I am directed to forward a copy of a letter from the Agent and Manager Madras Railway Company to the Consulting Engineer for Railways Madras No. 7247/1132 dated the 9th December 1897, which gives the information asked for in your final paragraph.

I have the honour to be,

Sir,

&

SERIAL No. 39

Public Works (1898) Department.

Railway

CURRENT No. 1304

From The Govt. of India.

Order

Recorded.

No. 1209 RT

FRS
17/1/99

Dated 31st October 1898

Received } 8. 11. 98.

Registered }

Enclosures

Spare copies

SUBJECT.

Working of the East Coast Railway including the Bezwada Madras Railway.

Orders deciding to continue to work the E.C.R. and the Bezwada Madras Railways by State Agency for the present.

BACK PAPERS.

No.	Date.

FURTHER PAPERS.

No.	Date.

INDIA OFFICE,
London, 5th May 1898.

503.

15 S.P

Railway,
No. 35.

To His Excellency the Right Honourable the Governor General of India in Council.

MY LORD,

With reference to your letter No. 86 (Railway), dated 11th August 1897, I forward, for the consideration of Your Excellency, a copy of a letter* from the Board of the Madras Railway Company with respect to the terms on which they are prepared to work any portion of the East Coast Railway that may be entrusted to them.

*No. 9132, dated 25th March 1898.

I have the honour to be,

MY LORD,

Your Lordship's most obedient, humble Servant,

GEORGE HAMILTON.

No. 9,132.

MADRAS RAILWAY COMPANY,
61, NEW BROAD STREET,
LONDON, *25th March 1898.*

SIR,

The Board of the Madras Railway Company have given very careful consideration to the proposals of the Government of India, for the working by the Company of the 500 miles of the East Coast Railway between Madras and Vizianagram, contained in the extract from their despatch of the 11th August 1897, No. 86 Railway. They have consulted their Agent and Manager at Madras, and the opinions of the principal officers of the Company there have also been obtained and considered.

2. The conclusion at which the Board have arrived is that they could not, without certainty of loss at first, and possible loss for some time afterwards, accept the arrangements proposed, at the commencement of the working, but they think that for such a shorter or longer period as circumstances may show to be necessary, an alternative arrangement, guarding at any rate against any material loss on the working, is feasible, without infringing the accepted condition that profit on the working is to be avoided, while after such period it is probable that the arrangements proposed by the Government of India may, with some modification of detail, take the place of those which the Board think necessary in the first instance.

About and sometimes under 50 per cent. of the gross earnings.
*1896 74·26 per cent.
Ditto.

3. The reasons which have led the Board to conclude that the Government of India proposals would involve loss, until a considerable development of traffic and consequently of gross earnings had taken place, are (1) the experience gained on their own Railway upon which in the last few years only has it been found possible to work at the reduced cost now practicable; (2) the present* cost of working the part of the East Coast Railway which is open for traffic, which confirms the experience of the Madras Railway that low percentages of working expenses on gross earnings are not obtainable until some years after a line of Railway is opened for traffic. This is in part due to the necessity for arranging a train-mileage more or less in excess of the traffic using the Railway, as judged from the revenue earning stand point.

(*a*) General.
†to the Government.

4. Under (*a*) General it is proposed to reserve power† to terminate the Agreement on 12 months' notice, either on the 1st April 1904, or any subsequent year. No doubt this provision is necessary for the purpose contemplated, and the Board make no objection to it; but it precludes the possibility of compensation after the date named for any losses incurred prior thereto, and consequently enhances the necessity of safeguards against such losses.

The Board agree also not to establish a Reserve Fund during the time that the Agreement may last.

(*b*) Capital.

5. The proposals under (*b*) Capital are accepted.

(*c*) Rates and Fares.

6. The Government of India proposal is that the Rates and Fares should be subject to the same control of Government as is exercised under the Bengal-Nagpur Railway Agreement. That control is, legally under that Agreement, absolute and unconditional. The circumstances, however, of the Bengal-Nagpur Agreement and those of the Agreement now under consideration are radically different. The former Agreement provides a guarantee by the Government of 4 per cent., and effectually precludes loss. The Madras Railway Company on the other hand would, under the Government of India proposals, be entirely dependent, for the reimbursement of expenses incurred, upon a part of the gross earnings, which latter depend upon Rates and Fares. The Board therefore think that whatever may be the general policy of the Government with regard to this subject, the circumstances, under which an agreement for the working of the East Coast Railway is sought to be arrived at, are so exceptional that this Company should be allowed such discretionary power, within the limits of a schedule of maximum and minimum Rates and Fares, as they possess under the contracts relating to the Madras Railway.

The Board consider moreover that they would have great difficulty in obtaining the confirmation by their Shareholders of an agreement of this exceptional character, which vested the absolute legal control of Rates and Fares in the Government alone.

To THE UNDER SECRETARY OF STATE FOR INDIA,
India Office, S. W.

Terminals.

In respect of terminal charges the Board accept the proposals of the Government of India, *viz.*, "No terminal to be charged on coaching traffic, or "on cross traffic over either Railway; on Goods traffic a terminal charge of "3 pies at each of the stations of origin and destination to be admissible. The "charge to the public to be based on the actual mileage, and to be divided "between the two lines in mileage proportion, after deducting the terminals, if "any, due to each."

Joint Stations.

With regard to the Stations of the Madras Railway at Madras which would become Joint Stations, the opinion of the Company's officers at Madras is in favor of the adoption of the rules framed by the Government of India for the regulation of such stations generally, while for the short length of line outside those Stations, belonging to the Madras Railway, which would be used by the State Railway, it was suggested that a toll might be levied. If on the other hand, the Government of India proposals be adopted, *viz.*, that "the distance "from the junction to the terminal stations of the Madras Railway might be "fixed for the purpose of division of the earnings at a higher figure than the "actual mileage, a different distance being fixed for coaching and goods traffic, "and the agreed mileage deducted from the mileage of the State Railway," the mileage allowance proposed to cover the use both of Stations and Line is five miles for Coaching and ten miles for Goods traffic, it being understood that the mileage deducted from the State Railway will be added to that of the Madras Railway for the division of traffic earnings between the two lines.

As the Government of India plan is the simpler of the two arrangements, providing, as it does, for the use of Stations and Line, while the alternative would involve a toll or mileage allowance in addition to a charge for the Stations, the Board think that the customary rules framed by the Government of India for the use of Joint Stations should be adopted.

(*d*) Telegraphs, Post Office and other services to be rendered to the Secretary of State.

7. The Board accept the proposals of the Government of India, *viz.*, "The "provisions regarding Telegraphs and the services to be rendered to the Secretary "of State in regard to the carriage of mails and postal servants, Government "servants and military stores, to be the same as those in force on State Railways "from time to time."

(*e*) Gross Earnings.

8. "The gross earnings of each railway to be recorded separately" is a condition in the necessity of which the Board concur.

(*f*) Working Expenses.

9. (I) Abstract A. Maintenance of Way, Works and Stations.

The Board accept the proposal of the Government of India that "the actual "cost of maintenance, with a proportion to be agreed upon of the cost of the "Chief Engineer and his office should be separately charged against the State "line."

In dealing with this latter point, *i.e.*, the proportion of cost of the Chief Engineer and his office to be charged to the State Line, what have been called "fixed charges" have to be taken into account.

Definition of employés classed under "fixed charges."

In ascertaining from the Establishment Rolls what these charges amount to, it has been assumed that only those members of the present Establishments of the Madras Railway who will be able, and who will be required, to undertake for the State Line similar duties to those they now perform for the Madras Railway, should be included.

Extra remuneration of employés so classed.

The Board consider that it is not only right that extra remuneration should be given to those who will have additional work to do, and additional responsibility placed upon them, but that it is of great importance to the success of the management of the State Line that the Staff of the Madras Railway generally should feel that their interests have been considered, and that all the savings under Establishments, which their employment in connection with the State Line will secure, are not to be appropriated without due regard being given to the additional services demanded from them.

For present purposes it is assumed that such remuneration will be one-fifth, or 20 per cent. of the fixed charges.

Data for calculations.

The data for the calculations made in connection with Abstract A. and the other Abstracts are the Revenue Accounts of the Madras Railway for 1896, the latest year for which complete details are available, and the Establishment Rolls for the first-half of 1896, the figures in the "Estimate" column of which have been taken and doubled to obtain the charges for the year.

A complete list of the items classed as "fixed charges" is appended to this letter, and the total of Rs. 3,61,226 has been taken for purposes of calculation as 4 lakhs, to provide for possible omissions.

Returning to the consideration of Abstract A.

Total Establishment Rs. 2,82,134.

The items under "fixed charges" amount to	...	Rs. 45,900

As all the Establishment required for and employed exclusively on the State Line will form part of the actual cost of maintenance, the only contribution towards the expenses of the Chief Engineer's office, that will be necessary, will be for extra hands.

The Clerks in the office cost		Rs. 9,780
„ Draftsmen		„ 8,160
„ Menials		„ 1,860
Total	...	Rs. 19,800

Probably one-fourth of this sum or, say, Rs. 5,000 will suffice for extra hands.

The amount therefore on account of the Chief Engineer and his office to be charged to the State Line will be 20 per cent. on the "fixed charges"		Rs. 9,180
For extra hands		„ 5,000
Total	...	Rs. 14,180

(*f*) Working expenses continued.

10. (II) Abstract B. Locomotive Expenses.

„ C. Carriage and Wagon Expenses.

„ D. Traffic Expenses.

„ G. Special and Miscellaneous Expenses.

The Government of India proposal is "The total expenditure under each "of these heads to be divided between the Government Railway and the Com-"pany's system, in the same ratio as the gross earnings of the Government "Railway bear to the gross earnings of the Company's system, including all "branches except the Government Railway."

The Board regret that they are unable to accept this proposal until they are assured of a sufficient gross revenue from the State Line to make it tolerably certain that the traffic can be conducted at the same percentage of gross revenue as now suffices on the Madras Railway.

i.e., about 50 per cent.

Alternative Proposal.

Pending such development, they are willing to work the Line at a train-mileage rate coupled with a minimum train-mileage, the latter being requisite to determine the scale on which the working arrangements should be organized.

Assuming that the train service will, as a minimum, be 1 Passenger train each way daily, and 1 Goods train each way daily, or the equivalent, the minimum train mileage will be	730,000
which appears to be a moderate estimate, the train-mileage on the 484 miles of the State Railway in 1896 having been	893,111
Under this proposal, Abstract E. "General charges," has to be included in addition to the other 4 abstracts, and, under these 5 abstracts, the cost of working on the Madras Railway was, in terms of percentage of gross revenue	38·96
and including also Abstract A	50·50
The earnings per mile per week were, in round numbers ...	Rs. 246
The working expenses do. ...	„ 125
The total working expenses per train mile were	„ 2·22
The working expenses, exclusive of Abstract A, were therefore per mile per week	„ 96·4
The fixed charges, exclusive of Abstract A, are (taken as 4 lakhs)	„ 9·0
Per mile per week, exclusive of Abstract A and fixed charges ...	Rs. 87·4

The train service averaged 4 trains each way daily, and cost $\frac{87{\cdot}4}{4 \times 2 \times 7}$ = Rs. 1·56 per train mile.

Allowing 20 per cent. of the fixed changes for extra remuneration, the deduction for these becomes 7·2 instead of 9, and $\frac{96{\cdot}4 - 7{\cdot}2}{56}$ = Rs. 1·59 per train

mile, which is the rate which, the Board consider, would probably cover the cost of working a train mile on the State Railway.

Taking this rate, it follows that, with the assumed minimum train-mileage, the gross revenue would have to amount to a little under Rs. 30 lakhs in order to make the Company's receipts from a percentage (38·96) of the gross revenue equal to the minimum income secured by the train-mileage rate.

With the train-mileage at 1 million a gross revenue of nearly 41 lakhs would be required to place the mileage rate in abeyance.

The Company of course would desire to apply the percentage-of-gross-revenue arrangement whenever the circumstances admitted of its superseding the mileage rate, because they would then receive something more than the minimun secured by the train-mileage rate.

An advantage of this alternative proposal is that it leaves the Government free to increase the train-mileage as may seem to them expedient. Seeing the material effect on working expenses resulting from expansion of train-mileage, there might be a strong disinclination on the part of the Company to increase that mileage, until the gross revenue development fully warranted it, were they dependent solely on a percentage of gross revenue.

(*f*) Working expenses continued.

11. (III) Abstract E. General Charges.

So long as a train-mileage rate may remain in force, these charges will be covered thereby, and when the percentage of gross revenue arrangement may supersede the other, the Board think that it can hardly be worth while to deal differently with this abstract from that adopted as regards Abstracts B. C. D. G.

However, if a sum has to be separately determined, as the limit under this abstract, it would seem to be desirable, in the absence of reliable data for estimating the gross revenue, to take length of Line as the basis of calculation.

The total for the Madras Railway is	6·075	lakhs.
The items under fixed charges amount to 1·94 lakhs, and deducting four-fifths of this or	1·533	„
The balance would be	4·542	„
And $\frac{500}{849}$ths of 4·542 lakhs is	2·663	„

which would be the sum required.

If Abstract E be dealt with in the same manner as the other 4 abstracts, the adjustment of charge will be automatic. If separately treated, the Company would probably be the gainers, as they would have to take care that the sum allotted was amply sufficient.

(*g*) Stores.

12. The Madras Railway will keep in stock all stores required for use on the State Line, and issue them on the same terms as to the Company's Line. The only proviso necessary is that the Company is not to be liable for interest on overdrawn capital spent on stores held in stock for the State Line.

(*h*) Buildings, &c., at Madras.

13. The Board feel themselves unable, under arrangements designed throughout to preclude profit on the working, to undertake to provide buildings and office accommodation free of cost. Rent or a percentage on the outlay will be necessary and whatever percentage, to cover interest on cost and depreciation, may have been adopted generally by Government as sufficient, the Board will be prepared to accept.

So far as existing buildings (other than stations) and offices will suffice, no charge to the State Line for their use will be made.

Rolling Stock.

14. It is understood that the State Line will be equipped by Government in the first instance with Rolling Stock suitable to the train-mileage fixed as a minimum, and that thereafter such additions will be made in the same way to this Stock, as may be necessary, to meet the requirements of increased train-mileage and traffic development.

Madras Railway Provident Institution.

15. Proposals for improving the position of this Institution have for a year or two been before the Secretary of State and the Government of India. It is understood moreover that a scheme intended to apply to Railways in India generally is under consideration, and may possibly be sanctioned before long. The Board will therefore only ask in this connection that until new Rules come

into force, the revenue contribution to the Institution may be governed by the Rules at present applicable to State Railways, so far as such contributions are derived from revenue earned on the State Line.

I have the honor to be, Sir,

Your most obedient Servant,

(Sd.) JULIAN BYRNE,

Secretary.

19 S.P

LIST OF THE ITEMS CLASSED AS "FIXED CHARGES," REFERRED TO IN PARA. 9.

1896. 1st HALF-YEAR DOUBLED.

Fixed Establishment.

	Rupees per annum.
Engineering Department. Abstract A—	
Chief Engineer	18,000
Personal Assistant	10,800
Engineering Assistant ...	2,400
Inspector of Points and Crossings	3,300
Bridge Inspector	3,000
Engineering Workshop Superintendent	2,700
Chief Clerk	2,700
Superintendent of Drawing Office	3,000
	Rs. 45,900
N.B.—Total Rs. 1,41,067 × 2=	Rs. 2,82,134
Locomotive and C. & W. Abstracts B and C—	
Super.(1), and Assistants (3)	Rs. 39,756
2. Allowances of do. ...	1,800
3. Subordinate Superintendents (7)	71,784
4. Allowances of do.	3,300
6. Chief Draughtsman	4,200
Accountant	3,600
Storekeeper	1,800
Travelling Allowance ...	200
	Rs. 1,26,440

Rs.	Rs.	
Total I. 91,836 × 2=		1,83,672
Total B. ...	... Rs.	10,42,621
„ C. ...	...	2,92,985
Half-year ...		13,35,606
		2
Year	Rs.	26,71,212

Traffic Department—		
1. Manager	Rs.	16,200
Deputy Do.		9,652
Traffic Inspector		1,500
Tarpaulin Inspectors (2) ...		840
Weighing bridge do. ...		3,600
2. Head Clerk		3,000
Superior Clerks (2) ...		3,450
3. Travelling Allowances Page 40, 215×12. ...		2,580
	Rs.	40,822
Total B. C. ...	Rs.	1,67,262

General Charges.

	Rs.	Rs.
1st Home Expenditure, 78,000, say		70,000
2nd Agent and Manager ...		27,000
Assistant Manager		7,800
Chief Clerk		3,000
Travelling Allowance ...		1,400
Out of Rs. 48,194×2 ...		Rs. 39,200
2nd, 3rd and 4th Chief Auditor,		Rs. 14,400
1st Assistant		8,400
2nd do.		6,600
3rd do.		4,800
4th do.		4,200
Accountant		3,000
Head Clerk		2,400
Store Auditor		2,400
Cashier		3,600
Assistant Cashier		1,800
Out of Rs. 76,400×2 ...		Rs. 51,600
General Storekeeper		Rs. 5,700
Out of Rs. 12,230×2		
Medical Officer ...	...	Rs. 6,600
Apothecaries ? page 48...	...	
Medical Storekeeper		600
Out of Rs. 17,166 ...	...	Rs. 7,200
Police Chief Inspector...	...	Rs. 3,000
Out of Rs. 21,918×2		
Telegraph Engineer...	...	Rs. 10,364
Assistant do.		4,200
Inspector, 1st Class		2,700
Out of Rs. 72,362×2 ...	...	Rs. 17,264
		Rs. 1,93,964
		B.&C. 1,67,262
		Rs. 3,61,226
		£33,103
		Say, Rs. 4,00,000
		£36,666

JOINT SECRETARY TO
RECEIVED
8 NOV 1898
GOVT. OF MADRAS Rys.

148

No. 1209 R. T.

GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT.

RAILWAY TRAFFIC.

To

THE JOINT SECRETARY TO THE GOVERNMENT OF MADRAS,
PUBLIC WORKS DEPARTMENT,
RAILWAY BRANCH.

Simla, the 31st October 1898.

SIR,

I am directed to forward for information copy of despatch No. 35 Ry., dated the 5th May 1898, from Her Majesty's Secretary of State for India and of its enclosure, with respect to the terms proposed in Government of India despatch No. 86 Ry., dated the 11th August 1897, which accompanied this office memorandum No. 655 R. T., dated the 19th August 1897, to your address, for the transfer to the Madras Railway Company of the working of a portion of the East Coast railway including the Bezwada-Madras railway, and to observe as follows.

2. As stated in the Government of India despatch above referred to, the principal object of the proposal to entrust the working of the Government railway to the Madras Railway Company was to avoid the necessity for maintaining the separate Government administration and thereby secure economy if it were possible to do so on terms which would avoid any undue enhancement of the purchase price of the Madras railway, which can be taken over by the State at a rate based upon the average price of the shares for three years preceding 1st April 1907. The Government of India accordingly, after careful consideration, suggested conditions which in their opinion were calculated to attain this object, and stated that, failing the acceptance of those conditions by the Madras Railway Company, they were quite prepared to undertake the working of the East Coast and Bezwada-Madras railways by the existing administration of the East Coast railway. The only points upon which further discussion was invited were the division of the working expenses under Abstract E.—"General charges," and the provision of the necessary buildings and works for the accommodation of the Government railway at Madras.

3. It will, however, be observed from letter No. 9132, dated the 25th March 1898, from the Board of the Madras Railway Company, accompanying the despatch from Her Majesty's Secretary of State, above referred to, which has received careful consideration, that the Company intimate their inability to accept the main condition upon which it would be possible to entrust them with the working of the railway, *viz.*, that the total expenditure under each of the Abstracts "B—Locomotive expenses," "C—Carriage and wagon expenses," "D—Traffic expenses," and "G—Special and miscellaneous expenditure," should be divided between the Government railway and the Company's system in the same ratio as the gross earnings of the Government railway bear to the gross earnings of the Company's system including all branches except the Government railway.

4. The Company represent that this condition would entail a loss to their own line until the traffic on the Government railway had developed sufficiently to ensure that the cost of working would be covered by the same percentage of gross earnings as obtains on the rest of the Madras railway system, and put forward an alternative proposal to work the Government railway at a train-mileage rate.

On a comparison of the results on the present East Coast railway with those on the Madras railway system, it is observed that, while the percentage of working expenses on gross earnings is much lower on the latter, the expenditure per train-mile is actually higher, as shown below :—

	Percentage of working expenses on gross earnings.		Total working expenses per train-mile.	
	1896.	1897.	1896.	1897.
			Rs.	Rs.
East Coast railway ...	77·98	69·59	2·10	1·95
Madras railway system ...	50·81	47·90	2·22	2·12

Consequently the application to the Government line of a train-mileage rate based on the Madras railway results, is likely to prove unduly unfavourable, and would have the effect not only of depriving Government of any share of the economy which would result from placing the Government and the Company's railways under one administration, but would probably entail a larger expenditure than under existing arrangements, and thus frustrate the principal object of the proposal to entrust the working of the Government railway to the Company.

5. I am further to remark that there would be no object in handing over the southern section of the combined East Coast and Bezwada-Madras systems to be worked by the Madras Railway Company, even if they had accepted the terms proposed by Government, so long as it continues to be necessary for Government to maintain an establishment to work the northern section ; and as until the connection with Calcutta is complete, which will not be for some three years to come, the Bengal-Nágpur Railway Company will hardly be in a position to take over and work the northern section to advantage, it will in any case be better to postpone the further consideration of the question till the connection with Calcutta is established. By that time the traffic on the Southern section of the East Coast railway will be more developed, the percentage of working expenses to gross earnings may have improved sufficiently to remove the objection of the Madras Railway Company to the proposed terms, and the Government of India will be in a better position altogether to judge what arrangements will be fair and most convenient for the future working of the line.

6. Under these circumstances the Government of India have decided to continue to work the East Coast and Bezwada-Madras railways by State agency for the present.

7. The other points raised in the letter from the Board of the Madras Railway Company being dependent on the main issue above referred to, need no remarks.

8. I am to add that Her Majesty's Secretary of State has been informed of the decision arrived at by the Government of India.

I have the honour to be,

SIR,

Your most obedient Servant,

F. R. Upcott

Secretary to the Govt. of India.

Documents accompanying.

Copy of despatch from Her Majesty's Secretary of State and enclosure referred to.

G. C. Press, Simla.—No. 1277 P. W. D.—1-11-98.—102.

Form No. 10. Urgent

PUBLIC WORKS DEPARTMENT.

RAILWAY BRANCH.

C. No. 1304

HIS EXCELLENCY THE GOVERNOR.

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

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

SUBJECT.

East Coast Railway working.

FOR ORDERS.

This letter from the Govt. of India, No. 1209. RT. dated the 31st Oct. 98. is a most important one. In it they inform us that they have definitely decided to continue to work the E.C.Ry. and to entrust to Madras Ry Agency until its northern end shall have been coupled up with Calcutta by the completion of certain heavy bridges which the Bengal Nagpur Ry. Co. have in hand, and which cannot be ready before three years. The receipt of this letter and the approaching completion of the section from Bezwada to Madras*, make it a very urgent matter that we should obtain a final decision in regard to the entry of the E.C.Ry. into Madras. This important matter has been hung up pending the decision now arrived at. With it are bound up several other difficult matters, and therefore need we may request the favour of the Govt. of India and the Board of the Madras Ry. Co. to come to an agreement, it is at least done from satisfaction to be able to settle the other various important matters depending on that decision.

2.— It is necessary to mention to the Papers concerned with this question of working with those concerned with the

A

* See my recent Inspection Report.

other important question, the point of junction of the two working agencies. In regard to the latter question I mean primarily that it is practically admitted on all hands that our views are right, and that Vizag. Port, and not the inland village of Kottavalasa to make any + A lump of 25,000 wheatloads.
++ for.
is the proper, is the right point of junction between the Northern and Southern working agencies. I only refer to this matter to point out that in all these negociations with the Madras Rly. Co. the Government of India, though apparently fully aware that the Bengal Nagpur Rly. Co. could not be ready for the next three years to take over the working of the Section north of Vizag., never thought of negociating with the Madras Rly. Co. as the basis of their taking over the working, meanwhile, of the whole section up to Barang, near Cuttack, the place to which trains are running and beyond which they will not run pending entry into Calcutta. I have little doubt but that if they had negociated on these terms the Madras Rly. Co. would have advanced further to meet their views. I think that the first of India's reasons for breaking off negociations are inadequate, that they are far too nervous and disturbed in the matter, and that they have not set a sufficiently high value on the great experience likely to be brought to bear by the M. & S.M. Rly. Co. on the development of traffic. If they had made up their minds that the present State Railway staff must not be broken up they might have said so, and might have handed most of them over to

H.E.
But commercially & engineering little importance. — little more than the small Indian agglomeration of several thousand people around a Rajah's residence, and destined to become of less importance in the future as the result of railway extension. — I mean engineering, as a trade centre.

Yrs
14/1/99

Yes. But of course this is less entirely what the Bengal Nagpur railway does not want.
A.S.H.

Form No. 10.

PUBLIC WORKS DEPARTMENT.

RAILWAY BRANCH.

C. No.....

SUBJECT.

HIS EXCELLENCY THE GOVERNOR.

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

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

FOR ORDERS.

the Company. Anyhow they need not have efforts to think that it would be necessary to maintain the Staff, or part of it, as a separate organization for the working of the Vizag – Barang section, because as I have said, the Madras Rly. Co. would undoubtedly, if asked, have undertaken to work the section also for the next three years. That they should do so would be most advantageous to this Presidency because their chief aim during these three years would be to develop a trade southwards towards Vizag, Cocanada, and Madras from the Northern Circars and Orissa, and to prevent the development of a trade Calcutta-wards.

3. — I certainly think that this Government has reason to strongly deprecate the part of India's action in this important matter of railway policy. They have kept us entirely in the dark for over a year and then sprung their decision on us without giving us an opportunity of saying a word.

4 — I need not now go into the details of the negociations and explain them, and how they failed. I have annotated the Board's last letter to the Secretary of State in a way that may judge-under its technicalities how unintelligible. The Govt. of India received the Board's last letter from the Sec. of State at the end of May last. and they have been brooding over it for six months. Getting to learn that the Board had addressed the Sec. of State, I asked Mr Hyatt d. o. some months ago, why they were keeping us in the dark. He replied "we are not keeping you in the dark, why should we?", and I concluded from that that possibly they had not yet heard from the Sec. of State. I claim that they must certainly ought to have sent us a copy of the Sec. of State's Despatch dated 7th May 98 on its inclosure, as soon as received, and asked for an expression of our views. I have very little doubt but that my influence with the Engineering Officers in India would have smoothed the removal of difficulties, possibly of a serious character from the Secretary of State's despatch, and the working up to January as Mr Willcocks, the Govt. of India allowed the S.C.R. on their mind to keep up choice of the depot. for the 2nd second on working expenses seem to the Central account for this

certainly

Form No. 10.

PUBLIC WORKS DEPARTMENT.

RAILWAY BRANCH.

C. No.....

SUBJECT.

HIS EXCELLENCY THE GOVERNOR.

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

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

FOR ORDERS.

5 — In writing this Note I labour under several disabilities. 1st I have not much time to complete it and circulate it before the Hon'ble Sir A. C. Lewis arrives; 2nd Mr Moss is absent from Madras so I cannot discuss possibilities with him; 3rd Mr Hodson, Director of Contracts will be arriving here by the end of the month, and as the Govt. of India seem to have determined to work this question "off their own bat" it seems very little use my proposing anything definite until Mr Hodson arrives.

6 — The chief point requiring immediate settlement is the arrangement for bringing the S.C.R. traffic into Madras. Traffic will probably begin on the 1st January, and that all arrangements are still rather chaotic is not our fault; for all that can it was possible to do, in the absence of [illegible] has been done during the last 18 months Mr Hyatt Govt. of India urging themselves to accept this and refrain from actively referring to [illegible] letters might often give [illegible] not think

For the moment a working agreement of
a sort has been arrived at between the Manager
of the Madras & S.C.Ry. I flag it for
general. It will of course only remain current
as long as the Madras R. C. continue to work
the Madras Cuddapah section. I have wired to the
Govt. of India to enquire whether the six months
notice of termination of the arrangement under which
the M.R.Co. works the Cuddapah section should not be
served on that Company. But there is no guessing
when we shall get a reply. I believe that they
would gladly give up working it on the 1st January
and this would be by far the best thing to do. On the
Moir return I propose to press him to take orders a
to subject from his Board of course.

But whether the S.C.Ry. works the Cuddapah
section or it is worked by the M.R.C. it is
incontestable for the present that Royapuram should
be the terminus. That will be a little inconvenient
to the public, but no more so than during the
many years when the Madras Railway themselves had
no other terminus. Later on we must bring the
S.C.Ry. into the Central Station. It is not
to bring it in there now because access from
Salt dep[ot] to Royapuram & the Central station
Mr Willcocks' objection. But the Govt of
allowed the S.C.Ry. plans and estimates
share of the depot. for
separate access to the Cen

Form No. 10.

PUBLIC WORKS DEPARTMENT.

RAILWAY BRANCH.

C. No.

SUBJECT.

HIS EXCELLENCY THE GOVERNOR.

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

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

FOR ORDERS.

9. The estimate for bringing the S.C.Ry. into the Central Station contemplates the following expenditure.

Junction at Basin Bridge Rs. 3,95,000

Extension and alteration of railway line. 3.83.000

It would be possible to get into the Central Station and to do all work from there as long as the S.C.Ry. traffic consists of only two or three trains each way daily, by incurring expenditure to the extent perhaps of 5 lakhs. But the whole amount Rs 7 3/4 lakhs must sooner or later be spent. Between 2 and 3 lakhs of the 5 is required for actual new railway not yet constructed for the S.C.Ry. It is essential that we should now at once get the Govt. of India's consent to some scheme being sanctioned and money allotted as cheap as possible. They have the sketch I believe and estimates before them. I think [illegible] would be very little use in our [illegible] details until after Mr [illegible] proposed to. [illegible] Mr Wyatt like doubtless [illegible] not think

of the S.C.R. The position at present is most anomalous. We have to go round through the Govt. of India to get at the Agency about any little thing. We shall have control up to Vizag. when the Madras R.C. eventually get the southern section, and we might as well, and the sooner the better, relieve the Govt. of India of control of the State worked section during the period that must elapse before the two Companies come on the scene.

Though the Govt. of India decline to do so if finally I think there might be no harm in His Excellency repeating the question with Sir A. Mackenzie. I do not suppose that he has seen all the proposals before him of the Company working up to Barsey. Nor do I suppose that it has come to his notice that the Government has had no opportunity of considering the Company's latest proposals though they reached the Govt. of India as long ago as the end of May.

7/8.

10/11/98

I have read this Note, and send it on to Sir [illegible]

A.S.H.

8.150 m. 11/11/98

Form No. 10.

K

PUBLIC WORKS DEPARTMENT.

RAILWAY BRANCH.

C. No. 1304 of 1898

HIS EXCELLENCY THE GOVERNOR.

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

THE HON'BLE MR. CROSE, C.I.E.

SUBJECT.

East Coast Railway working.

FOR ORDERS.

W

H.E.'s Note, dated 11-11-98, on the margin of my note on the subject of the Govt. of India's decision to reject the Madras R. Co's offer to work the S.C.R. has led to my making more than one attempt at a draft of a remonstrance to the Govt. of India. I gather from Sir C. Turner that India will expect yet to receive an offer which they may be able to accept. Mr. Moore who has seen the Govt. of India's Secretary at Calcutta, and who has now returned to Madras, tells me that he quite expects that his Board will come forward with a modified offer. I believe he is now advising them in the subject. His Board had received (when his Chairman last wrote) a letter from the India Office saying that in consequence of the Govt. of India's decision the negociations must then end. But I believe they are not going to "administration". Mr. Pigott told Mr. Moore this forenoon." He will be very glad to adhere to this expression made off-hand to get control of the whole of the

Mr. Spring has reported to me on this subject. I gather from him and from Mr. Wilson, whom I have also seen, that the question of working the S.C.R. is still open subject to certain changes and developments. I agree with Mr. Spring that it would be better for me to address the Govt. of India, at present.

A.S.H.

16.1.99

HE 14.1.99

RD 17.1.99

that it would be advisable for the Govt. now to act in. I think we would be wise to allow negociation to proceed without interference of any sort.

Perhaps Judge H.S. might wish to merely acknowledge the receipt of the Govt. of India's letter No. 1209. R.T. of the 31st Oct. 98. and say that if an offer should come from the Madras R. Co. to work the S.C.R. on terms more likely to be acceptable than the former ones, we may be given an opportunity of expressing an opinion.

Mr. Moore tells me that Mr. Wyatt spoke of the possibility of the M.R. Co. getting the Vizianagram Railway line. I certainly think that if they get that, it could be the proper policy, in the interest of general development, that they should get the S.C.R. right up to Khondi, the point which H.E. will remember we have constantly in the last eighteen months pressed for as the preferable point of junction with the B.N.R. Failing Khondi we selected Vizag Port. Because the Railway line traffic must be able to flow to that point with the minimum of obstruction. But if the Madras R. Co. get the Railway line then it certainly ought to extend up to Khondi which (except for salt & perhaps coal traffic) may be reckoned as more or less traffic-sheds between Madras and Calcutta for the interests.

F.W.S. 14/1/99

Form No. (2).

For approval

PUBLIC WORKS DEPARTMENT,

RAILWAY BRANCH.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

READ the following

Rudd SN 29.

G.O. No. 483-4 Rd 30.5.96

Letter from the Govt of India No. 1100 Rdy 25.7.96 SN 37

stating that before according provisional sanction to the estimates of the cost of the junction arrangements between the Madras and the Berwada Madras Railways the Govt of India would be glad to be furnished with the detailed plans connected therewith, and informed of the terms upon which the M.R.C will be prepared to accommodate the traffic of the S.C.Ry at their Madras Station.

Give abstract only

Letter to the Govt of India No. 1033 Rdy 11.12.96 SN 47

stating that the detailed plans asked for in their letter No. 1100 Rdy 25.7.96 are under preparation, and forwarding with remarks a letter No. 1938 dated 23.10.96 from the Agent Madras Ry containing the terms on which he is prepared to accommodate the S.C.Ry traffic at the Madras Station.

Do.

Letter to the Govt of India No. 31 Rdy 16.1.97 SN 54 forwarding in continuation of letter No. 1033 R dy 11.12.96 the detailed plans together with an abstract estimate of the cost of the Junction arrangements at the Salt Godown, and stating that the Govt's decision thereon can only be come to on the question of entrusting the working of the S.C.Ry or a portion of it to the Madras Ry.

Do.

G.O. No. Rudd 358-57 Rdy 19.5.97. SN 58(a)

G.O. " Rudd 475 R dy 19.7.97. SN 58(c)

P.T.O.

(Continued)

2 Sp

SN° 75(a)

Letter to the Govt of India N° 726 Rg dt 14.5.98 requesting that as soon as it is definitely known whether the Madras Ry are, or are not to have the working of any part of the E.C. Ry the fact may be intimated to this Govt as early as possible.

abstract sub

Prima-Verbalum

G.O. no 635-6 Rg dated 10.5.97.

flag G

Do SN° 31-32

G.O. no 880-81 Rg dated 1.11.97

Do SN° 33-34

G.O. no 1134-5 Rg dated 14.12.97

Do flag K

Govt of India letter No. 1205 RT & 31.10.98 & Enclosure.

Recorded.

2 Sp

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

Railway.

Read the following papers:—

G.O., Nos. 483–84 Ry., dated 30th May 1896.

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—25th July 1896, No. 1100 R.C.

Abstract.—Stating that, before according provisional sanction to the estimates of the cost of the junction arrangements between the Madras and the Bezwada-Madras Railways, the Government of India would be glad to be furnished with the detailed plans connected therewith, and informed of the terms upon which the Madras Railway Company will be prepared to accommodate the traffic of the East Coast Railway at their Madras Station.

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—11th December 1896, No. 1033 R.

Abstract.—Stating that the detailed plans asked for in their letter No. 1100 R.C., dated 25th July 1896, are under preparation, and forwarding, with remarks, a letter No. 9138/942, dated 23rd October 1896, from the Agent, Madras Railway, containing the terms on which he is prepared to accommodate the East Coast Railway traffic at the Madras Station.

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—16th January 1897, No. 31 R.

Abstract.—Forwarding, in continuation of letter No. 1033 R., dated 11th December 1896, plans and estimates of the junction arrangements at the Salt Cotaurs, and stating that this Government is desirous that an early decision should be come to on the question of entrusting the working of the East Coast Railway or a portion of it to the Madras Railway.

G.O., Nos. 358–59 R., dated 19th May 1897.
G.O., No. 475 R., dated 19th July 1897.

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—14th May 1898, No. 726 Ry.

Abstract.—Requesting that as soon as it is definitely known whether the Madras Railway are, or are not, to have the working of any part of the East Coast Railway the fact may be intimated to this Government as early as possible.

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, 19th August 1897, No. 655 R.T.

Abstract.—Forwarding certain confidential papers, including despatch to the Secretary of State, No. 86 Ry., dated 11th August 1897.

G.O., No. 635 R., dated 10th September 1897.

From—The Joint Secretary to the Government of Madras, P.W. Dept., Ry. Branch.
To—The Secretary to the Government of Public India, Works Dept., Simla.
Dated—Ootacamund, 10th September 1897, No. 636 R.

ABSTRACT.—Treats of the most suitable point for the junction of the Northern and Southern agencies for the working of the East Coast Railway (see G.O., No. 1037 Ry., dated 26th Nov. 1897).

Memorandum by—The Joint Secretary to Government, P.W. Dept., Ry. Branch.
To—The Chief Secretary to Government, Judicial Department.
Dated—11th September 1897, No. 1367 D.

With reference to the accompanying copy of a note by Sir Henry Bliss, K.C.I.E., the undersigned has the honour to request that the Judicial Department will kindly note what it is exactly that they want agreed to in connection with the Police question.

Office-note from—The Chief Secretary to Government.
To—The Joint Secretary to Government, Public Works Department, Ry. Branch.
Dated—26th October 1897, No. 2188.

~~With reference to Public Works Department (Railway) note No. 1367 D., dated 11th September 1897, the undersigned has the honour to state that the main point~~ connected with the Railway Police scheme in respect to which negociations with the Madras Railway Company have proved unsuccessful is the question of providing special carriages for the Superintendent and the Assistant Superintendent. The extent to which such carriages are supplied by Railway Companies in other parts of India is shown in the letter of the Inspector-General of Police, No. 780, dated 26th February 1897, a copy of which was communicated to the Public Works Department with G.O., No. 558, Judicial, dated 21st April 1897. The carriage which is considered necessary is one which could be detached at any station, and in which the Police officer could conveniently live.

In connection with the question of granting free passes to Railway Police officers dealt with in Public Works Department memorandum No. 3761 C., dated 27th August 1897, it is observed that the rates for periodical tickets proposed by the Madras Railway Company compare very unfavourably with those fixed by the South Indian Railway.

Order—No. 880 Ry., dated 1st November 1897.

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, P.W. Department, Simla.
Dated—1st November 1897, No. 881 R.

In continuation of my letter No. 636 R. of 10th September 1897, in which you were addressed with reference to the first few lines of the 2nd paragraph of the despatch to the address of the Right Honourable the Secretary of State for India which formed the enclosure of your letter No. 655 R.T., dated the 19th August 1897, I am now directed to communicate the following remarks on the subject of the bulk of that despatch, viz., the detailed arrangements which commend themselves to the Government of India as being suitable for agreement with the Madras Railway Company for the working of such part of the East Coast Railway as may be entrusted to them up to the end of March 1907.

Form No. $\frac{1}{A}$.

Print

No. 3722

Madras, 6th December 1897.

From

THE CONSULTING ENGINEER FOR RAILWAYS,

MADRAS,

Reminders.

To

THE AGENT AND MANAGER, M. RY.

*Reply No.*_____

*dated*_____

SIR,

I shall be obliged by your informing me to what extent you now provide your officers with carriages either for their own special use, or by lending them carriages for use during tours involving their absence from their houses or staff quarters at night. A copy of any detailed rules you may have laid down will be useful.

The information is asked for in connection with a question which has been raised as to the provision of special accommodation to certain officials of the Police Dept while on duty in connection with Railway work, and

I

I shall be glad if you can furnish it to me with as little delay as possible.

Yours &c

(Sd) F. J. E. Spring

2. I am instructed to say that the conditions laid down by the Government of India in their despatch to the Secretary of State appears to this Government to be suitable to the requirements of the case. There is a matter, however, affecting the convenience and efficiency of police administration in this Presidency to which His Excellency the Governor in Council desires me at this juncture to invite special attention. It is considered by this Government that advantage should be taken, if possible, of this opportunity, to insist on reasonable terms being agreed to with the Madras Railway Company for the concession to the Police Department of certain conveniences both on their own lines and on the State lines which it proposed that they should work. With reference to this I am directed to enclose a copy of a memorandum on the subject prepared in the Judicial Department of this Government which indicates the general lines on which reform is thought by this Government to be needed.

3. His Excellency the Governor in Council will be glad to learn of the early completion of preliminary negociations with the Madras Railway Company for the working of the East Coast Railway in order that arrangements connected with the Harbour and with a junction with the South Indian Railway may be able to be matured.

4. If, however, the negociations with the Company should unfortunately fall through, His Excellency in Council would consider it essential, in the interests of the trade of this Presidency, that if the southern working agency should be a State agency, its administrative control should be in the hands of this Government.

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—30th November 1897, No. 892 R.T.

I am directed to acknowledge the receipt of your letter No. 881 R., dated the 1st November 1897, communicating the views of the Government of Madras on the terms proposed for the working of a portion of the East Coast Railway by the Madras Railway Company.

2. His Excellency the Governor in Council considers that advantage should be taken of this opportunity to insist on terms being agreed to with the Madras Railway Company with a view to the free pass rules for Railway servants being made applicable to the officers and men of the Police Department and also for the provision of special carriages for the Superintendent and the Assistant Superintendent, both on the Madras Railway and on the State line which it is proposed that that Railway should work.

3. With reference to this point I am to enquire how far the Madras Railway Company provides special carriages for its own officers.

From—The Agent and Manager, Madras Railway.
Dated—9th December 1897, No. 7247/1132.

In reply to your letter, No. 3722 of the 6th instant, I have the honour to state that there are only three carriages on this Railway which are strictly reserved for the use of officers. These carriages are E-3 which is reserved for the use of the Consulting Engineer and E-2 and E-1 which are used by the Chief Engineer and the Telegraph Engineer, respectively, for inspection tours. There are three other carriages, viz., A-2, A-3 and A-8, which are used by the Agent and Manager, the Locomotive Superintendent and the Traffic Manager when they are available; but as these carriages are, under the Board's orders, available also for the public, they are not regarded as strictly reserved carriages.

District Engineers or District Traffic officers when they have to sleep at outstations where there are no staff quarters, can have the use of a composite or a 2nd class carriage, if such a vehicle is available at the head-quarter station of the district. We have no special or detailed rules regulating the use of the carriages I have referred to.

I think my Board would, perhaps, be prepared to accept an arrangement for hauling a special carriage for the local Police officers over this Railway, on the favoured terms that have been accepted for hauling carriages with the Director-General and other State Railway officers.

Order—No. 1134 R., dated 14th December 1897.

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.
Dated—14th December 1897, No. 1135 R.

In reply to your letter, No. 892 R.T , dated the 30th November 1897, I am directed to forward a copy of a letter from the Agent and Manager, Madras Railway Company, to the Consulting Engineer for Railways, Madras, No. 7247/1132, dated the 9th December 1897, which gives the information asked for in your final paragraph.

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—14th May 1898, No. 726 Ry.

Abstract.—Requesting that as soon as it is definitely known whether the Madras Railway are, or are not, to have the working of any part of the East Coast Railway, the fact may be intimated to this Government as early as possible.

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, 31st October 1898, No. 1209 R.T.

I am directed to forward for information copy of despatch No. 35 Ry., dated the 5th May 1898, from Her Majesty's Secretary of State for India and of its enclosure, with respect to the terms proposed in Government of India despatch No. 86 Ry., dated the 11th August 1897, which accompanied this office memo. No. 655 R.T., dated the 19th August 1897, to your address, for the transfer to the Madras Railway Company of the working of a portion of the East Coast Railway including the Bezwada-Madras Railway, and to observe as follows.

2. As stated in the Government of India despatch above referred to, the principal object of the proposal to entrust the working of the Government railway to the Madras Railway Company was to avoid the necessity for maintaining the separate Government administration and thereby secure economy if it were possible to do so on terms which would avoid any undue enhancement of the purchase price of the Madras Railway, which can be taken over by the State at a rate based upon the average price of the shares for three years preceding 1st April 1907. The Government of India accordingly, after careful consideration, suggested conditions which, in their opinion, were calculated to attain this object, and stated that, failing the acceptance of those conditions by the Madras Railway Company, they were quite prepared to undertake the working of the East Coast and Bezwada-Madras Railways by the existing administration of the East Coast Railway. The only points upon which further discussion was invited were the division of the working expenses under Abstract E—"General charges," and the provision of the necessary buildings and works for the accommodation of the Government railway at Madras.

3. It will, however, be observed from letter No. 9132, dated the 25th March 1898, from the Board of the Madras Railway Company, accompanying the despatch from Her Majesty's Secretary of State, above referred to, which has received careful consideration, that the Company intimate their inability to accept the main condition upon which it would be possible to entrust them with the working of the railway, viz., that the total expenditure under each of the Abstracts "B—Locomotive expenses," "C—Carriage and wagon expenses," "D—Traffic expenses," and "G—Special and

miscellaneous expenditure," should be divided between the Government railway and the Company's system in the same ratio as the gross earnings of the Government railway bear to the gross earnings of the Company's system including all branches except the Government railway.

4. The Company represent that this condition would entail a loss to their own line until the traffic on the Government railway had developed sufficiently to ensure that the cost of working would be covered by the same percentage of gross earnings as obtains on the rest of the Madras Railway system, and put forward an alternative proposal to work the Government Railway at a train-mileage rate.

On a comparison of the results on the present East Coast Railway with those on the Madras Railway system, it is observed that, while the percentage of working expenses on gross earnings is much lower on the latter, the expenditure per train-mile is actually higher, as shown below:—

Railway.	Percentage of working expenses on gross earnings.		Total working expenses, Rs. per train-mile.	
	1896.	1897.	1896.	1897.
East Coast Railway	77·98	69·59	2·10	1·95
Madras Railway system	50·81	47·90	2·22	2·12

Consequently the application to the Government line of a train-mileage rate based on the Madras Railway results is likely to prove unduly unfavourable, and would have the effect not only of depriving Government of any share of the economy which would result from placing the Government and the Company's railways under one administration, but would probably entail a larger expenditure than under existing arrangements, and thus frustrate the principal object of the proposal to entrust the working of the Government railway to the Company.

5. I am further to remark that there would be no object in handing over the southern section of the combined East Coast and Bezwada-Madras systems to be worked by the Madras Railway Company, even if they had accepted the terms proposed by Government, so long as it continues to be necessary for Government to maintain an establishment to work the northern section; and as until the connection with Calcutta is complete, which will not be for some three years to come, the Bengal-Nagpur Railway Company will hardly be in a position to take over and work the northern section to advantage, it will in any case be better to postpone the further consideration of the question till the connection with Calcutta is established. By that time the traffic on the Southern section of the East Coast Railway will be more developed, the percentage of working expenses to gross earnings may have improved sufficiently to remove the objection of the Madras Railway Company to the proposed terms, and the Government of India will be in a better position altogether to judge what arrangements will be fair and most convenient for the future working of the line.

6. Under these circumstances the Government of India have decided to continue to work the East Coast and Bezwada-Madras Railways by State agency for the present.

7. The other points raised in the letter from the Board of the Madras Railway Company being dependent on the main issue above referred to, need no remarks.

8. I am to add that Her Majesty's Secretary of State has been informed of the decision arrived at by the Government of India.

ENCLOSURE.

Despatch from—The Right Honourable the Secretary of State.
To—His Excellency the Right Honourable the Governor-General of India in Council.
Dated—India Office, London, 5th May 1898, No. 35, Railway.

With reference to your letter No. 86 (Railway), dated 11th August 1897, I forward, for the consideration of your Excellency, a copy of a letter from the Board of the Madras Railway Company with respect to the terms on which they are prepared to work any portion of the East Coast Railway that may be entrusted to them.

Enclosure to the above.

From—The Secretary, Board of Madras Railway Company.
To—The Under Secretary of State for India, India Office.
Dated—61, New Board Street, London, 25th March 1898, No. 9132.

The Board of the Madras Railway Company have given very careful consideration to the proposals of the Government of India, for the working by the Company of the 500 miles of the East Cost Railway between Madras and Vizianagram, contained in the extract from their Despatch of the 11th August 1897, No. 86 (Railway). They have consulted their Agent and Manager at Madras, and the opinions of the principal officers of the Company there have also been obtained and considered.

2. The conclusion at which the Board have arrived is that they could not, without certainty of loss at first, and possible loss for some time afterwards, accept the arrangements proposed, at the commencement of the working; but they think that, for such a shorter or longer period as circumstances may show to be necessary, an alternative arrangement, guarding at any rate against any material loss on the working, is feasible, without infringing the accepted condition that profit on the working is to be avoided, while after such period it is probable that the arrangements proposed by the Government of India may, with some modification of detail, take the place of those which the Board think necessary in the first instance.

About and sometimes under 50 per cent. of gross earnings. * 1896 74·26 per cent. of gross earnings.

3. The reasons which have led the Board to conclude that the Government of India proposals would involve loss, until a considerable development of traffic and consequently of gross earnings had taken place, are (1) the experience gained on their own railway upon which in the last few years only has it been found possible to work at the reduced cost now practicable; (2) the present* cost of working the part of the East Coast Railway which is open for traffic, which confirms the experience of the Madras Railway that low percentages of working expenses on gross earnings are not obtainable until some years after a line of railway is opened for traffic. This is in part due to the necessity for arranging a train-mileage more or less in excess of the traffic using the railway, as judged from the revenue earning standpoint.

(a) General. † to the Government.

4. Under (*a*) General it is proposed to reserve power† to terminate the agreement on 12 months' notice, either on the 1st April 1904 or any subsequent year. No doubt this provision is necessary for the purpose contemplated, and the Board make no objection to it; but it precludes the possibility of compensation after the date named for any losses incurred prior thereto, and consequently enhances the necessity of safeguards against such losses. The Board agree also not to establish a reserve fund during the time that the agreement may last.

(*b*) Capital.

5. The proposals under (*b*) Capital are accepted.

(*c*) Rates and fares.

6. The Government of India proposal is that the rates and fares should be subject to the same control of Government as is exercised under the Bengal-Nagpur Railway agreement. That control is, legally under that agreement, absolute and unconditional. The circumstances, however, of the Bengal-Nagpur agreement and those of the agreement now under consideration are radically different. The former agreement provides a guarantee by the Government of 4 per cent., and effectually precludes loss. The Madras Railway Company on the other hand would, under the Government of India proposals, be entirely dependent, for the reimbursement of expenses incurred, upon a part of the gross earnings, which latter depend upon rates and fares. The Board therefore think that whatever may be the general policy of the Government with regard to this subject, the circumstances under which an agreement for the working of the East Coast Railway is sought to be arrived at, are so exceptional that this Company should be allowed such discretionary power, within the limits of a schedule of maximum and minimum rates and fares, as they possess under the contracts relating to the Madras Railway.

The Board consider, moreover, that they would have great difficulty in obtaining the confirmation by their shareholders of an agreement of this exceptional character, which vested the absolute legal control of rates and fares in the Government alone.

Terminals.

In respect of terminal charges the Board accept the proposals of the Government of India, viz., "No terminal to be charged on coaching traffic, or on cross traffic over either railway; on goods traffic a terminal charge of 3 pies at each of the stations of origin and destination to be admissible. The charge to the public to be based on the actual mileage, and to be divided between the two lines in mileage proportion, after deducting the terminals, if any, due to each."

Joint stations.

With regard to the stations of the Madras Railway at Madras which would become joint stations, the opinion of the Company's officers at Madras is in favour of the adoption of the rules framed by the Government of India for the regulation of such stations generally, while for the short length of line outside those stations, belonging to the Madras Railway, which would be used by the State Railway, it was suggested that a toll might be levied. If, on the other hand, the Government of India proposals be adopted, viz., that "the distance from the junction to the terminal stations of the Madras Railway might be fixed for the purpose of division of the earnings at a higher figure than the actual mileage, a different distance being fixed for coaching and goods traffic, and the agreed mileage deducted from the mileage of the State Railway," the mileage allowance proposed to cover the use both of stations and line is five miles for coaching and ten miles for goods traffic, it being understood that the mileage deducted

from the State Railway will be added to that of the Madras Railway for the division of traffic earnings between the two lines. As the Government of India plan is the simpler of the two arrangements, providing, as it does, for the use of stations and line, while the alternative would involve a toll or mileage allowance in addition to a charge for the stations, the Board think that the customary rules framed by the Government of India for the use of joint stations should be adopted.

(d) Telegraphs, Post Office and other services to be rendered to the Secretary of State.

7. The Board accept the proposals of the Government of India, viz., "the provisions regarding telegraphs and the services to be rendered to the Secretary of State in regard to the carriage of Mails and Postal servants, Government servants and military stores, to be the same as those in force on State Railways from time to time."

(e) Gross earnings.

8. "The gross earnings of each railway to be recorded separately" is a condition in the necessity of which the Board concur.

(f) Working expenses.

9. I.—Abstract A, Maintenance of Way, Works and Stations.

The Board accept the proposal of the Government of India that "the actual cost of maintenance, with a proportion to be agreed upon of the cost of the Chief Engineer and his office should be separately charged against the State line."

In dealing with this latter point, *i.e.*, the proportion of cost of the Chief Engineer and his office to be charged to the State line, what have been called "fixed charges" have to be taken into account.

Definition of employés or classed under "fixed charges."

In ascertaining from the Establishment Rolls what these charges amount to, it has been assumed that only those members of the present Establishments of the Madras Railway who will be able, and who will be required, to undertake for the State Line similar duties to those they now perform for the Madras Railway, should be included.

Extra remuneration of employés so classed.

The Board consider that it is not only right that extra remuneration should be given to those who will have additional work to do, and additional responsibility placed upon them, but that it is of great importance to the success of the management of the State line that the staff of the Madras Railway generally should feel that their interests have been considered, and that all the savings under establishments, which their employment in connection with the State line will secure, are not to be appropriated without due regard being given to the additional services demanded from them.

For present purposes it is assumed that such remuneration will be one-fifth, or 20 per cent., of the fixed charges.

Data for calculations.

The data for the calculations made in connection with Abstract A and the other Abstracts are the Revenue Accounts of the Madras Railway for 1896, the latest year for which complete details are available, and the Establishment Rolls for the first-half of 1896, the figures in the "Estimate" column of which have been taken and doubled to obtain the charges for the year.

* *Not printed.* F.J.E.S.

A complete list* of the items classed as "fixed charges" is appended to this letter, and the total of Rs. 3,61,226 has been taken for purposes of calculation as 4 lakhs, to provide for possible omissions.

Returning to the consideration of Abstract A—

The items under "fixed charges" amount to ... ... Rs. 45,900

Total establishment Rs. 2,82,134.

As all the establishment required for and employed exclusively on the State line will form part of the actual cost of maintenance, the only contribution towards the expenses of the Chief Engineer's office that will be necessary, will be for extra hands:

The Clerks in the office cost	Rs.	9,780
„ Draftsmen	„	8,160
„ Menials	„	1,860
Total ...	Rs.	19,800

Probably one-fourth of this sum, or, say, Rs. 5,000, will suffice for extra hands.

The amount therefore on account of the Chief Engineer and his office to be charged to the State line will be 20 per cent. on the "fixed charges"	Rs.	9,180
For extra hands	„	5,000
Total ...	Rs.	14,180

(f) Working expenses continued.

10. II.—Abstract B, Locomotive expenses.
„ C, Carriage and Wagon Expenses.
„ D, Traffic Expenses.
„ G, Special and Miscellaneous Expenses.

The Government of India proposal is "the total expenditure under each of these heads to be divided between the Government Railway and the Company's system, in the same ratio as the gross earnings of the Government Railway bear to the gross earnings of the Company's system, including all branches except the Government Railway."

The Board regret that they are unable to accept this proposal until they are assured of a sufficient gross revenue from the State line to make it tolerably certain that the traffic can be conducted at the same percentage of gross revenue as now suffices on the Madras Railway. *i.e.*, about 50 per cent.

Pending such development, they are willing to work the line at a train-mileage rate coupled with a minimum train-mileage, the latter being requisite to determine the scale on which the working arrangements should be organized. Alternative proposal.

Assuming that the train service will, as a minimum, be 1 passenger train each way daily, and 1 goods train each way daily, or the equivalent, the minimum train-mileage will be	730,000	
which appears to be a moderate estimate, the train-mileage on the 484 miles of the State Railway in 1896 having been	893,111	
Under this proposal Abstract E, "General charges" has to be included in addition to the other 4 abstracts, and, under these 5 abstracts, the cost of working on the Madras Railway was, in terms of percentage of gross revenue	38·96	
and including also Abstract A	50·50	
Earnings per mile per week were, in round numbers	Rs.	246
Working expenses do. do.	„	125
Total working expenses per train mile were	„	2·22
Working expenses, exclusive of Abstract A, were therefore per mile per week ...	„	96·4
Fixed charges, exclusive of Abstract A, are (taken as 4 lakhs)	„	9·0
Per mile per week, exclusive of Abstract A and fixed charges ...	Rs.	87·4

The train service averaged 4 trains each way daily, and cost $\frac{87{\cdot}4}{4 \times 2 \times 7}$ = Rs. 1·56 per train mile. Allowing 20 per cent. of the fixed charges for extra remuneration, the deduction for these becomes 7·2 instead of 9, and $\frac{96{\cdot}4 - 7{\cdot}2}{56}$ = Rs. 1·59 per train mile, which is the rate which, the Board consider, would probably cover the cost of working a train mile on the State Railway.

Taking this rate, it follows that, with the assumed minimum train-mileage the gross revenue would have to amount to a little under Rs. 30 lakhs in order to make the Company's receipts from a percentage (38·96) of the gross revenue equal to the minimum income secured by the train-mileage rate. With the train-mileage at 1 million a gross revenue of nearly 41 lakhs would be required to place the mileage rate in abeyance.

The Company of course would desire to apply the percentage of gross revenue arrangement whenever the circumstances admitted of its superseding the mileage rate, because they would then receive something more than the minimum secured by the train-mileage rate.

An advantage of this alternative proposal is that it leaves the Government free to increase the train-mileage as may seem to them expedient. Seeing the material effect on working expenses resulting from expansion of train-mileage, there might be a strong disinclination on the part of the Company to increase that mileage, until the gross revenue development fully warranted it, were they dependent solely on a percentage of gross revenue.

11. III.—Abstract E, General Charges.

(*f*) Working expenses continued.

So long as a train-mileage rate may remain in force, these charges will be covered thereby, and when the percentage of gross revenue arrangement may supersede the other, the Board think that it can hardly be worth while to deal differently with this abstract from that adopted as regards Abstracts B, C, D, G.

However, if a sum has to be separately determined as the limit under this abstract, it would seem to be desirable, in the absence of reliable data for estimating the gross revenue, to take length of line as the basis of calculation.

The total for the Madras Railway is	6·075	lakhs.
The items under fixed charges amount to 1·94 lakhs, and deducting four-fifths of this, or	1·533	„
The balance would be	4·542	„
And $\frac{586}{846}$ths of 4·542 lakhs is	2·663	„

which would be the sum required.

If Abstract E be dealt with in the same manner as the other 4 abstracts, the adjustment of charge will be automatic. If separately treated, the Company would probably be the gainers, as they would have to take care that the sum allotted was amply sufficient.

(*g*) Stores.

12. The Madras Railway will keep in stock all stores required for use on the State line, and issue them on the same terms as to the Company's line. The only proviso necessary is that the Company is not to be liable for interest on overdrawn capital spent on stores held in stock for the State line.

13. The Board feel themselves unable, under arrangements designed throughout, to preclude profit on the working, to undertake to provide buildings and office accommodation free of cost. Rent or a percentage on the outlay will be necessary and whatever percentage, to cover interest on cost and depreciation, may have been adopted generally by Government as sufficient, the Board will be prepared to accept. (h) Buildings, &c., at Madras.

So far as existing buildings (other than stations) and offices will suffice, no charge to the State line for their use will be made.

14. It is understood that the State line will be equipped by Government in the first instance with rolling stock suitable to the train-mileage fixed as a minimum, and that thereafter such additions will be made in the same way to this stock as may be necessary, to meet the requirements of increased train-mileage and traffic development. Rolling Stock.

15. Proposals for improving the position of this Institution have for a year or two been before the Secretary of State and the Government of India. It is understood moreover that a scheme intended to apply to Railways in India generally is under consideration, and may possibly be sanctioned before long. The Board will therefore only ask in this connection that until new rules come into force, the revenue contribution to the institution may be governed by the rules at present applicable to State railways, so far as such contributions are derived from revenue earned on the State line. Madras Railway Provident Institution.

ORDER—No. 286 Ry., dated 13th March 1899.

Recorded.

(True Extract.)

Under Secretary.

RAILWAY.

East Coast and Bezwada-Madras Railways

Recording correspondence relative to the circumstances under which the Government of India have decided to continue to work the — by State agency for the present.

To The Comptroller & Auditor General.
The Chief Commissioner Railway Accts, Madras.

Despatched on 25/3/99