Public Works (1899) Department.

RAILWAY BRANCH.

G.O., No. 774-95 B

DATED 5 Septr 1899

150/6/20/26

[Despatch Abstract.]

The Working Agencies for the East Coast Ry.

Recording correspondence embodying a Note dy 12 August 1899 by the Consulting Engineer for Rys, Madras, on Mr. Wynne's second memorandum on _____

Forwarding to the Govt of India, a copy of Proceedings recording correspondence, embodying a Note dy 12 August 1899 by the Consg Engr for Rys, Madras, on Mr. Wynne's second memorandum on _____

P. W. 26.
1,000—11-8-99.

Indexed.

BACK PAPERS.

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

FURTHER PAPERS.

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

RAILWAY.

Government {1899} of Madras.

PUBLIC WORKS.

Recd. } 1899. *Enclosures*

Regd. *Spare copies*

G.O., Nos. 994, 995 Ry., 5th September 1899.

SEPTEMBER.

The Working Agencies of the East Coast Railway

Forwarding to the Government of India a copy of Proceedings recording correspondence, embodying a note, dated 12th August 1899, by the Consulting Engineer for Railways, Madras, on Mr. Wynne's second memorandum on —.

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

Railway.

Read again the following paper :—

G.O., Nos. 658–59 Ry., dated 13th June 1899.

Read also the following paper :—

THE WORKING AGENCIES FOR THE EAST COAST RAILWAY.

Note by Mr. Francis J. E. Spring, Consulting Engineer for Railways, Madras.

1. I have read with interest Mr. Wynne's second memorandum on this subject, written after receipt of the criticisms of his first memorandum contained in G.O., No. 658 Ry., dated the 13th June 1899. The second memorandum is undated, but it has the press mark "No. 511–20—13–7–99. Caledonian Press, Nagpur." It is addressed to the Chambers of Commerce of Madras and Cocanada, and could not therefore have influenced the former Chamber's letter dated 8th July 1899, though it might possibly have been read by the Cocanada Chamber before their letter dated the 5th August 1899, was written. A copy reached me with a brief demi-official from Mr. Wynne, dated 17th July 1899.

2. Mr. Wynne appears never to have intended his original memorandum to have become public property ; but by sending a copy of it to the leading newspaper of these parts, which in a leader of a few weeks previously had strongly put forward a quasi-inspired proposal in the sense of the subsequent memorandum, he went an unlikely way about keeping the matter a private one between himself and me. Personally I am very pleased that this apparent slip on Mr. Wynne's part gave a fair opportunity for the public discussion which has ensued, and which indicates very clearly that this Government's policy is in accord with such mercantile opinion here as has power of expression. The tone also of all notices, in local newspapers, of G.O. No. 658 Ry., dated 13th June 1899, indicates in no uncertain manner the desire of the Presidency in general for the expansion and strengthening of its old servant the Madras Railway Company rather than for the advent of a newer Company whose interests, in spite of Mr. Wynne's protests, appear so suspiciously like being bound up with those of the port of Calcutta.

3. As Mr. Wynne's second memorandum could, I presume, have scarcely been written with any hope of reinstating his original proposals in a position to command public confidence here, and as presumably its object merely was to justify his original arguments, I propose to leave him to Mr. Moss and to the Chambers, who may or may not see fit to again reply to him, merely confining myself to a few of his paragraphs, viz., those marked (*a*) and (*b*) on page 5 of these Proceedings.

4. That, owing to the terms of its contract, there should have been difficulties in extending the area of influence of the Madras Railway Company is only natural. General Mullins, in his speech quoted by Mr. Wynne, expresses appreciation of those difficulties. But, from my point of view, difficulties are merely things to be brushed aside, by all concerned setting themselves earnestly to the task. That

some of these difficulties should in the past, instead of being removed, have been circumvented, by what to me appears the most mistaken policy of allowing an invasion by one railway company of the natural trade tract of another, is an indication rather of the omission of those concerned to set themselves to devise their removal than of the impossibility of such devising. This Government's present metre gauge conversion and extension policy for the Madras Railway is an honest, and if accepted will in my belief be an effectual, means of removing many difficulties. Other and more important and far-reaching developments are also possible, though it would be premature to indicate them here. However, as already explained in paragraph 6 of my previous note, dated 22nd May 1899, I personally believe the influence which has heretofore been at work to have been the veriest bogey.

5. Next as regards (*b*). I must in self-defence explain to Mr. Wynne that my former paragraph 6 was not intended at all to refer to the East Coast Railway. It happened to be merely a recital of another note of mine, dated the 24th May 1899, dealing with the general difficulty which all concerned have imagined themselves to experience whenever they have had to consider proposals for extensions of the Company's system. I had no intention of suggesting, as Mr. Wynne assumes I did, a policy of utilising the East Coast Railway as a means of raising the Madras Railway Company's dividends from 5 to 7 per cent., so as equally to benefit the shareholders and the State. On the contrary, I have been intimately associated with the discussion of means to prevent the occurrence of such a result on the assumption by the Company of the working of the State Railway. My paragraph (No. 6) merely had reference to extensions and branches proposed, on one occasion or another, to be built out of Company's shares or debentures, and not to the working by the Company of State-built sections. I can see however that the absence of a definite pronouncement to that effect makes Mr. Wynne's assumption a pardonable one, and I am glad that his second memorandum has afforded me this opportunity for an explanation.

6. Near the foot of page 6 of these Proceedings Mr. Wynne remarks that up to date, despite the disadvantages and the cost of the sea route, Singareni coal has not succeeded in ousting Bengal coal from the Madras market. With the southern section of the East Coast Railway scarcely in regular working order in the early part of 1899, and with rates in an unsatisfactory state owing to the abnormal intervention of 10 miles of a separate agency between the State-worked line and Madras, and in the absence of proper coal sidings at Salt Cottars and of coal tranship arrangements between the broad and metre gauges near the Madras Beach, it could scarcely be expected that Singareni or any rail-borne coal could do much in the way of competition with sea-borne coal. All these matters, however, are now in process of being set right ; and there is good reason to hope that, what with this, and new developments at Singareni itself, and a better labour supply to meet a more extended demand, sea-carried coal may find it less easy than heretofore to supply the requirements of the Madras market. Naturally, quality being equal, the public cares nothing where the coal comes from so long as it is cheap ; neither do I, and I shall welcome all competition. But it seems to me that in the not distant future Messrs. Moss and Wynne will be found involved in a friendly correspondence on the lines of that between the latter and the Great Indian Peninsula Railway Company as set forth in Mr. Wynne's very interesting Sanctoria-Bombay Memorandum. Only I hope and believe that, when that time comes, Mr. Moss will be found less obdurate than Mr. Barnett, and as each Agent on the Calcutta-Bombay line will get some 500 odd miles of lead, and can freely exchange waggons and so neglect to worry about "mileage", it will be for their mutual interest to enter the lists with united forces against the common enemy, the British India Steam Navigation Company. Indeed, in view of the extra 500 miles of lead which he will get out of it, every ton of Bengal coal which Mr. Moss can induce to go to the Kolar goldfields, in place of English coal which he only carries from Madras, will be for the benefit of his Company and of Government. However, Mr. Pendlebury will doubtless have something to say to that when the time comes.

Ootacamund,
12th August 1899.

Francis J. E. Spring,
Consulting Engineer for Rys., Madras.

Enclosure No. 1.

From—The Chairman, Chamber of Commerce, Madras.
To—The Joint Secretary to Government, P.W. Dept., Ry. Branch, Ootacamund.
Dated - Madras, 8th July 1899.

I have the honour to acknowledge receipt of G.O., No. 658 Ry., dated the 13th June, in which the Chamber is invited to express its opinion in the matter of the working Agencies of the East Coast Railway, with especial reference to the Note by Mr. F. J. E. Spring, the Consulting Engineer for Railways, Madras, commenting on the memorandum of Mr. T. R. Wynne, the Agent and Chief Engineer of the Bengal-Nagpur Railway; and the letter, in reply thereto, addressed to Government by Mr. L. S. Moss, the Agent and Manager of the Madras Railway.

Mr. Spring has dealt with the matter so ably and exhaustively, and expressed views which are so entirely in accord with those entertained by this Chamber, that it seems a matter of supererogation for the Chamber to say more than that it agrees with nearly every word of his Note.

The publication of Mr. Wynne's memorandum was, the Chamber considers, most unfortunate, for it has been shown to be full of inaccuracies and to be a piece of very special pleading. The Chamber is surprised at Mr. Wynne's action in issuing it, in view of the letter which he addressed to the Government of India on the 4th February 1898—an extract from which is quoted by Mr. Moss and referred to by Mr. Spring—in which he expresses a view diametrically opposed to that which he now enunciates in regard to the policy of the Bengal-Nagpur Railway.

So far as the Chamber is aware, nothing has transpired since February 1898, to warrant such a complete change of policy on the part of the Bengal-Nagpur Railway. But the mere fact of its occurrence—if it has occurred—is quite sufficient, the Chamber considers, to justify the mercantile community in regarding Mr. Wynne's memorandum with grave suspicion, and the adoption of his proposals as likely to be ultimately fraught with serious consequences to the public and trade served by the southern portion of the railway.

Mr. Wynne's proposals may at first sight appear plausible enough; but when subjected to the crucial test of impartial, well-informed, and intelligent criticism—as they have been by Mr. Spring—they are shown to be fallacious. The memorandum has, indeed, been based upon a totally inaccurate perception of the true facts and necessities of the case, and of the ultimate effect of the adoption of the proposals it contains upon the interests of this Presidency. The injury which such a document was calculated to have upon the Madras Railway, in the absence of authoritative and prompt exposure of its many fallacies and inaccuracies, was not a little, and the Chamber cannot but express its regret that it should have been issued.

This regret, however, is tempered by the satisfaction and instruction which the Chamber has derived from a perusal of Mr. Spring's Note, and I have the honour to convey to the Government of Madras an expression of the Chamber's cordial thanks for the long and determined struggle which it has maintained with the Government of India—as there set forth—in the interests of this Presidency. But while regretting that the action of the Government of India has in the past been inimical to this Presidency in this matter, the Chamber has every reason to anticipate that that Government, as at present constituted, can be relied upon to do that simple justice to the representations of the Madras Government, and to the interests of this Presidency, which does not appear to have been done to them in the past.

His Excellency Lord Elgin, in replying to a memorial presented to him by this Chamber on the occasion of his visit to Madras in 1895, asked the Chamber "to have some confidence in the Government of India that in any arrangement for the management and working of these lines it will make it its duty to see that the interests of the various parts of the country through which the line passes, and of the traders served by the line, will be subjected to no unfair treatment or undue preference." The Chamber did as it was requested to do, though with some misgivings, and the result has proved that its fears were not unwarranted; for the Government of India appears to have deemed the views of the Government of Madras as entitled to little or no consideration, and to have, with regrettable partiality, displayed the utmost concern for the interests of the Bengal-Nagpur Railway, ignoring, as it would seem, the views of the Madras Government.

But, as Mr. Spring observes in his Note, in deciding an important question such as the one under consideration, it is "the best interests of the mass of the people" which have to be considered, and he has, the Chamber holds, conclusively shown that those interests cannot be better advanced than by handing over the working of the East Coast Railway from Khurda Road Station to Madras to the Madras Railway, and this proposal, which is thoroughly approved by the Chamber, has the further advantage of promoting the interests not only of the Government of India as railway proprietor and guarantor, but also of the mercantile community of this Presidency who are deeply concerned in the disposal of this question.

This Chamber would also like to see the proposed Raipur line entrusted to the Madras Railway, as this would undoubtedly be to the interests of this Presidency and of the districts concerned whose natural outlet is on the East Coast.

The Chamber would remark that, before the introduction of railways to India and the opening of the Great Indian Peninsula Railway, the trade of the Central Provinces found its way to the Madras Presidency and was shipped from the eastern ports, and it views with alarm a proposal to turn to rival ports in Bengal the trade of the Central Provinces that has not already been attracted to Bombay.

In conclusion, I have the honour to repeat that the Chamber is much indebted to the Madras Government for the great and valuable services which it has ungrudgingly rendered to promote the best interests of this Presidency in the matter of the working of the southern portion of the East Coast Railway.

Enclosure No. 2.

From—The Chairman, Chamber of Commerce, Cocanada.
To—The Joint Secretary to Government, P.W. Dept., Ry. Branch, Ootacamund.
Dated—Cocanada, 5th August 1899.

I have the honour to acknowledge receipt of G.O., No. 658 Ry., dated 13th June 1899, relating to the working agencies of the East Coast Railway and inviting an expression of opinion from this Chamber in regard thereto. In reply I am requested to state that, while some members are of opinion that the port of Cocanada is the best fitted for the terminus of the Madras and Bengal-Nagpur Railways and also of the proposed line from Raipur, all are agreed that, failing a reconsideration of the question in this direction, Vizagapatam port should be the dividing line.

Enclosure No. 3.

From—The Agent and Chief Engineer, Bengal-Nagpur Railway.
To - The Presidents, Madras and Cocanada Chambers of Commerce.
Dated—Nagpur, the 1899, No. .

Mr. Spring having sent you his note, dated the 22nd May 1899 on "the working agencies for the East Coast Railway" together with a copy of my note and the reply thereto by the Agent of the Madras Railway, I ask to be allowed to submit the following remarks for your consideration.

My note was prepared at the request of Mr. Spring being the result of a conversation we had during the recent tour of the Governor of Madras over the Bengal-Nagpur Railway.

It seemed to me conditions had so changed it might be in the interest of Madras trade that the Bengal-Nagpur Railway should work the whole way into Madras instead of only to Vizagapatam.

The views expressed were entirely my own and my note was written with the object of ascertaining how far my own ideas were correct so as to be in a position to report to my Board should they at any time call on me to do so.

My note was published in the *Madras Mail* without my permission. I had no desire to make the subject the public one it has become.

The arguments in my note have been denounced as unsound and erroneous and my facts as misleading and incorrect.

May I be allowed to offer a few remarks in defence of my facts and arguments.

Taking the points noted in Mr. Spring's note, paragraph 3, which comprize the following arguments I advanced :—

(*a*) That the Madras Railway owing to the near termination of its contract was averse to constructing extensions.

(*b*) That the difficulty the Madras Railway had in coming to terms with Government of India for working the East Coast Railway to Vizagapatam was due to the apprehension on the part of Government that a working agreement might enhance the purchase price of the railway on the termination of its contract.

(*c*) That the Bengal-Nagpur Railway would serve Madras trade if it worked all the way to Madras quite as well as the Madras Railway would.

(*d*) That the Bengal-Nagpur Railway would endeavour to carry Bengal coal by rail to Madras at a price that would enable it to compete with Bengal coal delivered there by sea.

(*e*) That the Bengal-Nagpur Railway working all the way to Madras would expedite the construction of the Raipur-Vizagapatam line and thereby open the whole of the Central Provinces trade to Madras.

Dealing with each argument in turn—

(*a*) Mr. Moss devotes some space to showing that my supposition of the policy of the Madras Railway regarding the construction of extensions is quite incorrect.

There is no need for me to reply in detail to Mr. Moss' remarks. I presume the evidence of a Member of the Board of Directors of the Madras Railway is sufficient. I will confine myself therefore to quoting the following words delivered by Major-General Mullins, R.E., at the 47th Annual Meeting of the Madras Railway held on the 5th June 1899. General Mullins is a Director of the Madras Railway Company and his remarks were made when seconding the resolution proposed by the chairman that the report be accepted.

General Mullins said "there has been an idea that in the matter of extensions of our railway system and branches we have not been, perhaps, so successful, or have not done so much, as some might have expected; but the Company's position for the last few years has been a somewhat difficult one in this connection. It is owing to the approaching termination of the present contract in the year 1907 that there has been a considerable difficulty in extending the scope of our undertakings. In the first place it would not have done for this Company to undertake, as part and parcel of this system, an extension of branches which might not have succeeded in yielding adequate returns before the year 1907, for to have done so would have deteriorated our position. On the other hand, the Secretary of State and the Government of India have found difficulty in ceding terms to us for such additional working, owing to the fact that any increase in the market value of our shares would have entailed considerable loss on the Government when the purchase of the undertaking took place; consequently the number of extensions that we have actually undertaken, namely, that which was taken from the old terminus, from Beypore to Calicut, that of course we were willing to undertake and work under the present contract, and that from Calicut to Cannanore. But with regard to many of these projects which are shown on the map in white, we have always expressed our readiness to carry out the policy of the Government of India, and much as we prefer our own gauge of Railway, we were willing to carry them out on the metre gauge or any other that the policy of the Government required; and I have no doubt that many of the difficulties which have arisen in connection with this project have been occasioned by the fact that our present existence is liable to come to an end before long."

(*b*) Next dealing with the difficulty the Madras Railway have had in coming to terms for working the East Coast Railway to Vizagapatam.

Mr. Spring tells us it is perfectly easy to arrange that the working of the southern section of the East Coast Railway shall not prejudicially affect State interests by unduly enhancing the price of the Company's shares in 1905–1907.

Mr. Moss tells us that the terms proposed by the Madras Railway are intended "to avoid all direct profit to the Company."

If the matter is so simple and the Madras Railway wants to make no profit out of the working, the obvious question to ask is why has no agreement been arrived at?

Paragraph 4 of my note gives the reason. To make arrangements that should avoid all direct profit in working to the Madras Railway is a very difficult matter to do. Agreements have a way of producing unexpected results and a mistake on the part of Government would result in very serious loss.

Mr. Spring is of the opinion (see paragraph 6) it would be to the advantage of Government to assist in developing the Madras Railway into a 7 per cent. line. He gives his reasons and asks where the fallacy is. The fallacy is in applying his reasoning to the case of the Madras Railway dividend being raised to 7 per cent. by means of a good working agreement for the southern section of the East Coast Railway.

To add 2 per cent. to the Madras Railway dividend by the profit accruing from working the East Coast Railway would be to raise the value of the Madras Railway shares to that of a 6 per cent. line at the expense of revenue that should have gone direct to the State.

The Madras Railway would be a 5 per cent. line paying a 7 per cent. dividend by means of a contribution from Government. On the completion of the contract Government would buy a 5 per cent. line on a 6 per cent. basis and lose heavily over the transaction, having subsidized the Railway for many years and then had to buy it at a higher value than it was worth.

(*c*) Dealing with the point that the Bengal-Nagpur Railway would deal with rates in the same way as the Madras Railway would.

In dealing with my remarks about export rates Mr. Moss avoids my point altogether.

My point was the pull towards Bombay at Bezwada and the impossibility of the Bengal-Nagpur Railway quoting rates to Calcutta from Bezwada that could be as low as towards Bombay. I deduced from this that working all the way into Madras the Bengal-Nagpur Railway would do all it could to divert traffic there, as it would be powerless to attract it to Calcutta as against Bombay if it wanted to do so.

The points brought forward by Mr. Moss against my arguments are—

He quotes certain rates and gives a quotation that refers to circumstances totally different to those under consideration (paragraphs 14 and 19) and gives details of a scheme of rates he has designed to make Vizagapatam a strong competitor to Madras (paragraphs 15, 17, 18).

The rates given in paragraph 14 of Mr. Moss' note are rates we quote under circumstances totally different to those under consideration.

The case under consideration is that of export traffic from a certain area which I argue it would be in the interest of the Bengal-Nagpur Railway to assist Madras owing to the competition of Bombay.

The case Mr. Moss takes to answer this point is that of the extreme end of our Railway where it joins the Great Indian Peninsula Railway.

The rates quoted are block rates introduced to repel an attack by the Great Indian Peninsula Railway on our traffic.

That railway quoted special rates *viâ* Nagpur from our stations to Bombay lower than the rates from Nagpur to Bombay. In self-protection we have to quote high rates towards Nagpur to prevent traffic, which would otherwise go north and east, being carried off to Bombay.

The cases are not parallel in any way. Our high rates are due to an attack by a neighbouring railway on our traffic.

He quotes (paragraph 19) the following extract of a letter from me as indicating the policy of the Bengal-Nagpur Railway:—

"The interest of the Bengal-Nagpur Railway will be to attract as much traffic as possible by rates in the direction of Calcutta and high rates in the direction of Madras from stations on the Cuttack-Vizagapatam section."

This is a perfectly correct quotation only it, as in the previous case, does not apply to the circumstances under consideration. The case under consideration is that of the Bengal-Nagpur Railway working all the way to Madras.

The reference quoted by Mr. Moss refers to the case of the Bengal-Nagpur Railway working to Vizagapatam only.

About coal (paragraph 16) my suggestions are disposed of with the remark they cannot be taken seriously and coal could not be carried at a rate low enough to enable it to compete with coal brought by sea, this rate being placed at 2 pies per ton mile. I have the pleasure of forwarding with this a copy of a note of mine prepared in 1894 dealing with a low rate for coal from Bengal to Bombay by rail.

You will see, on referring to this Note, that the Bengal-Nagpur Railway could carry coal from Bengal to Bombay *allowing for the wagons returning empty* at a rate of 1·9 pies per ton mile and secure a profit of 3·98 rupees per ton by the transaction.

The Board of the Bengal-Nagpur Railway have offered to join the Great Indian Peninsula Railway in quoting this rate, but have so far not been successful in securing their agreement, not because the Great Indian Peninsula Railway thought there was no profit in it, but because they thought they could make more out of Singareni. This will be the attitude the Madras Railway will probably take.

I give my figures to back up my arguments. Mr. Moss confines his reply to the assertion that my proposal cannot be considered seriously.

While on the subject of Singareni as against Bengal, I would point out that it is not altogether a matter that is ruled by a rail carriage of 400 miles as against 1,200 miles.

Singareni has such an immense number of markets at its disposal it cannot keep the supply equal to the demand.

The imports of Bengal coal to Madras for last year and up to date of this year show that despite the disadvantage and cost of the sea route Singareni in no way commands the Madras market.

	TONS.
Imports Bengal coal to Madras for 1898 were	192,786
,, January 1st to May 31st 1899 were	56,543
,, for same period 1898 were	55,197

Lastly, regarding the construction of the Raipur-Vizagapatam line:

I still hold that if the Bengal-Nagpur Railway worked all the way to Madras the Raipur-Vizagapatam line would be made at an earlier date than it will otherwise be, and that the result of the through working will be to open up the Central Provinces and North-West Provinces to Madras trade.

Mr. Moss' arguments are, I think, vitiated throughout by assuming that the sole object of the Bengal-Nagpur Railway is to serve Calcutta interests.

The area of country, the Bengal-Nagpur Railway wishes to serve, is the Central Provinces where it draws its traffic from and where it wants to take imports to.

It wants to enlarge the sphere of markets for Central Provinces produce and the area from which to draw import and other produce that the Central Provinces do not grow.

Working all the way to Madras *viâ* the Raipur-Vizagapatam line would largely assist in carrying out these objects.

In no way has Calcutta more attractions for the Bengal-Nagpur Railway than Madras.

In conclusion I would ask that in considering the question you would see that my arguments be not dismissed as unsound or erroneous without good reasons being given why they are so and that the subject may not be approached with the idea that my facts are misleading and incorrect.

I will finish by quoting some of the incorrect facts in Mr. Moss' note.

The Chairman of the Bengal-Nagpur Railway has no business connection in Calcutta and never had. The Managing Director has long since ceased his connection with his Calcutta firm.

The statement that the Bengal-Nagpur Railway contract expires about the same time as that of the Madras Railway is most seriously incorrect.

More than half of the contract has still to be run. The contract is for 25 years from 1887.

Order—No. 994 Ry., dated 5th September 1899.

The papers read above will be recorded. A copy of these proceedings will be forwarded to the Government of India.

[Here enter No. 995 Ry., dated 5th September 1899.]

(True Extract.)

Francis J. E. Spring,
Joint Secretary.

To the Chairman, Chamber of Commerce, Madras.
" " " Cocanada.
" Consulting Engineer for Railways, Madras.
" " " " Calcutta.
" Junior Consulting Engineer for Railways, Nagpur.
" Agent and Manager, Madras Railway.
Editors' Table.

Endorsement—No. 995 Ry., dated 5th September 1899.

Forwarded.

(By order.)

Francis J. E. Spring,
Joint Secretary.

Exd. T. K. Narayana Aiyangar.

Public Works (1897) Department.

P. W. Ry

CURRENT No. 893.

When are the Newspaper opinion which I ordered to be filed with the case? Have they all been collected? Put them up please.

R
The extracts have been collected & pasted to the case. Please see flag E & Enclosure.
FJS
11/7/99

Await reply from Consult Clerk
FJS
11/7

Order

From The Chairman,
Chamber of Commerce
Madras

No. ___

Dated 8th July 1899.
Received 10th do
Registered ___ do
Enclosures
Spare copies

SUBJECT.

The working agencies for the East Coast Railway

forwarding the views of the Chamber of Commerce, Madras with regard to ___.

BACK PAPERS.

No.	Date.

FURTHER PAPERS.

No.	Date.

The Chamber of Commerce,

MADRAS, 8*th July*, 1899.

FROM

C. E. P. VANSAGNEW, ESQ.,
CHAIRMAN, CHAMBER OF COMMERCE,
MADRAS.

To

THE SECY. TO GOVT. OF MADRAS,
P. W. D. (RAILWAY BRANCH),
OOTACAMUND.

SIR,

S. 55

I have the honour to acknowledge receipt of G. O. No. 658, Railway, dated the 13th June, in which the Chamber is invited to express its opinion in the matter of the working Agencies of the East Coast Railway, with especial reference to the Note by Mr. F. J. E. Spring, the Consulting Engineer for Railways, Madras, commenting on the Memorandum of Mr. T. R. Wynne, the Agent and Chief Engineer of the Bengal-Nagpur Railway, and the letter, in reply thereto, addressed to Government by Mr. L. S. Moss, the Agent and Manager of the Madras Railway.

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So far as the Chamber is aware, nothing has transpired since February, 1898, to warrant such a complete change of policy on the part of the Bengal-Nagpur Railway. But the mere fact of its occurrence—if it has occurred—is quite sufficient, the Chamber considers, to justify the mercantile community in regarding Mr. Wynne's Memorandum with grave suspicion, and the adoption of his proposals as likely to be ultimately fraught with serious consequences to the public and trade served by the southern portion of the Railway.

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This regret, however, is tempered by the satisfaction and instruction which the Chamber has derived from a perusal of Mr. Spring's Note, and I have the honour to convey to the Government of Madras an expression of the Chamber's cordial thanks for the long and determined struggle which it has maintained with the Government of India—as there set forth—in the interests of this Presidency. But while regretting that the action of the Government of India has in the past been inimical to this Presidency in this matter, the Chamber has every reason to anticipate that that Government, as at present constituted, can be relied upon to do that simple justice to the representations of the Madras Government, and to the interests of this Presidency, which does not appear to have been done to them in the past.

His Excellency Lord Elgin, in replying to a Memorial presented to him by this Chamber on the occasion of his visit to Madras in 1895, asked the Chamber "to have some confidence in the Government of India that in any arrangement for the management and working of these lines it will make it its duty to see that the interests of the various parts of the country through which the line passes, and of the traders served by the line, will be subjected to no unfair treatment or undue preference." The Chamber did as it was requested to do, though with some misgivings, and the result has proved that its fears were not unwarranted, for the Government of India appears to have deemed the views of the Government of Madras as entitled to little or no consideration, and to have, with regrettable partiality, displayed the utmost concern for the interests of the Bengal-Nagpur Railway, ignoring, as it would seem, the views of the Madras Government.

But, as Mr. Spring observes in his Note, in deciding an important question such as the one under consideration, it is "the best interests of the mass of the people" which have to be considered, and he has, the Chamber holds, conclusively shown that those interests cannot be better advanced than by handing over the working of the East Coast Railway from Khurda Road Station to Madras to the Madras Railway, and this proposal, which is thoroughly approved by the Chamber, has the further advantage of promoting the interests not only of the Government of India as railway proprietor and guarantor, but also of the mercantile community of this Presidency who are deeply concerned in the disposal of this question.

This Chamber would also like to see the proposed Raipur line entrusted to the Madras Railway, as this would undoubtedly be to the interests of this Presidency and of the districts concerned whose natural outlet is on the East Coast.

The Chamber would remark that before the introduction of Railways to India and the opening of the Great Indian Peninsula Railway the trade of the Central Provinces found its way to the Madras Presidency and was shipped from the eastern ports, and it views with alarm a proposal to turn to rival ports in Bengal the trade of the Central Provinces that has not already been attracted to Bombay.

In conclusion, I have the honour to repeat that the Chamber is much indebted to the Madras Government for the great and valuable services which it has ungrudgingly rendered to promote the best interests of this Presidency in the matter of the working of the southern portion of the East Coast Railway.

I have the honour to be,

Sir,

Your most obedient servant,

Chairman.

AGENT & C. E.s OFFICE,
NAGPUR. C.P.

Dated the 17th: July 1899.

3722 P
20-7-99

Dear Spring,

Thanks for your note on the "Working Agencies of the East Coast Railway".

I enclose a copy of a letter I have sent the Chambers of Commerce of Madras and Coconada.

Yours sincerely,

T. R. Wynne.

Keep in the file
20/7

E. M. T. 17/7.

Enclosure No 3

BENGAL-NAGPUR RAILWAY.

AGENT AND CHIEF ENGINEER'S OFFICE:

Nagpur, Dated the July, 1899.

No.

To the Presidents,

Madras and Coconada Chambers of Commerce.

Gentlemen.

Mr. Spring having sent you his Note dated the 22nd May 1899 on "the working agencies for the East Coast Railway" together with a copy of my Note and the reply thereto by the Agent of the Madras Railway, I ask to be allowed to submit the following remarks for your consideration.

My Note was prepared at the request of Mr. Spring being the result of a conversation we had during the recent tour of the Governor of Madras over the Bengal-Nagpur Railway.

It seemed to me conditions had so changed it might be in the interest of Madras trade that the Bengal-Nagpur Railway should work the whole way into Madras instead of only to Vizagapatam.

The views expressed were entirely my own and my Note was written with the object of ascertaining how far my own ideas were correct so as to be in a position to report to my Board should they at any time call on me to do so.

My Note was published in the "Madras Mail" without my permission. I had no desire to make the subject the public one it has become.

The arguments in my Note have been denounced as unsound and erroneous and my facts as misleading and incorrect.

May I be allowed to offer a few remarks in defence of my facts and arguments.

Taking the points noted in Mr. Spring's Note, para. 3, which comprize the following arguments I advanced,—

a. That the Madras Railway owing to the near termination of its contract was averse to constructing extensions.

b. That the difficulty the Madras Railway had in coming to terms with Government of India for working the East Coast Railway to Vizag was due to the apprehension on the part of Government that a working agreement might enhance the purchase price of the Railway on the termination of its contract.

c. That the Bengal-Nagpur Railway would serve Madras trade if it worked all the way to Madras quite as well as the Madras Railway would.

d. That the Bengal-Nagpur Railway would endeavour to carry Bengal coal by rail to Madras at a price that would enable it to compete with Bengal coal delivered there by sea.

e. That the B.-N. Ry working all the way to Madras would expedite the construction of the Raipur-Vizag. line and thereby open the whole of the Central Provinces trade to Madras.

Dealing with each argument in turn.—

(*a.*) Mr. Moss devotes some space to showing that my supposition of the policy of the Madras Railway regarding the construction of extensions is quite incorrect.

There is no need for me to reply in detail to Mr. Moss' remarks. I presume the evidence of a Member of the Board of Directors of the Madras Railway is sufficient.

I will confine myself therefore to quoting the following words delivered by Major General Mullins' R. E. at the 47th Annual Meeting of the Madras Railway held on the 5th June 1899. General Mullins is a Director of the Madras Railway Company and his remarks were made when seconding the resolution proposed by the Chairman that the report be accepted.

General Mullins said "There has been an idea that in the matter of extensions of our Railway system and branches we have not been, perhaps so successful, or have not done so much as some might have expected; but the Company's position for the last few years has been a somewhat difficult one in this connection. It is owing to the approaching termination of the present contract in the year 1907 that there has been a considerable difficulty in extending the scope of our undertakings. In the first place it would not have done for this Company to undertake, as part and parcel of this system an extension of branches which might not have succeeded in yielding adequate returns before the year 1907, for to have done so, would have deteriorated our position. On the other hand, the Secretary of State and the Government of India have found difficulty in ceding terms to us for such additional working, owing to the fact that any increase in the market value of our shares would have entailed considerable loss on the Government when the purchase of the undertaking took place; consequently the number of extensions that we have actually undertaken namely, that which was taken from the old terminus, from Beypore to Calicut, that of course we were willing to undertake and work under the present contract, and that from Calicut to Cannanore. But with regard to many of these projects which are shown on the map in white, we have always expressed our readiness to carry out the policy of the Government of India, and much as we prefer our own gauge of Railway, we were willing to carry them out on the metre gauge or any other that the policy of the Government required; and I have no doubt that many of the difficulties which have arisen in connection with this project have been occasioned by the fact that our present existence is liable to come to an end before long".

(*b.*) Next dealing with the difficulty the Madras Railway have had in coming to terms for working the East Coast Railway to Vizagapatam.

Mr. Spring tells us it is perfectly easy to arrange that the working of the Southern section of the East Coast Railway shall not prejudicely affect State interests by unduly enhancing the price of the Company's shares in 1905–1907.

Mr, Moss tells us that the terms proposed by the Madras Railway are intended "to avoid all direct profit to the Company."

If the matter is so simple and the Madras Railway wants to make no profit out of the working, the obvious question to ask is why has no agreement been arrived at?

Para. 4 of my Note gives the reason. To make arrangements that should avoid all direct profit in working to the Madras Railway is a very difficult matter to do. Agreements have a way of producing unexpected results and a mistake on the part of Government would result in very serious loss.

Mr. Spring is of the opinion (see para. 6) it would be to the advantage of Government to assist in developing the Madras Railway into a 7 per cent line. He gives his reasons and asks where the fallacy is. The fallacy is in applying his reasoning to the case of the Madras Railway dividend being raised to 7 per cent by means of a good working agreement for the Southern section of the East Coast Railway.

To add 2 per cent to the Madras Railway dividend by the profit accruing from working the East Coast Railway would be to raise the value of the Madras Railway shares to that of a 6 per cent line at the expense of revenue that should have gone direct to the State.

The Madras Railway would be a 5 per cent line paying a 7 per cent dividend by means of a contribution from Government. On the completion of the contract Government would buy a 5 per cent line on a 6 per cent basis and lose heavily over the transaction, having subsidized the Railway for many years and then had to buy it at a higher value than it was worth.

(*c.*) Dealing with the point that the Bengal-Nagpur Railway would deal with rates in the same way as the Madras Railway would.

In dealing with my remarks about export rates Mr. Moss avoids my point altogether.

My point was the pull towards Bombay at Bezwada and the impossibility of the Bengal-Nagpur Railway quoting rates to Calcutta from Bezwada that could be as low as towards Bombay. I deduced from this that working all the way into Madras the Bengal-Nagpur Railway would do all it could to divert traffic there as it would be powerless to attract it to Calcutta as against Bombay if it wanted to do so.

The points brought forward by Mr. Moss against my arguments are.—

He quotes certain rates and gives a quotation that refers to circumstances totally different to those under consideration (paras. 14 and 19) and gives details of a scheme of rates he has designed to make Vizagapatam a strong competitor to Madras, paras. 15, 17, 18.

The rates given in para 14 of Mr. Moss' Note are rates we quote under circumstances totally different to those under consideration.

The case under consideration is that of export traffic from a certain area which I argue it would be in the interest of the Bengal-Nagpur Railway to assist to Madras owing to the competition of Bombay.

The case Mr. Moss takes to answer this point is that of the extreme end of our Railway where it joins the Great Indian Peninsula Railway.

The rates quoted are block rates introduced to repel an attack by the Great Indian Peninsula Railway on our traffic.

That Railway quoted special rates *via* Nagpur from our stations to Bombay lower than the rates from Nagpur to Bombay. In self protection we have to quote high rates towards Nagpur to prevent traffic, which would otherwise go north and east, being carried off to Bombay.

The cases are not parallel in any way. Our high rates are due to an attack by a neighbouring Railway on our traffic.

He quotes (para. 19) the following extract of a letter from me as indicating the policy of the Bengal-Nagpur Railway.

"The interest of the Bengal-Nagpur Railway will be to attract as much 'traffic as possible by rates in the direction of Calcutta and high rates in the 'direction of Madras from stations on the Cuttack—Vizag section."

This is a perfectly correct quotation only it, as in the previous case, does not apply to the circumstances under consideration. The case under consideration is that of the Bengal-Nagpur Railway working all the way to Madras.

The reference quoted by Mr. Moss refers to the case of the Bengal-Nagpur Railway working to Vizagapatam only.

About coal (para. 16) my suggestions are disposed of with the remark they cannot be taken seriously and coal could not be carried at a rate low enough to enable it to compete with coal brought by sea, this rate being placed at 2 pies per ton mile. I have the pleasure of forwarding with this a copy of a Note of mine prepared in 1894 dealing with a low rate for coal from Bengal to Bombay by rail.

You will see, on referring to this Note, that the Bengal-Nagpur Railway could carry coal from Bengal to Bombay *allowing for the wagons returning empty* at a rate of 1·9 pies per ton mile and secure a profit of 3 98 rupees per ton by the transaction.

The Board of the Bengal-Nagpur Railway have offered to join the Great Indian Peninsula Railway in quoting this rate but have so far not been successful in securing their agreement, not because the Great Indian Peninsula Railway thought there was no profit in it but because they thought they could make more out of Singareni. This will be the attitude the Madras Railway will probably take.

I give my figures to back up my arguments. Mr. Moss confines his reply to the assertion that my proposal cannot be considered seriously.

While on the subject of Singareni as against Bengal, I would point out that it is not altogether a matter that is ruled by a rail carriage of 400 miles as against 1200 miles.

Singareni has such an immense number of markets at its disposal it cannot keep the supply equal to the demand.

The imports of Bengal coal to Madras for last year and up to date of this year show that despite the disadvantage and cost of the sea route Singareni in no way commands the Madras market.

		Tons.
Imports Bengal coal to Madras for 1898	were	192,786
Do. January 1st to May 31st 1899 ...	„	56,543
Do. for same period 1898 ...	„	55,197

Lastly regarding the construction of the Raipur-Vizagapatam line.

I still hold that if the Bengal-Nagpur Railway worked all the way to Madras the Raipur-Vizagapatam line would be made at an earlier date than it will otherwise be, and that the result of the through working will be to open up the Central Provinces and North West Provinces to Madras trade.

Mr. Moss' arguments are I think vitiated throughout by assuming that the sole object of the Bengal-Nagpur Railway is to serve Calcutta interests.

The area of country, the Bengal-Nagpur Railway wishes to serve, is the Central Provinces where it draws its traffic from and where it wants to take imports to.

It wants to enlarge the sphere of markets for Central Provinces produce and the area from which to draw import and other produce that the Central Provinces do not grow.

Working all the way to Madras *via* the Raipur-Vizagapatam line would largely assist in carrying out these objects.

In no way has Calcutta more attractions for the Bengal-Nagpur Railway than Madras.

In conclusion I would ask that in considering the question you would see that my arguments be not dismissed as unsound or erroneous without good reasons being given why they are so and that the subject may not be approached with the idea that my facts are misleading and incorrect.

I will finish by quoting some of the incorrect facts in Mr. Moss' note.

The Chairman of the Bengal-Nagpur Railway has no business connection in Calcutta and never had. The Managing Director has long since ceased his connection with his Calcutta firm.

The statement that the Bengal-Nagpur Railway contract expires about the same time as that of the Madras Railway is most seriously incorrect.

More than half of the contract has still to be run. The contract is for 25 years from 1887.

I have the honor to be,

GENTLEMEN,

Your most obedient servant,

T. R. WYNNE,

Agent and Chief Engineer.

ENCLOSURE.
(1)

Caledonian Press No. 811—20—13-7-99.

MEMORANDUM

ON

PROPOSED REDUCED RATE

FOR

CARRIAGE OF COAL

FROM

SANCTORIA COLLIERIES TO BOMBAY.

PRINTED AT THE CALEDONIAN PRESS, NAGPUR.

Memorandum on a proposal to carry Bengal Coal from the Sanctoria Collieries on the Bengal-Nagpur Railway *via* Nagpur to Bombay at a rate that will enable it to compete at that place with English Coal and Bengal Coal delivered by steamer from Calcutta.

The high price, at which English Coal has been selling in Bombay for the last six months, has naturally attracted the attention of the Bengal Coal trade to the possibility of finding in Bombay a large market for their coal. Towards the end of 1893, several of the Bengal Coal Companies began pushing the sale of Bengal Coal in Bombay by offering to deliver their best Coal by steamer from Calcutta at very low rates. The rates they offered to deliver at were unprofitable, but were purposely fixed very low in order to effect the introduction of Bengal Coal into Bombay, a market that had hitherto been closed to it.

Attempts had been made to introduce Bengal Coal into Bombay a few years before and some sales had been effected, but the Coal Companies concerned had delivered such inferior stuff, that the coal very soon got a bad name.

The Collieries, that were concerned in re-introducing Bengal Coal into Bombay in 1893, were fully alive to the mistake that had been made in delivering an inferior article and took care to send nothing but the best.

Some contracts were entered into at a rate of Rs. 12-8-0 a ton, delivered over the steamer's side in Bombay and the coal was beginning to be much appreciated,

As evidence that Bengal Coal was obtaining a footing in Bombay, it may be stated, that in February last the Bombay Baroda and Central India Railway called for tenders for 100,000 tons Indian Coal, they having up to that period used English Coal entirely for their broad gauge section and for a good part of their metre gauge section. The result of these tenders I will refer to later on.

The position at the beginning of 1894 was, the Bengal Coal was establishing itself in the Bombay market and the former prejudice against it was being removed.

It seemed to me, therefore, a new business was developing, that had the possibility of growing to very large dimensions and provided we could quote a rate that would allow of Bengal Coal being sent to Bombay by rail at a price that would enable it to compete and at the same time make a profit for ourselves out of the transaction, we ought to take very early steps to introduce such a rate.

After consulting with the representatives of several of the Coal Companies in Calcutta and meeting them at a Special Meeting that was convened at the offices of the Bengal Coal Company, I wrote to the Agent, Great Indian Peninsula Railway, suggesting we should introduce a through rate of Rs. 12 a ton for Bengal Coal from our Sanctoria Colliery Branch to Bombay and divide the amount in mileage proportion.

This was the rate fixed on by the Coal Companies' representatives and myself at the Meeting in Calcutta, as being a rate that might be introduced in the first instance and at which it seemed business might be done.

The Agent of the Great Indian Peninsula Railway was, however, not prepared to accept my proposal and after a short correspondence he declined finally to consider it on the grounds:—

1. That it would not pay his Railway Company.

2. That it would affect the rate for coal from other sources they now carried.

The object of this Note is therefore to investigate.—

PART I.

Whether Bengal Coal can be delivered in Bombay by rail via the Bengal-Nagpur Railway and the Great Indian Peninsula Railway at a price to compete with English Coal and Bengal Coal delivered by steamer from Calcutta and at a profit to the Railways at the rate necessary to allow it to compete,

PART II.

If Bengal Coal can be delivered in Bombay by rail at a profit to the Railways at the rate sufficient to enable it to compete with English Coal and Bengal Coal by steamer, whether the profit is sufficient to induce the Railway Companies to quote the necessary rate.

PART I.

Whether Bengal Coal can be delivered in Bombay by rail via the Bengal-Nagpur Railway and the Great Indian Peninsula Railway at a price to compete with English Coal and Bengal Coal, delivered by steamer from Calcutta and at a profit to the Railways at the rate necessary to allow it to compete,

To enable a conclusion to be arrived at the following questions have been investigated:—

Question A. At what price must Bengal Coal be delivered by rail at Bombay in order to enable it to compete with English Coal and Bengal Coal delivered by steamer from Calcutta?

Question B. Of the price arrived at in question A, how much can the Railway Companies charge for Railway freight?

Question C. Can the Railway Companies concerned carry at a profit Bengal Coal to Bombay at the freight charge calculated as being necessary in the answer to question B to enable it to compete with English Coal and Bengal Coal delivered by steamer from Calcutta?

QUESTION, **A**.—*At what price must Bengal Coal be delivered by rail at Bombay in order to enable it to compete with English Coal and Bengal Coal delivered by steamer from Calcutta?*

Taking the first case.—The price at which Bengal Coal must be delivered in Bombay in order to compete with English Coal is difficult to fix with absolute accuracy, as the price of English Coal and freights are subject to much variation.

Quoting from the weekly list of prices in Bombay, published by the Chamber of Commerce, the price of Cardiff Coal delivered alongside steamer in harbour varied from 1st January 1893 to 13th April 1894 from Rs. 14 to Rs. 22-8-0 per ton, delivered over ship's side in the harbour.

For the first three weeks in January 1893 the price was Rs. 20, 19 and 20 a ton, respectively. From the 8th December 1893 to 29th, the price was Rs. 22. At the present time it is about Rs. 19. The low limit of Rs. 14 was reached for one week only during the period I have quoted above.

The high price of Rs. 22-8-0 was of course due to the coal strike.

Taking the whole period from 1st January 1893 to 13th April 1894, I should put the average price of English Coal at Rs. 16-8-0 a ton delivered over ship's side in the harbour. The market is clearly subject to great variations. This rate of Rs. 16-8-0 is for delivery over the ship's side and before it is delivered on shore, another annas 12 a ton must be added which will give a figure of Rs. 17-4-0 a ton against which Bengal Coal must compete.

Taking that 125 lbs. of Bengal Coal is required to equal 100 lbs. of English Coal, the price at which I estimate Bengal Coal must be landed in Bombay to compete with English Coal comes to Rs. 14 a ton. These calculations made by myself independently have been unexpectedly confirmed by a letter to me, received from the Indian Mining Association which I print in full further on.

The Indian Mining Association is formed of representatives of the best Colliery Companies in Bengal and any opinion they express regarding the price at which Bengal Coal must be delivered in Bombay to compete with English Coal, must necessarily be of very great weight.

The Indian Mining Association independently have come to the same conclusion as myself, namely that to compete with English Coal, Bengal Coal must be delivered by rail in Bombay at Rs. 14 a ton.

For the purposes of this Note, I think, I am justified in taking Rs. 14 a ton as the price at which Bengal Coal must be delivered in Bombay by rail in order to compete with Engli Coal there.

Dealing now with the second case, *viz*:—The price at which Bengal Coal must be delivered by rail in order to compete with Bengal Coal delivered by steamer.

The cost of delivering Bengal Coal by steamer varies as the steamer freight.

In the beginning of January steamers were charging Rs. 6 a ton freight Calcutta to Bombay.

The cost of delivering Coal by steamer from Barrakur and Sanctoria Districts where the best coal is, may be taken as follows:—

Cost of coal at pits mouth	Rs.	2	12 0
Railway freight to Calcutta (average)	„	3	0 0
Charges in Calcutta for loading, brokerage, insurance &c. ...	„	1	0 0
Steamer freight	„	6	0 0
Landing charges in Bombay	„	0	12 0
Total Rs.		13	8 0

No extra charge for wastage has been added, although this must amount to a considerable amount.

Assuming Rs. 13-8-0 represents the cost at which Bengal Coal can be delivered by steamer, it will be naturally asked how can coal delivered by rail at Rs. 14 a ton compete with it.

The answer is this. The rate of Rs. 14-0-0 for Coal by rail is a constant one, the only variation being perhaps a few annas in the price of the coal, which variation would apply to coal also sent by steamer.

The rate of Rs. 13-8-0 for coal by steamer is a variable one and is liable to considerable fluctuations, and at times when wanted, steamer freight might not be obtainable at all. To bear this out, I quote the following letter received from the Bengal Coal Company with

reference to the tenders for 100,000 tons Bengal Coal invited by the Bombay Baroda and Central India Railway. The Bengal Coal Company's Superintendent writes me:—

"You have doubtless heard of the fate of the Bombay Baroda and Central India 'Railway's tenders. They went in, but the liners quoted prohibitive rates and the Agent 'finally withdrew his advertizement, intimating that he would invite fresh tenders later on. 'Cannot you in the meanwhile manage to get the Great Indian Peninsula Railway to quote 'they wished for through rate?"

To tender for coal deliverable in Bombay relying on its carriage by steamers would be a risky operation. To tender for coal on the basis of a fixed Railway rate would be to incur no risk at all.

From a Coal Company's point of view, therefore, a fixed Railway rate is the only means of carriage that could be relied on in making a contract, even though it was higher than what coal could be delivered for at times by steamer.

From the Bombay buyers' point of view to have their coal delivered by rail instead of steamer would be equally satisfactory. In the case of Bengal Coal delivered by steamar, a consumer in Bombay would have, as he has at present with English Coal, only two courses open to him. Either to purchase a large consignment by steamer and stack it or purchase from coal dealers in Bombay at a fluctuating market rate.

In the first case he is put to the expense of stacking and loss of interest on the money locked up in the coal stored. Besides this the coal deteriorates from exposure and waste. In the second case, if supplies in the market are low, he will have to pay a high price for what coal he requires at the time.

In the case of coal deliverable by rail, both these disadvantages are avoided. He can make a contract for a year at a fixed rate for his coal with any of the Coal Companies. His Railway charges are fixed and he can, therefore, determine accurately what his coal will cost him and knows that the price cannot fluctuate. Again he has no need to lay in a large stock. He can get wagons of coal sent him regularly and if, at any time, he requires an extra amount of coal, a telegram to the Coal Company is all that is required to ensure the additional supply.

Practically what should happen is that the consumer would prefer to deal direct with the supplying Coal Companies and procure his coal by rail at a fixed price to buying it in large consignments by steamer at varying rates and having to stock it or purchasing as he required in the local market at fluctuating rates, which, on the whole, would probably cost more than the coal delivered at the fixed rate by rail.

These views are supported by the following letter received from the Indian Mining Association. My views were arrived at independently of the opinions expressed by the Indian Mining Association and were written before their letter was received.

"From the Secretary to the Indian Mining Association, Calcutta,

'*Dated 25th April, 1894.*

'To

'T. R. WYNNE Esq.,

'*Agent and Chief Engineer,*

'Bengal-Nagpur Railway.

'*Through freight on Coal to Bombay.*

Adverting to your interview with the Committee in April last year, you will doubtless remember that the question of through freight on coal to Bombay was touched upon and you 'mentioned that the through rate on your line from Asansol to Nagpur was lower than that 'obtaining on the East Indian Railway for the same distance. Your recent interview with 'some of the members of this Association, *re.* a through rate to Bombay will also be fresh in 'your memory.

'The Committee continue to have forced upon their attention the necessity for opening 'out new markets for Bengal Coal. The approching opening for traffic of the Toposi Coal 'Extension of the East Indian Railway and the greatly increased output which must follow 'the opening up of the Jherria Coal Fields, point to the necessity which exists for finding 'fresh markets to absorb the increased supplies.

'The attention of the Committee has naturally turned to Bombay as the chief market, 'but they are met at the outset by the great uncertainty as regards steamer freight, both as 'to supply of tonnage and to cost, and this uncertainty militates against the chanches of a 'steady and increasing trade being carried on with that port by sea.

'To do away with this uncertainty, then, is the aim of the Committee and in this they 'do solicit your co-operation.

'Bengal Coal, in order to compete with English Coal at Bombay, must be laid down 'there at Rs. 14 per ton at the outside. Of course this would mean that for through booking, 'your rates would have to be largely reduced, and the Great Indian Peninsula Railway would 'be approached with the same object and an agreement might be entered into carry coal 'through at a rate of Rs. 10-8-0 delivered in Bombay.

With regard to the calculations for the Bengal-Nagpur Railway, the figures do not give such good results as if those for 1893 had been used, as the results of working of the Bengal-Nagpur Railway were better during 1893 than in 1892, consequent on the increase of traffic natural to a new line and better economy on working, the whole system having only been open throughout in 1891.

Proceeding now to the details of the calculation on the principle explained.

The actual expenditure of each Railway in working its traffic is divided into the following heads:—

Maintenance of Way and Works.
Locomotive Expenses.
Carriage and Wagon.
Traffic Expense.
General Charges.
Special and Miscellaneous Expenditure.

The fixed charges that do not change and the variable charges that are affected by an increase in the train mileage are separated as follows under each head.

Maintenance of Way and Works.

No additional expenditure is incurred under this head by increase train mileage directly. No more men are employed and no extra staff. It is true that rails have to sustain more wear, but the amount that could be debited to additional train mileage each year would be very small.

Locomotive Expenses.

The various items of Locomotive expenditure are:—

1. General Superintendence (including office expenses.)
2. Running expenses.
3. Fuel.
4. Water.
5. Oil, tallow and other stores.
6. Maintenance and renewal of locomotives.
7. Maintenance and renewal of machinery and plant.
8. Other charges.

Of these items all are directly affected by increased train mileage except General Superintendence which remains the same.

Carriage and Wagon.

The various items of Carriage and Wagon expenditure are:—

1. General Superintendence (including office expenses).
2. Repairs and renewal of coaching vehicles.
3. do. do. goods vehicles.
4. do. do. machinery, plant, &c.
5. Cleaning and oiling.
6. Other charges.

Of these items all are directly affected by increased train mileage of goods vehicles except General Supervision and repairs and renewals of coaching vehicles.

Traffic Expenses.

The items of expenditure on traffic expenses are:—

1. General Superintendence.
2. Station staff.
3. Train staff.
4. Fuel, lighting, water and general stores.
5. Clothing.
6. Printing, Stationery and Tickets.
7. Charges for delivery and collection of goods.
8. Miscellaneous expenses.
9. Payments to other lines.
10. Other charges.

Of these items the only ones that are liable to direct increased expenditure by increased train mileage are train staff and other charges. Fuel &c., clothing and printing may be perhaps slightly increased; an allownce of $\frac{1}{4}$ might be made for this.

General Charges.

The items of expenditure, under General Charges, are on account of Home Expenditure, Agent's Office, Audit, Stores, Medical, Rents, Police, Advertizing, Electric Telegraphs and other charges. None of these are increased directly by increased train mileages.

Special and Miscellaneous.

The items of expenditure under this head are on account of Law charges, Compensation, Rents and Taxes, payments to other lines and other charges. None of these are increased directly by increased train mileage.

Having eliminated the items of expenditure in working expenses that are directly increased by additional train mileage, it is now possible, by taking the cost of each of these items for actual train mileage in 1892, to estimate what would be the additional cost of running additonal train miles.

The following table gives this calculation:—

Figures taken from the Director General of Railways' Report, 1892-93.

Appendix A. Pages LXX to LXXIV.

GREAT INDIAN PENINSULA RAILWAY.			BENGAL-NAGPUR RAILWAY.		
Per train mile.		annas.	*Per train mile.*		annas
LOCOMOTIVE EXPENSES—Running expenses	..	2·74*	LOCOMOTIVE EXPENSES—Running expenses	..	2·48*
Fuel	..	3·85	Fuel	..	1·41
Water	..	0·31	Water	..	0·28
Oil, Tallow and Stores	..	0·37	Oil, Tallow and stores	..	0·48
Maintenance and renewal of Locomotives	..	2·30	Maintenance and renewal of Locomotives	..	1·82
Do. machinery and plant	..	0·18	Do. machinery and plant	..	0·22
Other charges	..	2·42	Other charges	..	1·89
CARRIAGE AND WAGON—Repairs and renewal of goods stock	..	1·18	CARRIAGE AND WAGON—Repairs and renewals of goods stock.		0·80
Do. machinery and plant	..	0·07	Do. machinery and plant	..	0·03
Cleaning and oiling	..	0·38	Cleaning and oiling	..	0·53
Other charges	..	0·48	Other charges	..	0·08
TRAFFIC EXPENSES—Train staff	..	1·35	TRAFFIC EXPENSES—Train staff	..	0·69
¼ Fuel	..	0·11	¼ Fuel	..	0·25
¼ Clothing	..	0·01	¼ Clothing	..	0·02
¼ Printing	..	0·05	¼ Printing	..	0·09
Other charges	..	0·04	Other charges	..	0·03
Total per train mile	..	15·84	Total per train mile	..	11·10

* The average of the two half years is taken.

The result of the calculation shows that the *maximum* cost of running additional train miles on the two Railways will cost.—

Bengal-Nagpur Railway ... 11·10 annas per train mile.
Great Indian Peninsula Railway ... 15·84 „ „ „ „

The distance from Sanctoria Collieries to Nagpur is 627 miles and from Nagpur to Bombay 520 miles.

Allowing double this distance, assuming all the wagons are returned empty, we get as the maximum actual cost to each Company of running a train of coal to Bombay to be.—

		Rs.	Rs.
$627 \times 2 \times 11{\cdot}10$	annas =	869·7	say 870
$520 \times 2 \times 15{\cdot}84$	„ =	1,029·6	„ 1,030

The smallest train that is run on the Bengal-Nagpur Railway is one of 26 wagons of 14 tons each on the Chakardharpur-Jharsuguda Section. Between Jharsuguda and Nagpur the load is $\frac{1}{3}$ heavier. Twenty six 14 tons wagons=364 tons, add $\frac{1}{3}$ more, the tonnage is 484 tons. The average load of a coal train may be taken at 400 tons.

The cost of carrying 400 tons from Sanctoria to Nagpur and running the wagons back empty has been estimated at Rs. 870.

$\frac{870}{400}$ = Rs. 2·17 as the cost to the Railway of hauling one ton of coal to Nagpur from Sanctoria and returning the wagons back empty.

The average load of a train of coal on the Great Indian Peninsula Railway is somewhat difficult to fix, as that line has many classes of engines and the load varies much on different sections.

A load of 300 tons, it is believed is a fair weight to fix on.

The cost of running a train from Nagpur with coal to Bombay and returning the wagons back empty has been calculated to cost Rs. 1,030.

$\frac{1030}{300}$ = 3·43 Rs. as the cost of hauling one ton of coal from Nagpur to Bombay including return of empty wagons.

The amount available for Railway freight was arrived at in the answer to question B. as 11-4-0 a ton divisible between the two Railways. The distance from Sanctoria to Bombay is 1,147 miles of which 627 is on the Bengal-Nagpur Railway and 520 on the Great Indian Peninsula Railway; dividing 11-4-0 in the proportion of 627 to 520 we get.—

Great Indian Peninsula Railway proportion ...	5·10	Rupees.
Bengal-Nagpur Railway do. ...	6·15	,,

The cost, it has been calculated, of running a ton of coal over each line being 3·43 Rs. and 2·17 Rs. respectively, we get as the final net profit per ton for each line.—

	Receipt per ton.	Working Expenses.	Net profit.	
Great Indian Peninsula Railway...	5·10	3·43		
Bengal-Nagpur Railway ...	6·15	2·17	1·67	Rupees.
			3·98	,,

In this calculation, mileage on Bengal-Nagpur Railway wagons is not included, as it is proposed that the mileage should be equalized by using the Rolling Stock of both Companies

PART. II.

If Bengal Coal can be delivered in Bombay by rail at a profit to the Railways at the rate necessary to compete with English Coal and Bengal Coal by steamer, whether the profit is sufficient to induce the Railway Companies concerned to quote the necessary rate?

The conclusions arrived at from the investigations made in Part I are—

That to compete with English Coal and Bengal Coal delivered by steamer, Bengal Coal by rail must be delivered in Bombay at Rs. 14 a ton divided in the proportion of Rs. 11-4-0 Railway freight and Rs. 2-12-0 price of coal at pits mouth, and that with this Railway freight the net profit to the Great Indian Peninsula Railway would be Rs. 1·67 per ton and the Bengal-Nagpur Railway Rs. 3·98 per ton mileage of wagons being equalized by each Railway supplying equally the necessary Rolling Stock.

The point now for consideration is whether this net profit of 1·67 per ton to the Great Indian Peninsula Railway and 3·98 per ton to the Bengal-Nagpur Railway, justifies the introduction of a through rate of 11-4-0 by these two Companies.

There can be no doubt in the case of the Bengal-Nagpur Railway the margin of profit is amply sufficient. With regard to the Great Indian Peninsula Railway as their Agent finally refused to agree to my proposed through rate of Rs. 12 a ton divided in mileage proportion on the grounds.—

1. That it would not pay his Railway Company to carry at that rate.
2. That it would affect the rate for coal they now carried from other sources.

It may be advisable to deal a little more in detail with the objection raised. It should be noted that the Agent of the Great Indian Peninsula Railway had not, when declining to accept the rate, seen the calculations I have submitted in this Note. His opinion was, I presume, based on the fact that the rate proposed was one the Great Indian Peninsula Railway were quite unaccustomed to even consider.

As regards the objections that the rate would not pay, I claim to have shown that not only would a Rs. 12 rate pay, but a Rs. 11-4-0 rate would even return a good result.

It will be recollected, in my calculations I took the figures given in the Director General Railway's report so as to have ample margin and secure a maximum result.

To demonstrate more clearly that the calculations of working expenses on which I have based my net profits are maximum results. I show in the following calculations what it actually did cost the Great Indian Peninsula Railway to run more train miles in the first half of 1892, as compared with the train miles run in the second half.

In the Director General Railways' Report, Part II, Appendix A. Pages I to L. will be found the total amount in rupees of the cost of the various items of work shown in the calculation on page 7 of this Note and the actual train mileage run during each half year. The passenger train mileage was approximately the same for each half year, so the increased expenditure during the first half year is taken as being entirely due to the increased goods train mileage.

Abstracting these figures we get the following results.—

Total expenditure during the year 1892 in "variable charges" as per items shown on page 7 of this Note.

	1st half year Rs.	2nd half year Rs.
Locomotive Department ...	42,15,243	31,91,919
Carriage & Wagon ..	6,70,014	6,01,648
Traffic Department ...	5,06,309	4,31,662
Total	53,91,566	42,25,229

The increased cost of running extra train miles during the first half of 1892 as compared with the second half under "variable charges" amounted to	Rs.	11,66,337
Total goods train miles run during 1st half of 1892	,,	40,02,686
Total goods train miles run during 2nd half of year 1892	,,	23,59,950
Increased goods train mileage during 1st half of 1892	,,	16,42,736

The actual cost to the Great Indian Peninsula Railway of running these extra goods train miles was therefore $\frac{1166337}{1642736}$ 11·3 annas per train mile.

Now the cost per train mile at which with the 11-4-0 a ton rate a profit was shown to the Great Indian Peninsula Railway was taken at 15·84 annas whereas it has been shown by the above calculation that that Company actually ran the large number of 1,642,736 train miles at an actual cost of 11· 3 annas per train mile only.

This amount of train miles with a lead of 520 miles and 300 tons per train would have carried 945,900 tons of coal.

It may perhaps be urged that 300 tons is too high a load to estimate as a train load. It is really not a heavy load and should easily be taken. It can be shown however by a calculation similar to the one just made that the cost of carrying a ton of coal from Nagpur to Bombay calculated on the ton mileage basis instead of the train mile is less than the figures I have taken when working out the profit to the Great Indian Peninsula Railway.

Total ton mileage (Goods) during 1st half of 1892, was 474,932,679 ton miles.

Total ton mileage (Goods) during 2nd half of 1892, was 261,091,558 ton miles.

The increased ton mileage during the 1st half of 1892 was 213,841,121 ton miles.

The increased cost of doing this work under "variable charges" was, as in the previous calculation, Rs. 11,66,337.

Dividing the increased cost by the increased ton mileage we get ·087 annas per ton mile as the cost of each increased ton mile.

For a lead of 520 miles the distance Nagpur to Bombay at ·087 per ton mile, the cost of hauling a ton of coal for that distance comes to 45·24 annas a ton or Rs.2-13-0.

The cost taken in the calculations on which the net profit to the Great Indian Peninsula Railway was worked out was taken at Rs. 3·43 per ton.

It should be noted that the ton mileage cost is actual cost of hauling a ton of goods including all necessary return empty running of wagons.

The conclusion is that the calculation of the cost of working a train mile in the note affords most ample margin of safety.

Now no Railway can afford to throw away a certain profit. In the case under investigation it is absolutely certain that unless a low rate is quoted no traffic will be carried.

Mr. Grierson in his book on Railway Rates says.—

"To carry traffic at a rate yielding a small profit is better for a Railway Company than 'to have its permanant way for many hours unused and its plant not fully employed. It may 'be expedient to accept traffic producing only a small percentage of profit, if it can be got on 'no better terms. Such traffic will at least help to defray the fixed charges which must be 'incurred whether it is carried or not."

There can be no doubt of the soundness of this opinion and the advantage of accepting a small percentage of profit is largely increased when the traffic likely to be carried is extrermely large.

The East Indian Railway carried during the year 1892, an amount of 1,786,163 tons of Coal, the greater part of which was to Calcutta. The gross revenue for this traffic was 70 lakhs.

The Great Indian Peninsula Railway carried during the same period 83,767 tons producing a revenue of Rs. 2,33,000 only. Assume that a traffic of 500,000 tons only can be secured to Bombay by the introduction of the 11-4-0 rate, the result would be a net profit to the Great Indian Peninsula Railway of Rs. 8,35,000. It may be argued by that Company that they get a far better percentage of profit than this from the traffic they now carry, but this is not the point. The real point is this, that Rs. 8,35,000 profit may be secured by quoting the Rs. 11-4-0 rate and that it certainly will not be, if this rate is not quoted. Is it not then the soundest policy to quote the rate and secure a profit that otherwise will be lost?

As regards the objection that the introduction of the low through rate would affect the rate for coal the Great Indian Peninsula Railway carries now from other sources, this objection does not seem to me to be a sound one, as the Great Indian Peninsula Railway have many similar preferential rates in their grain traffic.

The rate for grain from Nagpur to Bombay is 0-7-7 per maund for 520 miles. Carried from Jabbulpore to Bombay it is 0-9-6 per maund for 616 miles. For grain booked through to Bombay from stations on our Railway, the rate from Nagpur is only 0-5-5 a maund. I could multiply such instances, but one is sufficient to show that where competition exists, it is only necessary to alter the rate for the particular traffic concerned, whilst the rates for similar traffic, not undercompetition, need no alteration.

CONCLUSION.

If the Board consider my proposal a sound one, I have to recommend early action be taken.

As I find that the Agent of the Great Indian Peninsula Railway in India acting under his Board's orders is unable to accept my proposed rate of Rs. 12, I think the best course for the Board of the Bengal-Nagpur Railway to take, if they approve of my proposal, is to deal with the matter direct with the Board of the Great Indian Peninsula Railway in England. I have sent a copy of this Note to the Acting Agent of the Great Indian Peninsula Railway and have asked him to let his Board know what his views are in detail.

I originally proposed a Rs. 12 through rate, but have shown that a rate of Rs. 11-4-0 would pay the two Railway Companies.

I think a Rs. 12 rate would perhaps not be low enough to develope the traffic, whereas with exchange still falling, a little higher rate than Rs. 11-4-0 might be secured. I think a rate of Rs. 11-8 might be quoted in the first instance.

One most important point must not be forgotton in making a decision on my proposal, *viz. that if we quote the low through rate proposed, the Railways concerned will lose nothing. If the low rate developes the traffic expected they will be large gainers. If it is not low enough to secure the traffic, they are in no worse position than before, as no expenditure is incurred in simply quoting a rate.*

There is the possibility of securing a very fine traffic at no risk and I can imagine no arguments that could show that to quote the proposed low through rate would be an unsound and unbusiness-like policy.

The recommendation I, therefore, finally propose is.—

'That the Great Indian Peninsula Railway and Bengal-Nagpur Railway should quote at 'once a rate of Rs. 11-8- 0 a ton for Coal in Bengal-Nagpur Railway or Great Indian Penin- 'sula Railway wagons from Sanctoria Colliery Branch of the Bengal-Nagpur Railway to 'Bombay divided in mileage proportion, mileage of wagons being equlized by the stock of 'both Companies being used proportionately so as to secure that result. If this Rs. 11-8-0 a 'ton rate is insufficient to develope the traffic the rate to be reduced to Rs. 11-4-0 a ton."

T. R. WYNNE,

Agent and Chief Engineer,

Bengal-Nagpur Railway.

Caledonian Press No. 525—60—15-7-99.

Public Works (1899) Department.

Railway
CURRENT No. 1017.

From The Chairman.
Chamber of Commerce
Cocanada.

Order

No. —

Dated 5th August 1899
Received 8th do
Registered do
Enclosures
Spare copies

SUBJECT.

The Working agencies for the East Coast Railway

Forwarding the views of the Chamber of Commerce, Cocanada with regard to ———

1 3720 9
17.7.99
Mr P R Wynne

BACK PAPERS.

No.	Date.

FURTHER PAPERS.

No.	Date.

JOINT SECRETARIAT
RECEIVED
8 - AUG. 1899
GOVT. OF MADRAS

CHAMBER OF COMMERCE,

Cocanada, 5th August 1899.

From

THE CHAIRMAN,
CHAMBER OF COMMERCE,
COCANADA.

To

The Secretary to Government
Public Works Department
(Railway Branch)
Ootacamund.

1481

Sir,

I have the honor to acknowledge
Serial 55
receipt of G.O. No. 658 Railway dated
13th June 1899 relating to the working
Agencies of the East Coast Railway
and inviting an expression of
opinion from this Chamber in
regard thereto. In reply I am
requested to state that while
some members are of opinion
that the port of Cocanada is
the best fitted for the terminus
of the Madras and Bengal-
Nagpur Railways and also
of the proposed line from
Raipur, all are agreed that
failing a reconsideration
of the question in this

direction Vizagapatam
port should be the
15 dividing line.

I have the honor to be
Sir,
Your most Obedient Servant
W. Lyttle
Chairman.

No. 24.

OFFICE OF THE NATIVE CHAMBER OF COMMERCE,

Cocanada, 30th August 1899.

CONSULTING ENGINEER FOR RAILWAYS
RECEIVED
2 SEP 1899
MADRAS

From

THE CHAIRMAN, NATIVE CHAMBER OF COMMERCE,

Cocanada.

To

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

Where is not a slight error in this (to fix the first date, and fully three days the statement was true) and the last sentence fully confirmed. FJW 7/9/99

The attention of the members of this Chamber has recently been drawn to the proposals of Mr. Wynne of the Bengal Nagpur Railway, of Mr. Moss of the Madras Railway and to the minute by Mr. Spring regarding the working agencies of the East Coast Railway.

With reference to same I have the honor to say I am desired by the members of this Chamber to respectfully draw your attention to this Port as being in their opinion a more suitable place than Vizagapatam for the terminus of the Bengal Nagpur and Madras Railways and also for the terminus of the Raipur line, if it is decided the Bengal Nagpur line is to run beyond Khurdaroad.

The Chamber would urge that Cocanada should be preferred to Vizagapatam for the following reasons.

1. Vizagapatam is a port of very small importance in comparison to the Port of Cocanada.

2. The shipment of goods and produce at Vizagapatam is attended with considerable risk, owing to the dangerous surf which often breaks over the bar and in consequence the Insurance companies have recently resolved to increase the premiums on shipments from that Port.

3. It is doubtful if a Harbour is constructed at Vizagapatam it would attract much trade to the Port, for such a large sum of money would have to be spent in making a Harbour that the Port dues, to earn a percentage on the outlay, would have to be very heavy.

4. Ships can lie at anchor with safety in the worst weather in the Cocanada roads, and here is to be found the only safe anchorage in a cyclone between Trincomalle and Calcutta. The shipping trade of Cocanada is equal to that of the four northern Ports, Gopalpur, Calingapatam, Bimlipatam and Vizagapatam together and comparing Vizagapatam with Cocanada, the accompanying figures may be of interest.

5. The workshops of both Railways could conveniently be situated at Samalcotta, a distance of seven miles from Cocanada renowned for its healthiness and excellent supply of pure water, two essential requisites whereas Vizagapatam is a notoriously unhealthy place

6. The Chamber further submits if the Bengal Nagpur line runs beyond Khurda road, and Cocanada is not fixed upon as the terminus of the Bengal Nagpur and Madras Railways, the most suitable

place for the terminus would be Vizianagaram, the Raipur line being worked by the Madras Railway company.

7. In conclusion the Chamber earnestly begs the claims of Cocanada may be carefully considered for it seems doubtful if the Government of India in the present state of its finances and with the new currency scheme in view will sanction funds for the Vizagapatam harbour for many years to come and without a harbour Vizagapatam would be of little use as a port to any Railway.

I have the honor to be
Sir,
Your most obedient servant
B Venkatanarasimham
Chairman.

Form No.

Trade 1896-97.

Vizagapatam

Exports foreign	Rs	19,80,000	
Imports do.	"	72,000	20.52.0
Exports Coastwise	"	4,31,000	
Imports do.	"	12,92,000	17.23.0
Total 1896-97	Rs		37.75,0

Cocanada

Exports foreign	Rs.	93.20.000	
Imports do	"	1,22,000	94.42,0
Exports coastwise	"	93,96,000	
Imports do.	"	28.22.000	1.22.18.00
Total 1896-97	Rs		2,16,60.00

Trade for five years 1892-97

Vizagapatam

Exports foreign	Rs.	81,31,000	
Imports do.	"	10.02.000	91,33,00
Exports Coastwise	"	24,49,000	
Imports do.	"	59,77,000	84,26,0
Total for five years	Rs		1,75,59.0

Cocanada.

Exports foreign	Rs	4,21,19,000	
Imports do	"	17,54,000	4,38,73,0
Exports coastwise	"	4,05,77,000	
Imports do.	"	2,04,78,000	6,10,55,0
Total for five years	Rs		10,49,28,0

Showing a balance in favor of Cocanada Rs 8,73,69,000. Rupees eight crores, seventy three lacs, sixty nine thousand only.

B Venkatamuniah

Form No. 14.

PUBLIC WORKS DEPARTMENT,

RAILWAY BRANCH.

C. No.

NOTE FOR H-S.

With reference to G.O. No. 658-R. dated 13th June 99, H.S. may like to read the Chamber of Commerce, Madras, reply. Mr. Wynne's reply, and also the letter written by the Agent Madras R. commenting to his Director the results of his visit to South, & making proposals.

FLS
5/8/99

Hon. read these Notes with interest. I think Hon. Members would like to see them.

A.S.H
10.8.99

on return from proper clearance
FLS
17/8

I now put up for H-S's approval a draft of a final G.O. recording the result of the circulation of G.O. No. 658-59-R. June 13th 99.

FLS
26/8/99

Circulate to H.Ms.
FLS
31/8/99

Draft.
H.S.H.
29.8.99

seen
MA
1.9.99

seen
MA
3-9-99

issue
FLS
5/9/99

14/
5/8/99
R. 11/8/99 again to H.S. 26/8
R. 31/8/99 again to H.Ms 31/8/99.
R. 5/9/99.

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

Railway.

Read again the following paper :—

G.O., Nos. 658–59 Ry., dated 13th June 1899.

Read also the following paper :—

THE WORKING AGENCIES FOR THE EAST COAST RAILWAY.

Note by Mr. Francis J. E. Spring, Consulting Engineer for Railways, Madras.

1. I have read with interest Mr. Wynne's second memorandum on this subject, written after receipt of the criticisms of his first memorandum contained in G.O., No 658 Ry., dated the 13th June 1899. The second memorandum is undated, but it has the press mark "No. 511–20—13–7–99. Caledonian Press, Nagpur," and it reached me with a brief demi-official from Mr. Wynne, dated 17th July 1899. It is addressed to the Chambers of Commerce of Madras and Cocanada, and could not therefore have influenced the former Chamber's letter dated 8th July 1899, though it might possibly have been read by the Cocanada Chamber before their letter dated the 5th August 1899, was written.

2. Mr. Wynne appears never to have intended his original memorandum to have become public property ; but by sending a copy of it to the leading newspaper of these parts, which in a leader of a few weeks previously had strongly put forward a quasi-inspired proposal in the sense of the subsequent memorandum, he went ~~a curious~~ way about keeping the matter a private one between himself and me. Personally I am very pleased that this apparent slip on Mr. Wynne's part gave a fair opportunity for the public discussion which has ensued, and which indicates very clearly that this Government's policy is in accord with such mercantile opinion here as has power of expression. The tone also of all notices, appearing in local newspapers, of G.O., No. 658 Ry., dated 13th June 1899, indicates in no uncertain manner the desire of the Presidency in general for the expansion and strengthening of its old servant the Madras Railway Company rather than the advent of a newer Company whose interests, in spite of Mr. Wynne's protests, appear so suspiciously like being bound up with those of the port of Calcutta.

3. As Mr. Wynne's second memorandum could, I presume, have scarcely been written with any hope of reinstating his original proposals in a position to command public confidence here, and as presumably its object merely was to justify his original arguments, I propose to leave him to Mr. Moss and to the Chambers, who may or may not think it worth while to again reply to him, merely confining myself to a few of his paragraphs, viz., those marked (*a*) and (*b*) on page 6 of these Proceedings.

4. That, owing to the terms of its contract, there should have been difficulties in extending the area of influence of the Madras Railway Company is only natural. General Mullins, in his speech quoted by Mr. Wynne, expresses appreciation of those difficulties. But, from my point of view, difficulties are merely things to be brushed aside, by all concerned setting themselves earnestly to the task. That

some of these difficulties should in the past, instead of being removed, have been circumvented, by what to me appears the most mistaken policy of allowing an invasion by one railway company of the natural trade tract of another, is an indication rather of the omission of those concerned to set themselves to devise their removal than of the impossibility of such devising. This Government's present metre gauge conversion and extension policy for the Madras Railway is an honest, and if accepted will in my belief be an effectual, means of removing many difficulties. Other and more important and far-reaching developments are also possible, though it would be premature to indicate them here. However, as already explained in paragraph 6 of my previous note, dated 22nd May 1899, I personally believe the influence which has heretofore been at work to have been the veriest bogey.

5. Next as regards (*b*). I must in self-defence explain to Mr. Wynne that my former paragraph 6 was not intended at all to refer to the East Coast Railway. It happened to be merely a recital of another note of mine, dated the 24th May 1899, dealing with the general difficulty which all concerned have imagined themselves to experience whenever they have had to consider proposals for extensions of the Company's system. I had no intention of suggesting, as Mr. Wynne assumes I did, a policy of utilising the East Coast Railway as a means of raising the Madras Railway Company's dividends from 5 to 7 per cent., so as equally to benefit the shareholders and the State. On the contrary, I have been intimately associated with the discussion of means to prevent the occurrence of such a result on the assumption by the Company of the working of the State Railway. My paragraph (No. 6) merely had reference to extensions and branches proposed, on one occasion or another, to be built out of Company's shares or debentures, and not to the working by the Company of State-built sections. I can see however that the absence of a definite pronouncement to that effect makes Mr. Wynne's assumption a pardonable one, and I am glad that his second memorandum has afforded me this opportunity for an explanation.

6. Near the foot of page 7 of these Proceedings Mr. Wynne remarks that up to date, despite the disadvantages and the cost of the sea route, Singareni coal has not succeeded in ousting Bengal coal from the Madras market. With the southern section of the East Coast Railway scarcely in regular working order in the early part of 1899, and with rates in an unsatisfactory state owing to the abnormal intervention of 10 miles of a separate agency between the State-worked line and Madras, and in the absence of proper coal sidings at Salt Cottars and of coal transhipping arrangements between the broad and metre gauges near the Madras Beach, it could scarcely be expected that Singareni or any rail-borne coal could do much in the way of competition with sea-borne coal. All these matters, however, are now in process of being set right; and there is good reason to hope that, what with this, and new developments at Singareni itself, and a better labour supply to meet a more extended demand, sea-carried coal may find it less easy than heretofore to supply the requirements of the Madras market. Naturally, quality being equal, the public cares nothing where the coal comes from so long as it is cheap, neither do I, and I shall welcome all competition. But it seems to me that in the not distant future Messrs Moss and Wynne will be found involved in a friendly correspondence on the lines of that between the latter and the Great Indian Peninsula Railway Company as set forth in Mr. Wynne's very interesting Sanctoria-Bombay Memorandum. Only I hope and believe that, when that time comes, Mr. Moss will be found less obdurate than Mr. Barnett, and as each Agent on the Calcutta-Bombay line will get some 500 odd miles of lead, and can freely exchange waggons and so neglect to worry about "mileage", it will be for their mutual interest to enter the lists with united forces against the common enemy, the British India Steam Navigation Company. Indeed, in view of the extra 500 miles of lead which he will get out of it, every ton of Bengal coal which Mr. Moss can induce to go to the Kolar goldfields, in place of English coal which he only carries from Madras, will be for the benefit of his Company and of Government. However, Mr. Pendlebury will doubtless have something to say to that when the time comes.

OOTACAMUND,
12th August 1899.

FRANCIS J. E. SPRING,
Consulting Engineer for Rys., Madras.

ENCLOSURE No. 1.

From—The Chairman, Chamber of Commerce, Madras.
To—The Joint Secretary to Government, P.W. Dept., Ry. Branch, Ootacamund.
Dated Madras, 8th July 1899.

I have the honour to acknowledge receipt of G.O., No. 658 Ry., dated the 13th June, in which the Chamber is invited to express its opinion in the matter of the working Agencies of the East Coast Railway, with especial reference to the Note by Mr. F. J. E. Spring, the Consulting Engineer for Railways, Madras, commenting on the memorandum of Mr. T. R. Wynne, the Agent and Chief Engineer of the Bengal-Nagpur Railway; and the letter, in reply thereto, addressed to Government by Mr. L. S. Moss, the Agent and Manager of the Madras Railway.

Mr. Spring has dealt with the matter so ably and exhaustively, and expressed views which are so entirely in accord with those entertained by this Chamber, that it seems a matter of supererogation for the Chamber to say more than that it agrees with nearly every word of his Note.

The publication of Mr. Wynne's memorandum was, the Chamber considers, most unfortunate, for it has been shown to be full of inaccuracies and to be a piece of very special pleading. The Chamber is surprised at Mr. Wynne's action in issuing it, in view of the letter which he addressed to the Government of India on the 4th February 1898—an extract from which is quoted by Mr. Moss and referred to by Mr. Spring—in which he expresses a view diametrically opposed to that which he now enunciates in regard to the policy of the Bengal-Nagpur Railway.

So far as the Chamber is aware, nothing has transpired since February 1898, to warrant such a complete change of policy on the part of the Bengal-Nagpur Railway. But the mere fact of its occurrence—if it has occurred—is quite sufficient, the Chamber considers, to justify the mercantile community in regarding Mr. Wynne's memorandum with grave suspicion, and the adoption of his proposals as likely to be ultimately fraught with serious consequences to the public and trade served by the southern portion of the railway.

Mr. Wynne's proposals may at first sight appear plausible enough; but when subjected to the crucial test of impartial, well-informed, and intelligent criticism—as they have been by Mr. Spring—they are shown to be fallacious. The memorandum has, indeed, been based upon a totally inaccurate perception of the true facts and necessities of the case, and of the ultimate effect of the adoption of the proposals it contains upon the interests of this Presidency. The injury which such a document was calculated to have upon the Madras Railway, in the absence of authoritative and prompt exposure of its many fallacies and inaccuracies, was not a little, and the Chamber cannot but express its regret that it should have been issued.

This regret, however, is tempered by the satisfaction and instruction which the Chamber has derived from a perusal of Mr. Spring's Note, and I have the honour to convey to the Government of Madras an expression of the Chamber's cordial thanks for the long and determined struggle which it has maintained with the Government of India—as there set forth—in the interests of this Presidency. But while regretting that the action of the Government of India has in the past been inimical to this Presidency in this matter, the Chamber has every reason to anticipate that that Government, as at present constituted, can be relied upon to do that simple justice to the representations of the Madras Government, and to the interests of this Presidency, which does not appear to have been done to them in the past.

His Excellency Lord Elgin, in replying to a memorial presented to him by this Chamber on the occasion of his visit to Madras in 1895, asked the Chamber "to have some confidence in the Government of India that in any arrangement for the management and working of these lines it will make it its duty to see that the interests of the various parts of the country through which the line passes, and of the traders served by the line, will be subjected to no unfair treatment or undue preference." The Chamber did as it was requested to do, though with some misgivings, and the result has proved that its fears were not unwarranted; for the Government of India appears to have deemed the views of the Government of Madras as entitled to little or no consideration, and to have, with regrettable partiality, displayed the utmost concern for the interests of the Bengal-Nagpur Railway, ignoring, as it would seem, the views of the Madras Government.

But, as Mr. Spring observes in his Note, in deciding an important question such as the one under consideration, it is "the best interests of the mass of the people" which have to be considered, and he has, the Chamber holds, conclusively shown that those interests cannot be better advanced than by handing over the working of the East Coast Railway from Khurda Road Station to Madras to the Madras Railway, and this proposal, which is thoroughly approved by the Chamber, has the further advantage of promoting the interests not only of the Government of India as railway proprietor and guarantor, but also of the mercantile community of this Presidency who are deeply concerned in the disposal of this question.

This Chamber would also like to see the proposed Raipur line entrusted to the Madras Railway, as this would undoubtedly be to the interests of this Presidency and of the districts concerned whose natural outlet is on the East Coast.

The Chamber would remark that, before the introduction of railways to India and the opening of the Great Indian Peninsula Railway, the trade of the Central Provinces found its way to the Madras Presidency and was shipped from the eastern ports, and it views with alarm a proposal to turn to rival ports in Bengal the trade of the Central Provinces that has not already been attracted to Bombay.

In conclusion, I have the honour to repeat that the Chamber is much indebted to the Madras Government for the great and valuable services which it has ungrudgingly rendered to promote the best interests of this Presidency in the matter of the working of the southern portion of the East Coast Railway.

Enclosure No. 2.

From—The Chairman, Chamber of Commerce, Cocanada.
To—The Joint Secretary to Government, P.W. Dept., Ry. Branch, Ootacamund.
Dated—Cocanada, 5th August 1899.

I have the honour to acknowledge receipt of G.O., No. 658 Ry., dated 13th June 1899, relating to the working agencies of the East Coast Railway and inviting an expression of opinion from this Chamber in regard thereto. In reply I am requested to state that, while some members are of opinion that the port of Cocanada is the best fitted for the terminus of the Madras and Bengal-Nagpur Railways and also of the proposed line from Raipur, all are agreed that, failing a reconsideration of the question in this direction, Vizagapatam port should be the dividing line.

Enclosure No. 3.

From—The Agent and Chief Engineer, Bengal-Nagpur Railway.
To—The Presidents, Madras and Cocanada Chambers of Commerce.
Dated—Nagpur, the 1899, No.

Mr. Spring having sent you his note, dated the 22nd May 1899 on "the working agencies for the East Coast Railway" together with a copy of my note and the reply thereto by the Agent of the Madras Railway, I ask to be allowed to submit the following remarks for your consideration.

My note was prepared at the request of Mr. Spring being the result of a conversation we had during the recent tour of the Governor of Madras over the Bengal-Nagpur Railway.

It seemed to me conditions had so changed it might be in the interest of Madras trade that the Bengal-Nagpur Railway should work the whole way into Madras instead of only to Vizagapatam.

The views expressed were entirely my own and my note was written with the object of ascertaining how far my own ideas were correct so as to be in a position to report to my Board should they at any time call on me to do so.

My note was published in the *Madras Mail* without my permission. I had no desire to make the subject the public one it has become.

The arguments in my note have been denounced as unsound and erroneous and my facts as misleading and incorrect.

May I be allowed to offer a few remarks in defence of my facts and arguments.

Taking the points noted in Mr. Spring's note, paragraph 3, which comprize the following arguments I advanced :—

(*a*) That the Madras Railway owing to the near termination of its contract was averse to constructing extensions.

(*b*) That the difficulty the Madras Railway had in coming to terms with Government of India for working the East Coast Railway to Vizagapatam was due to the apprehension on the part of Government that a working agreement might enhance the purchase price of the railway on the termination of its contract.

(*c*) That the Bengal-Nagpur Railway would serve Madras trade if it worked all the way to Madras quite as well as the Madras Railway would.

(*d*) That the Bengal-Nagpur Railway would endeavour to carry Bengal coal by rail to Madras at a price that would enable it to compete with Bengal coal delivered there by sea.

(*e*) That the Bengal-Nagpur Railway working all the way to Madras would expedite the construction of the Raipur-Vizagapatam line and thereby open the whole of the Central Provinces trade to Madras.

Dealing with each argument in turn—

(*a*) Mr. Moss devotes some space to showing that my supposition of the policy of the Madras Railway regarding the construction of extensions is quite incorrect.

There is no need for me to reply in detail to Mr. Moss' remarks. I presume the evidence of a Member of the Board of Directors of the Madras Railway is sufficient. I will confine myself therefore to quoting the following words delivered by Major-General Mullins, R.E., at the 47th Annual Meeting of the Madras Railway held on the 5th June 1899. General Mullins is a Director of the Madras Railway Company and his remarks were made when seconding the resolution proposed by the chairman that the report be accepted.

General Mullins said "there has been an idea that in the matter of extensions of our railway system and branches we have not been, perhaps, so successful, or have not done so much, as some might have expected; but the Company's position for the last few years has been a somewhat difficult one in this connection. It is owing to the approaching termination of the present contract in the year 1907 that there has been a considerable difficulty in extending the scope of our undertakings. In the first place it would not have done for this Company to undertake, as part and parcel of this system, an extension of branches which might not have succeeded in yielding adequate returns before the year 1907, for to have done so would have deteriorated our position. On the other hand, the Secretary of State and the Government of India have found difficulty in ceding terms to us for such additional working, owing to the fact that any increase in the market value of our shares would have entailed considerable loss on the Government when the purchase of the undertaking took place; consequently the number of extensions that we have actually undertaken, namely, that which was taken from the old terminus, from Beypore to Calicut, that of course we were willing to undertake and work under the present contract, and that from Calicut to Cannanore. But with regard to many of these projects which are shown on the map in white, we have always expressed our readiness to carry out the policy of the Government of India, and much as we prefer our own gauge of Railway, we were willing to carry them out on the metre gauge or any other that the policy of the Government required; and I have no doubt that many of the difficulties which have arisen in connection with this project have been occasioned by the fact that our present existence is liable to come to an end before long."

(*b*) Next dealing with the difficulty the Madras Railway have had in coming to terms for working the East Coast Railway to Vizagapatam.

Mr. Spring tells us it is perfectly easy to arrange that the working of the southern section of the East Coast Railway shall not prejudicially affect State interests by unduly enhancing the price of the Company's shares in 1905–1907.

Mr. Moss tells us that the terms proposed by the Madras Railway are intended "to avoid all direct profit to the Company."

If the matter is so simple and the Madras Railway wants to make no profit out of the working, the obvious question to ask is why has no agreement been arrived at?

Paragraph 4 of my note gives the reason. To make arrangements that should avoid all direct profit in working to the Madras Railway is a very difficult matter to do. Agreements have a way of producing unexpected results and a mistake on the part of Government would result in very serious loss.

Mr. Spring is of the opinion (see paragraph 6) it would be to the advantage of Government to assist in developing the Madras Railway into a 7 per cent. line. He gives his reasons and asks where the fallacy is. The fallacy is in applying his reasoning to the case of the Madras Railway dividend being raised to 7 per cent. by means of a good working agreement for the southern section of the East Coast Railway.

To add 2 per cent. to the Madras Railway dividend by the profit accruing from working the East Coast Railway would be to raise the value of the Madras Railway shares to that of a 6 per cent. line at the expense of revenue that should have gone direct to the State.

The Madras Railway would be a 5 per cent. line paying a 7 per cent. dividend by means of a contribution from Government. On the completion of the contract Government would buy a 5 per cent. line on a 6 per cent. basis and lose heavily over the transaction, having subsidized the Railway for many years and then had to buy it at a higher value than it was worth.

(*c*) Dealing with the point that the Bengal-Nagpur Railway would deal with rates in the same way as the Madras Railway would.

In dealing with my remarks about export rates Mr. Moss avoids my point altogether.

My point was the pull towards Bombay at Bezwada and the impossibility of the Bengal-Nagpur Railway quoting rates to Calcutta from Bezwada that could be as low as towards Bombay. I deduced from this that working all the way into Madras the Bengal-Nagpur Railway would do all it could to divert traffic there, as it would be powerless to attract it to Calcutta as against Bombay if it wanted to do so.

The points brought forward by Mr. Moss against my arguments are—

He quotes certain rates and gives a quotation that refers to circumstances totally different to those under consideration (paragraphs 14 and 19) and gives details of a scheme of rates he has designed to make Vizagapatam a strong competitor to Madras (paragraphs 15, 17, 18).

The rates given in paragraph 14 of Mr. Moss' note are rates we quote under circumstances totally different to those under consideration.

The case under consideration is that of export traffic from a certain area which I argue it would be in the interest of the Bengal-Nagpur Railway to assist Madras owing to the competition of Bombay.

The case Mr. Moss takes to answer this point is that of the extreme end of our Railway where it joins the Great Indian Peninsula Railway.

The rates quoted are block rates introduced to repel an attack by the Great Indian Peninsula Railway on our traffic.

That railway quoted special rates *viâ* Nagpur from our stations to Bombay lower than the rates from Nagpur to Bombay. In self-protection we have to quote high rates towards Nagpur to prevent traffic, which would otherwise go north and east, being carried off to Bombay.

The cases are not parallel in any way. Our high rates are due to an attack by a neighbouring railway on our traffic.

He quotes (paragraph 19) the following extract of a letter from me as indicating the policy of the Bengal-Nagpur Railway :—

"The interest of the Bengal-Nagpur Railway will be to attract as much traffic as possible by rates in the direction of Calcutta and high rates in the direction of Madras from stations on the Cuttack-Vizagapatam section."

This is a perfectly correct quotation only it, as in the previous case, does not apply to the circumstances under consideration. The case under consideration is that of the Bengal-Nagpur Railway working all the way to Madras.

The reference quoted by Mr. Moss refers to the case of the Bengal-Nagpur Railway working to Vizagapatam only.

About coal (paragraph 16) my suggestions are disposed of with the remark they cannot be taken seriously and coal could not be carried at a rate low enough to enable it to compete with coal brought by sea, this rate being placed at 2 pies per ton mile. I have the pleasure of forwarding with this a copy of a note of mine prepared in 1894 dealing with a low rate for coal from Bengal to Bombay by rail.

You will see, on referring to this Note, that the Bengal-Nagpur Railway could carry coal from Bengal to Bombay *allowing for the wagons returning empty* at a rate of 1·9 pies per ton mile and secure a profit of 3·98 rupees per ton by the transaction.

The Board of the Bengal-Nagpur Railway have offered to join the Great Indian Peninsula Railway in quoting this rate, but have so far not been successful in securing their agreement, not because the Great Indian Peninsula Railway thought there was no profit in it, but because they thought they could make more out of Singareni. This will be the attitude the Madras Railway will probably take.

I give my figures to back up my arguments. Mr. Moss confines his reply to the assertion that my proposal cannot be considered seriously.

While on the subject of Singareni as against Bengal, I would point out that it is not altogether a matter that is ruled by a rail carriage of 400 miles as against 1,200 miles.

Singareni has such an immense number of markets at its disposal it cannot keep the supply equal to the demand.

The imports of Bengal coal to Madras for last year and up to date of this year show that despite the disadvantage and cost of the sea route Singareni in no way commands the Madras market.

		TONS.
Imports Bengal coal to Madras for 1898 were	... ...	
„ January 1st to May 31st 1899 were	... ...	192,786
„ for same period 1898 were	... ...	56,543
		55,197

Lastly, regarding the construction of the Raipur-Vizagapatam line :

I still hold that if the Bengal-Nagpur Railway worked all the way to Madras the Raipur-Vizagapatam line would be made at an earlier date than it will otherwise be, and that the result of the through working will be to open up the Central Provinces and North-West Provinces to Madras trade.

Mr. Moss' arguments are, I think, vitiated throughout by assuming that the sole object of the Bengal-Nagpur Railway is to serve Calcutta interests.

The area of country, the Bengal-Nagpur Railway wishes to serve, is the Central Provinces where it draws its traffic from and where it wants to take imports to.

It wants to enlarge the sphere of markets for Central Provinces produce and the area from which to draw import and other produce that the Central Provinces do not grow.

Working all the way to Madras *viâ* the Raipur-Vizagapatam line would largely assist in carrying out these objects.

In no way has Calcutta more attractions for the Bengal-Nagpur Railway than Madras.

In conclusion I would ask that in considering the question you would see that my arguments be not dismissed as unsound or erroneous without good reasons being given why they are so and that the subject may not be approached with the idea that my facts are misleading and incorrect.

I will finish by quoting some of the incorrect facts in Mr. Moss' note.

The Chairman of the Bengal-Nagpur Railway has no business connection in Calcutta and never had. The Managing Director has long since ceased his connection with his Calcutta firm.

The statement that the Bengal-Nagpur Railway contract expires about the same time as that of the Madras Railway is most seriously incorrect.

More than half of the contract has still to be run. The contract is for 25 years from 1887.

ORDER—No. 994 Ry., dated 5th August 1899.

The papers read above will be recorded. A copy of these proceedings will be forwarded to the Government of India.

[Here enter No. 995 Ry., dated 5th August 1899.]

(True Extract.)

FRANCIS J. E. SPRING,
Joint Secretary.

To the Chairman, Chamber of Commerce, Madras.
„ „ „ Cocanada.
„ Consulting Engineer for Railways, Madras.
„ „ „ „ Calcutta.
„ Junior Consulting Engineer for Railways, Nagpur.
„ Agent and Manager, Madras Railway.
Editors' Table.

ENDORSEMENT—No. 995 Ry., dated 5th August 1899.

Forwarded.

(By order.)

Joint Secretary.

Rcd on 19/8/99

Exd. T. K. Narayana Aiyangar.

RAILWAY.

Government {1899} of Madras.

PUBLIC WORKS.

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G.O., Nos. 994, 995 Ry., 5th Sept. August 1899.

AUGUST.

THE WORKING AGENCIES FOR THE EAST COAST RAILWAY.

Recording correspondence embodying a note dated 12th August 1899, by the Consulting Engineer for Railways, Madras, on Mr. Wynne's second memorandum on————.

THE WORKING AGENCIES FOR THE EAST COAST RAILWAY.

Forwarding to the Government of India a copy of Proceedings recording correspondence, embodying a note dated 12th August 1899, by the Consulting Engineer for Railways, Madras, on Mr. Wynne's second memorandum on————.