M.R.O. 14—13,000—27-9-24

MADRAS RECORD OFFICE.

Government of Madras.

Revenue **DEPARTMENT.**

G.O. No. 2067 Press ~~Mis.~~

125-126

Dated 11—11— 1864.

Not to be folded or roughly handled

Proceedings of the Madras Government, Revenue Department, 11th November 1864.

No. 125. Read the following letter from Captain J. MULLINS, R. E., Consulting Engineer, Irrigation and Canal Company, to Colonel C. A. ORR, R. E., Secretary to Government, Department Public Works, dated Madras, 20th October 1864, No. 126:—

SIR,

1. Government having recently sanctioned the Rules under which the Madras Irrigation and Canal Company's Irrigation Revenue is to be assessed and collected, it becomes now necessary to frame, in communication with the Agent and Manager of the Company, the rules for the proper keeping of the Revenue Accounts, both Irrigation and Toll, as also to discuss the questions relating to the charges to be made for the supply of water for other than Irrigation purposes, and to determine also the maximum tolls in connection with the navigation which the Company will be allowed to levy. These two latter regulations will have to be embodied in an "Act of Parliament of the Indian Legislation."

Contract, Clause 27.

Before commencing a correspondence with the Agent on the subjects above indicated, I would request the Government to take into consideration the Clauses of the Contract which refer to these matters, and to give me such general instructions as may appear necessary, so that the rules may be prepared accordingly.

2. Clause 21 of the Contract is the first which relates to expenditure for the maintenance of works already constructed. It provides that the Company shall maintain, in proper repair and in efficient working order, all completed works, &c.; and the following Clause (22) shows that the cost of so doing is to be debited to the Irrigation Revenue Account, with the exception of such portion or percentage of the cost as may be considered to belong to the (Navigation) Tolls Revenue.

3. The first thing which it appears necessary to settle is the time from which maintenance or restoration is to cease to be paid for, directly or indirectly, out of estimates sanctioned out of Capital, and if the commencement of the debit to repairs is to date from the entire completion of each separate Section of the works, it will be advisable, with a view to the keeping of the accounts without difficulty or mistake, that each Section, when once commenced, should be finished as soon as circumstances will allow, and that the entries to Capital Account in respect of it should be closed, not however of necessity finally, because it may happen that original arrangements may prove defective or insufficient, and the cost of the additional or improved works would properly be debitable to Capital. It might be arranged however that when all the work of all descriptions of a Section cannot be completed about the same time, the earthworks, masonry works, revetments, &c., might without difficulty each be reported complete as it is finished, and thereafter its maintenance would be chargeable to Revenue. If this be the opinion of Government the Agent will be requested to arrange that the completion of the distinct descriptions of work of each Section, sanctioned on separate estimates, may be regularly reported, and the necessary separate arrangements made for their repair.

4. The Contract would seem to make no provision whatever for requiring the approval of Government to the arrangements for conducting the repair and maintenance of the Company's works. This duty will therefore, it appears, be performed by the Agent and Manager under the instructions of the Board of Directors, and on his own responsibility. The Government can interfere only in the event of continued neglect to repair for six months, after notice has been given.

Clause 21.

5. It will however probably be the case that some portions of the permanent Engineering Establishment, the salaries of which are charged to Capital, will be required to undertake the management of the establishment maintained to supervise or carry out the repairs, and in that case it will be requisite that a proportion of the cost of the Permanent Establishment, above referred to, should be charged to Revenue. Probably the simplest plan will be to divide the charge in d[illegible] proportion to the expenditure, including special superintendence, under the heads of C[illegible] Revenue expenditure respectively, the adjustment to be made at the close of each

credit in a lump sum to Capital expenditure, which will in the meantime have borne the whole charge. In like manner a proportion of the charge for general management as also of the home expenses will have to be adjusted to the debit of Irrigation Revenue.

6. The Irrigation Revenue Account is to be made up half yearly, the divisions being those of the Calendar year; but power is given to the Secretary of State to alter these to such other half yearly days as he shall appoint. It is to be observed, however, that Clause 2 of the Contract provides that the guaranteed interest on the million shall be paid on the last days of the halves of the Calendar year, and as by Clause 23 the net Irrigation profits are required to be applied in the first place in discharging the guaranteed interest, due in respect of the half year, it will probably be best, notwithstanding the want of agreement between the divisions of the Calendar year, the Indian Official year, and the Revenue year or Fusly, to leave the divisions as they are set forth in the Contract.

7. The consideration of the sum (if any) to be set apart as a reserve to provide for extraordinary repairs and restorations is not, I think, required at present, and the amount will be more easily determined when the actual cost of the maintenance of some of the Sections has been ascertained.

8. The amount paid by the Secretary of State on account of guaranteed interest at the close of each half year, will require to be reported to Government, and this information will be necessary also to enable this office to complete its records.

9. The commencement of repairs will anticipate the receipt of sufficient Irrigation returns to meet them, and the Agent will require to be furnished with funds to pay for the repairs and for the establishments for supervision and keeping the accounts. The Board of Directors may not perhaps be in a position to furnish the Agent with the money required, and in that case it would seem to be necessary that Government should authorize the necessary advances, either by the debit of disbursements on this account to "inefficient balance," or by allowing the Agent to draw on the Collectorate Treasuries by cheques passed for payment in this Office. This latter arrangement, if there be no objections in connection with the Accountant General's Department, would perhaps be the best and most simple, as, when Irrigation Returns come in, the necessary adjustment would at once be made in the Collector's books.

Rule XXXIII of the Scheme of Accounts.

10. The Contract requires but little action on the part of Government with regard to the navigation of the Company's Canal. Clause 27 requires that a Legislative Act be passed fixing the maximum tolls on boats, not the property of the Company, using the navigation, and the maximum fares or rates for the conveyance of goods and passengers by the Company, and the Clause appears to intend that the same Legislative Act shall determine the maximum rates for the supply of water for purposes other than that of Irrigation. Except as regards the limit imposed by such an Act, the Company will possess the power of making any arrangements which may seem advisable, and the Contract further leaves it entirely optional with the Company to open or to omit to open any or all the sections of the Canal for navigation purposes; and in addition to this the Company can, after having opened the Canal for navigation, discontinue such use of it. It is very improbable that the Company will discontinue navigation, or not elect to open the Canal for navigation, but it has entire control in this respect, and the Government can only indirectly, through the Act regulating the tolls, fares and similar charges make any arrangements with a view to the convenience of the public; thus while a large portion of the expenditure, now being debited to the Irrigation Capital Account, is rendered necessary solely because the arrangements are made with a view to the use of the Main Canal for navigation, no power is reserved to the Government to require that this expenditure shall be utilized by affording facilities for transport to the public. The repair Clause 21 requires that, so long as the Canal is navigated by the Company, boats and other vessels adequate to the service shall be

Clauses 26, 27 and 28.

Clause 20.

maintained, but it may be remarked that the cost of the navigation plant will have to be debited to the Irrigation Capital Account, and there seems to be nothing to prevent the Company from closing the navigation or ceasing to navigate directly, and disposing of the plant.

11. Under these circumstances it will be advisable, I think, to fix the maximum rates and tolls at such a limit as will ensure to the Company the power of working the navigation at a profit within that limit. It will probably be unnecessary to attempt more than a very simple classification of goods, and with regard to these and to passengers and animals also, the more simple the rules the better. The cost of transport as originally estimated, can have but little to do with a Canal which has cost up to the present time, and will have cost, when finished, more than twice as much as was supposed necessary, and perhaps therefore it will be prudent to make the maximum charges as high as about one half those of the Railway say,

	Rs.	A.	P.
Goods uncovered, per ton per mile	0	0	6
Do. covered	0	0	8
Passengers, 1st class, each per mile	0	0	6
Do. 2nd „ each per 5 miles	0	0	9
Passengers' baggage per cwt. per do.	0	0	6
Boat toll, per ton (as per boat register) per 10 miles... ...	0	1	0
Boat toll, per month, per ton of register	2	0	0
Animals.			
Cattle, each per mile	0	0	6
Sheep and goats do.	0	0	2

Addition to or extensions of this scale will most probably be made by the Agent. Compositions of tolls and fares being always on a lower scale than ordinary rates, the Company will always be able to make such arrangements as they please of this kind and nothing need be said on the subject in the Act.

12. In Clause 28 which gives directions regarding Toll Revenue Accounts it is laid down that the debits to this account are to be "payments made in respect of such tolls" (the meaning of which is not clear), "and the collection thereof, and also such proportion or percentage of the actual expenditure incurred by the Company in the repair and maintenance of all works which shall or may be necessary and used for the purposes of navigation as may be fixed immediately after the execution of these presents by mutual agreement between the Chief Engineer of the Company and the Consulting Engineer, of the Madras Government, as fair and proper." It will be fair and proper that the whole cost of the repair of locks and maintenance of lock establishmen s be charged to Tolls Revenue, but it would not have been possible for the percentage of the other charges to be fixed at the time indicated above, and it cannot be fixed yet.

13. I have been unable from an examination of the Contract itself to determine whether it was intended by the framer that the cost of works intended exclusively for navigation purposes should be debited to the Irriga ion Captial Account or not. Clause 20 is supposed to define the purposes to which this Captail is to be applied, but it leaves the question very doubtful; and in the subsequent Clauses a simple reference to Clause 20 is considered sufficient to define the works referred to. Clause 30 states that separate Capital must be raised for "any purpose other than the purposes mentioned in Clause 20," and the margin reads "for all purposes other than for works of Irrigation." Throughout the Contract, with the exception of a provision as to maintenance of boats adequate to the navigation service in Clause 25, the control of the Legislation as to tolls in Clause 27, and the assignment of Tolls Revenue to discharge guaranteed interest, when Irrigation Revenue is insufficient, in Clause 28, the Company are left free to do as they think proper with respect to navigation. In fact with the exception of the last particular the provisions in connection with navigation give no greater control than the State would probably reserve in the case of any unguaranteed Company to

Clauses 23 24, 30.

which powers to acquire the property of private individuals had to be conceded. It is true that on the Main Canal itself the separation of charges due to Irrigation and navigation respectively would have been difficult, and if the Contract intended any such arrangement, a separation of the estimates would have been necessary, but of course the debit to distinct Capitals would have been easily managed in the case of those works which were required solely for navigation.

14. I enclose a draft form of the Account Current required by Clause 22 of the Contract to be submitted half yearly, and in connection therewith a Return, giving the particulars shown in the Abstract Statement thereto attached, will be needed to show that all collections are duly credited. These accounts will probably be all that will be required from the Agent. Information as to areas under cultivation and other details can be readily obtained from the Collectors, who might send regularly to this office an abstract *for villages* in the form shown in Rule V,* to which if an appendix were given, exhibiting the areas at each Irrigation rate, I should be able to afford Government information on all the points with which they would wish to be made acquainted.

* Rules sanctioned in Proceedings Madras Government, No. 1,830, dated 5th October 1864.

15. I shall in a few days have to lay before Government the correspondence on the subject of water supply of Kurnool, and the maximum rates, with reference to Clause 27 of the Contract, which may be allowed for such, and for other extraordinary, services will then be noticed.

Referred to the Revenue Department.

CHEPAUK,
27th October 1864.

(Signed) CHARLES A. ORR, Colonel, R. E.,
Secretary to Government, P. W. D.

No. 126. ORDER THEREON, 11th November 1864, No. 2,067.

Miscellaneous.

1. The Government consider that Captain Mullins' reading of the Clauses of the Contract, which are referred to by him, is correct. As regards paragraph 13 of his letter, they are of opinion that the Contract (Clause 20) contemplates only *one* Capital Account in which navigation expenditure chargeable to Capital is to be debited, as well as similar Irrigation expenditure. The revenues from Irrigation and Navigation, on the other hand, are to be kept distinct.

2. Captain Mullins will consult the Accountant General on the subject of paragraph 9 of his letter, and discuss the subjects noted in paragraph I with the Agent; submitting with his final report a sketch of the provisions to be embodied in the Act required by Clause 27 of the Contract.

(True Extract.)

(Signed) J. D. SIM,
Secretary to Government.

To the Consulting Engineer ~~for~~ Irrigation and Canal Company.
,, the Public Works Department.
,, the Accountant General.

Exd. T. O'Connor.

Irrigation Revenue Account
Abstract Statement of Demand, Collection and Balances for the half year ending

Credit given in Account Current	Balances to be received	
Current	Arrears	
Rs A P	Rs A P	Rs A P

Year 18 -/8-
Full demand on account of Irrigation applied for

Description	Amount	Adjusted Balance of demand for Irrigation actually received	Total
		Current	Arrears
		Rs A P	Rs A P
Districts	Amount		
	Rs A P	Rs A P	Rs A P

B.

Rev. 2826/64

~~P 1580/64~~

P. 11th Nov. 1964 0900

D 125-120

Revenue Account Current of the Madras Irrigation and Canal Company for the half year ending

Cr.

Rs. As. Rs. As. Rs. As.

By amount actually realized and credited to the Company in the books of the following Collectorates as per the Collector's Receipts of Nos. and dates noted below.

Kurnool

Collector's Receipt No. 1 of January 18 0000 0 0
" " No. 2 of February 18 0,000 0 0
" " No. 3 of March 18 0,000 0 0
0,000 0 0

Cuddapah

Collector's Receipt No. 1 of 000 0 0
" " No. 2 of 000 0 0
000 0 0

Nellore

Collector's Receipt No. 1 of 000 0 0
" " No. 2 of 000 0 0
000 0 0

Proportion of the Cost of repairs debited to Toll Revenue Account 000 0 0
0,000 0 0

Rupees 0,000 0 0

Dr.

Rs. As. Rs. As. Rs. As.

To the Cost of repairs and restorations as below mentioned

Soonkasala Anicut	000 0 0	
Hindry Aqueduct	000 0 0	
Main Canal		
1st Section 17½ Miles	000 0 0	
2/3 Sections 48th Mile	000 0 0	
4/5 Sections 72nd Mile	000 0 0	
1st Section 91st Mile	000 0 0	
3rd Section 114th Mile	000 0 0	
8th Section 146th Mile	000 0 0	
9th Section 178th Mile	000 0 0	
		000 0 0
Buildings		
x x x x x	000 0 0	
x x x x x	000 0 0	
		000 0 0
Distribution		
x x x x x	000 0 0	
x x x x x	000 0 0	
		000 0 0
Storage		
Reservoir	000 0 0	
Do.	000 0 0	
		000 0 0
⊗ Net Revenue		0000 0 0

Rupees 0000 0 0

⊗ Or Balance to debit will be shewn on other side should that be the result of the earlier accounts.

Copy sent letter to Engr
of 14th November 1864 No 40
Miles

A
Rec: 28th/64.

Ld P 10/80/64

125-126

W-2067.

11th November 1864.

I have put this in the form of a draft at the same time - The main point is the Capital account. Put the whole papers safe to hand of Comte. Does the "Indian Legislature" mean the G. G. Imperial Council?

I do S.

No - the Legislature of the Presidency where the Company's works are situated seems to me intended.

Elle

The point considered that Capt Mullins reading of the clauses which are of the Contract referred to by him is correct - As regards para 13 of his letter they are of opinion that the Contract (cl. 20) contemplates only one Capital acct. in which Navigation expenditure shall be credited to Capital as well as Irrigation Expenditure. The Receipts from Navigation & Navigation

on the other hand
are to be kept
distinct.

Capt Mullins
will consult the
Secy. of War on the
subject of para 9
of his letter - and
discuss the subject
stated in para 1
with the Agent: &
quitting with his
final report a
sketch of the ~~dock~~
positions to be
included in the
dock required by
Cl 27 of the Contract.

J D S.

Copy Letter Consulting Engr. Irrigation & Canal Company Dept. of Works
" Mr Capt. "
" Asst. Genl. "

Revenue 1864 Sept.
Pro: of Govt. for Nov.

No. 2067.

Pro: of the Madras Govt.
Dated 11th November 1864.

From the Cond. Engr. N.C.
dated 10th December 1864
No 322;

Copy on a letter to Engr
of 14 November 64 No 40 Mils

Pro. No. 36-40
15-10-64

Considering the reading of certain Clauses of the Contract of the Madras R & C. Company by the Consulting Engineer, correct.

No. 125 & 126.