M.R.O. 14—15,000—27-9-24.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue **DEPARTMENT.**

G.O. No. 3457 Press ~~Mis.~~

402. 403

Dated 21 — 12 — ~~19~~ 1866

Not to be folded or roughly handled

3457
21-12-66.

Proceedings of the Madras Government, Revenue Department,
21st December 1866.

No. 402. Read the following Proceedings of the Madras Government in the Public Works Department :—

Communicating a Home Despatch, with eighteen copies of a Supplementary Contract between the Madras Irrigation and Canal Company and the Secretary of State for the completion of a canal from Soonkasala to Cuddapah. } (Here enter 15th December 1863, No. 3,960.)

No. 403. ORDER THEREON, 21st December 1866, No. 3,457.

Miscellaneous. Communicated to the Board of Revenue.

(True Extract.)

(Signed) J. GROSE,
Under Secretary to Government.

To the Board of Revenue, with Proceedings Public Works Department, No. 3,960.

Exd. S. T. Augustin.

This Indenture made the third day of June one thousand eight hundred and sixty-three Between THE SECRETARY OF STATE IN COUNCIL of the one part and THE MADRAS IRRIGATION CAND ANAL COMPANY incorporated by an Act of Parliament made and passed in the twenty-first year of the reign of Her present Majesty instituted "An Act for incorporating the Madras Irrigation and Canal Company and for other purposes connected therewith" of the other part. WHEREAS the said Madras Irrigation and Canal Company were incorporated by the said Act of Parliament for the purposes therein and hereinafter mentioned or such and so many only of the same as might be agreed upon by the Company and the East India Company (that is to say) the construction improvement maintenance and management of works for irrigation of Land combined wherever practicable with Navigable Canals and of Navigable Canals and Tramways within the Presidency of Madras and the Territories or places known by the names or designations following (that is to say) Berar Mysore Nagpore Orissa and the South Mahratta Country in the East Indies or any or either of them the taking or levying of Tolls on such irrigation works and Canals or the waters used in such works and on such Tramways the conveyance of passengers animals vehicles merchandize and all other goods upon all or any of such Canals or Waters or upon any Rivers or Canals in any way connected therewith or upon such Tramways the hiring and purchase of Steam and other Boats and Vessels and Engines and Carriages the using and letting the same on hire on such Canals and Waters and Rivers and Tramways the construction improvement maintenance and management of works for the supply of water and the supply of water to any person or persons for Mills Manufactories Irrigation Domestic or other purposes within the said Presidency of Madras and the said Territories the obtaining of all such powers the entering into all such Contracts and the doing of all such acts or things as were or might be expedient for or incidental necessary or conducive to the attainment and carrying out of such objects or any or either of them either by the Company alone or jointly with any other Company or in conjunction with the East India Company or any other Body or Bodies Corporate or any person or persons PROVIDED ALWAYS that no tolls should be levied under the provisions of that Act until the same should have been defined and sanctioned by the authority of an Act of the Indian Legislature And by the said Act the said Madras Irrigation and Canal Company were empowered from time to time to enter into and conclude with the East India Company on account of the Government of India or with the Supreme or any Local Government of India such contracts agreements and arrangements as the respective parties might think fit and agree upon for or connected with or incident to or respecting all or any or either of the objects and purposes aforesaid including all or any of the provisions therein particularly mentioned and which provisions extend to and include the provisions hereinafter contained. AND WHEREAS the expression "the Company" wherever the same is hereinafter used is intended to mean "The Madras Irrigation and Canal Company." AND WHEREAS by the Act of the twenty-first and twenty-second years of Her Majesty Chapter 106 instituted "An act for the better Government of India (amended by an Act of the twenty-second and twenty-third years of Her Majesty Chapter 41) it was amongst other things provided that all Acts and provisions then in force under Charter or otherwise concerning India should subject to the provisions of that Act continue in force and be construed as referring to the Secretary of State in Council in the place of the said East India Company. AND WHEREAS the Secretary of State in Council with the concurrence of a majority of Votes at a Meeting of the Council of India in the month of December one thousand eight hundred and fifty-

Recitals.
Madras Irrigation and Canal Act.

Definition of words "the Company" used herein.

Act for better Government of India.

Arrangement of December 1858.

[illegible] into an arrangement with the Company to co-operate with them in the construction of the works for Irrigation and Navigation in the manner and upon the following terms and conditions that is to say That the operations of the Company should in the first instance be confined to one work or project approved by the Local Government the estimated cost whereof should be one million Pounds Sterling. That the Secretary of State for India in Council should guarantee a minimum interest of five Pounds per cent. per annum on the capital of one million Pounds so as it should be paid into the Indian Treasury which guarantee should be subject to determination only in the manner next hereinafter described. That the Secretary of State for India in Council or other the Government of India for the time being should within six month next after the expiration of any twenty-five years from the commencement of the now reciting agreement have the option of purchasing the works constructed at a sum equal to an average of the market price at which the shares therein should have been selling in London during the three preceding years. That the various works comprehended in the project selected for the commencement of operations by the Company should be constructed conformably to Plans approved by the Local Government and should be kept in a state of efficiency by the Company. That it should be left to the Government to decide in what manner the returns from the works constructed should be levied and the Government should have the option of purchasing the water supplied for Irrigation at a price to be agreed on with the Company. That all surplus returns from such works after payment of all expenses of maintenance and establishment and of the guaranteed minimum interest should be divided equally between the Government and the Company. That a sequestrated fund should be provided by the Government. That the Secretary of State for India in Council should possess the same power of supervision and control over the proceedings preliminary expenses and future expenditure of the Company as be possessed over those of the guaranteed Indian Railway Companies. And whereas

One million raised by the Company

with a view to carry the said arrangement into effect the Company forthwith raised a first capital of one million Pounds and have already paid into the Bank of England to the account of the Secretary of State in Council the sum of six hundred and eighty-three thousand five hundred and seventy-four Pounds part of the same sum of one million Pounds as the Secretary of State in Council doth hereby admit and acknowledge.

Amount to be raised and paid to Government

And whereas also with a view to carry the said arrangement into effect the Government of Madras under the orders of the Secretary of State in Council selected and recommended as the work or project to be constructed by the Company under the said arrangement a certain work or scheme of works for providing Irrigation and means of water transport to certain Districts of Southern India by means of the waters of the Toombuddra Kistna and Penaur Rivers and their Tributaries and which work or scheme of works was described in a Memorandum dated the eighteenth day of May one thousand eight hundred and fifty eight drawn up by the order of the said Government of Madras by their Commandant of Engineers and has since been known between the parties hereto as "the Toombuddra project." And

Surveys &c. made by Company

whereas the Company with the sanction and consent of the Secretary of State in Council has entered upon the Surveys of portions of the works connected with the said Toombuddra project and the preparation of Plans and detailed Estimates thereof and with such sanction and consent have constructed certain portions thereof and commenced the construction of certain other portions thereof. And whereas the Secretary of State in Council

Appointment of Co-efficio Director

hath since appointed Sir James Coome Melvill K. C. B. to be the first Co-efficio Director of the Company and after his death appointed William Thomas Thornton Esquire as such Co-efficio Director. And whereas the Company have with such consent and approbation as aforesaid expended various sums of money in or about the purposes or objects of the Company. And whereas it is estimated that the said sum of one million Pounds will be insufficient to carry out complete and develope the said Toombuddra project and it has been agreed between the Secretary of State in Council and the Company that in order to meet the deficiency the

Company should under and subject to the terms and conditions hereinafter contained be at liberty to raise (but without any guarantee of interest thereon being given by the Secretary of State in Council) whatever further capital might be required for the purposes and objects of the Company. Now this Indenture Witnesseth that in further effectuation of the hereinbefore mentioned arrangement and in consideration of the premises The Secretary of State in Council Doth hereby (so far as the Covenants and Agreements hereinafter contained are to be observed on the part of the Secretary of State in Council) covenant with the said Madras Irrigation and Canal Company and their successors and the said Madras Irrigation and Canal Company do hereby for themselves and their successors (so far as the Covenants and Agreements hereinafter contained are to be observed and performed on their part) covenant with the Secretary of State in Council in manner following (that is to say)

Testatum.

1. That the Company shall pay into the Bank of England to the account of the Secretary of State in Council the sum of three hundred and sixteen thousand four hundred and twenty-six Pounds (making together with the said sum of six hundred and eighty-three thousand five hundred and seventy-four Pounds in like manner paid by the Company as aforesaid the sum of one million Pounds) by such instalments and at such times as the Secretary of State in Council may (subject to the provisions of the Act of Parliament firstly hereinbefore recited) prescribe and such payments may be made in sums of not less than five thousand Pounds. Provided Nevertheless that if the Company shall receive any portion of their capital already subscribed or hereafter to be subscribed in India it shall be lawful for them to pay the amounts so received in sums of not less than five thousand Rupees into the Government Treasury at Madras in or towards satisfaction of the said instalments and the acknowledgment of such respective payments there shall when produced to the Secretary of State in Council in London be considered to be and be taken as equivalent to payment into the Bank of England on the respective days of payment thereof in part satisfaction of the said sum of three hundred and sixteen thousand four hundred and twenty-six Pounds at the Government rate of Exchange for the time being.

Balance of capital of one Million to be paid to Government by Company.

2. That the Secretary of State in Council shall from time to time and at all times hereafter unless in the event of and until the cesser of this Contract in manner hereinafter provided pay out of the revenues of India to the Company in London half-yearly on the thirtieth day of June and the thirty-first day of December in every year interest at the rate of five Pounds per cent. per annum on the said sum of one million Pounds or on such parts thereof as shall for the time being have been paid into the Bank of England to the account of the Secretary of State in Council or into the Government Treasury at Madras as aforesaid such interest upon any part of the said sum of one million Pounds being considered as running from the day on which the same part shall have been so paid as aforesaid.

Secretary of State to pay interest on one Million to Company as raised and paid to Government.

3. That the Company shall be at liberty from time to time as the Company may deem expedient to raise any amount of capital in addition to the said capital of one million Pounds which the Company may consider it necessary to raise to carry out or into effect all or any or either of the purposes and objects of the Company herein mentioned or referred to but subject nevertheless to the provisions contained in Clause No. 30 of these Presents Provided nevertheless that the Secretary of State in Council shall not be called upon to pay or be held to be or be considered as in any manner liable to guarantee the payment of interest upon or in respect of any such additional capital but all such additional capital if raised shall be raised by the Company without any such payment or guarantee by the Secretary of State in Council.

Company to have liberty to raise further capital but without a guarantee.

4. That when and as often as any money shall be required by the Company for any purposes sanctioned by the Secretary of State in Council or for the performance of works sanctioned by the Secretary of State in Council while the same shall be in course of execution the same may be to the extent of the amount so paid by the Company into the Bank of England or into the Government Treasury at Madras as aforesaid and not then drawn out be drawn in such sums as shall from time to time be necessary by the Com-

Monies required for works until £1,000,000 is expended to be drawn by the Company from Secretary of State or Government of Madras.

pay from the Secretary of State in Council or the Government at Madras according to such arrangement as shall be made from time to time with the Secretary of State in Council for that purpose but ten days previous notice of every such Draft or proposed Draft shall be given to the Secretary of State in Council and the Government of Madras respectively and all sums of money which shall be so drawn at Madras shall be settled at the Government rate of Exchange for the time being against Bills of exchange payable Sterling or so much thereof as shall have been so paid into the Bank of England or the Government Treasury at Madras as aforesaid but the Company shall not in any case be entitled to draw in London or at Madras to an extent greater than the balance in their favour for the time being

All Plans and Estimates to be submitted to Government before the works are undertaken.

5. That the Company shall from time to time with all convenient speed cause to be made the necessary surveys and to be prepared in detail the necessary Plans and Estimates of such of the works comprehended in the Tambraparni project as the Company shall deem it expedient to execute and of such further works as may be required or necessary having however due regard to the storage of water sufficient in quantity to maintain a continuous supply thereof to the works proposed to be executed throughout the year if practicable and the Company shall submit such Plans and also the list mentioned to the works to be executed with the said sum of one million Pounds and either together or in parts to the Secretary of State in Council for approval and such Plans and Estimates shall be returned to the Company by the Secretary of State in Council or shall be at their option approved as submitted or with such reasonable variations additions or alterations therefrom or thereto with reference to the works therein described as may be considered necessary or desirable by the Secretary of State in Council Provided always that in the preparation of the said Plans as aforesaid and in the execution of the works hereinafter mentioned due regard shall be had as far as may be consistently practicable to the preservation of the existing rights of irrigation on the Tambraparni River or any other Channels through which the supply of water may be derived and existing interests in Nellore and the non-interference with the prospective irrigation from the Channels in connection with the Nellore Anicut already constructed by the Government of Madras and that in the event of its being found not to be conveniently practicable to preserve any of such rights or interests or in the event of any such rights or interests being interfered with by the execution or use of the works then the Government of Madras shall proceed to ascertain to the extent of the rights and interests of any cultivators or others who may allege injuries and shall make such arrangements as shall be just and proper for the summary and final adjudication of claims for compensation to be paid by the Company to the parties injured.

Plans may be varied by mutual consent of parties.

6. That in case after any Plans or Estimates shall have been approved or settled any variation therefrom omission therein or addition thereto shall at any time and from time to time be thought desirable either by the Secretary of State in Council or the Company then such variation omission or addition shall be made therefrom therein or thereto as may be mutually agreed upon between the Secretary of State in Council and the Company Provided always that if any alteration of Plan or Estimate shall be made as aforesaid as to the works to be executed with the said sum of one million Pounds after any of the said works shall have been commenced in accordance with a previously approved Plan or Estimate the expense in anywise incident to such alteration shall be considered as having been properly incurred by the Company.

Land to be provided by Secretary of State in Council

7. That the Secretary of State in Council shall as speedily as may be after the approval or settlement of the Plan or Plans for the works to be executed by the Company or of any portion or portions thereof and from time to time as may be necessary provide to the Company free of charge the land which the Secretary of State in Council shall deem requisite for the same or for the portion or portions thereof the Plans whereof shall have been approved or settled and for the due execution and construction of the same and also land for such buildings offices warehouses and other conveniences for the same as shall be mutually agreed upon between the Secretary of State in Council and the Company as necessary or expedient for the said works including land for the Banks of the Canals to whatever breadth it may be found

necessary to make such Banks for keeping the said works under engineering watch and control or shall be required for the maintenance of a proper supply of water to Canals or to render the same efficient in every respect or for works designed to regulate Rivers and their inundations and shall give to the Company possession thereof But all land of which possession shall be so given to the Company and which shall not be permanently required for the purposes of the Company shall as may be conveniently practicable be restored and delivered up by the Company to the Government of Madras for the use of Her Majesty her Heirs and Successors for the purposes of the Government of India Provided always that if the Company shall desire to have possess and occupy either permanently or temporarily for purposes connected with the works or objects aforesaid further land in addition to that agreed to be provided as aforesaid and the Secretary of State in Council or Government of Madras shall be willing to provide such further land then each further land shall be so provided to the Company by the Secretary of State in Council and the Company shall pay to the Secretary of State in Council or the Government of Madras the value of such portions thereof as shall be required for the permanent occupation by them which value shall be estimated as at the time when possession shall be taken by the Company and irrespective of any increase which may have arisen therein by any benefit or prospective benefit derived or to be derived by the works or operations of the Company and with reference to such portions of such further land of which possession shall have been given to the Company and which shall not be permanently required for the purposes of the Company the Company shall during their temporary occupation thereof pay such yearly rent as the Secretary of State in Council or the Government of Madras shall fix and shall as soon as practicable restore and deliver up the same to the Secretary of State in Council for the use of Her Majesty her Heirs and Successors for the purposes of the Government of India And the Company shall pay to the Secretary of State in Council or the Government of Madras the amount of deterioration caused in the value of such land by their occupation and use thereof such value being estimated in the same manner as is herein provided with respect to the value of the land to be permanently held and paid for by the Company.

Title to land not to be shown but possession to be secured to Company.

8. That the Secretary of State in Council shall and will secure to the Company a right and title to the land which shall have provided under the provisions hereinbefore contained or of so much thereof as shall be permanently required for the said works and buildings and conveniences thereto belonging subject always to the power hereinafter reserved to the Secretary of State in Council of purchasing the same and the Secretary of State in Council shall guarantee to the Company the right to and possession of such land as against any claimant but shall not be called upon to show any title thereto.

Works to be executed by Company in accordance with Plans

9. That the Company shall on receiving possession of the said land or any part thereof forthwith and with all convenient speed and subject to the supervision and control hereinafter prescribed execute and construct the works mentioned or shown in or upon the said Plans so approved or settled as aforesaid and in accordance therewith or as near thereto as circumstances will permit And in case during the progress of the works according to the said Plans so approved or settled any variations from omissions in or additions thereto shall be mutually agreed upon between the Secretary of State in Council and the Company the Company shall forthwith and with all convenient speed proceed in the execution and construction of the works in accordance with the Plans as so varied altered or added to.

Company to construct such conveniences, &c., for Irrigation as Secretary of State may require.

10. That the Company shall also in addition to the said works execute and construct all such buildings offices warehouses fixed machinery and other advantages and conveniences as the Secretary of State in Council shall deem expedient and require to render and maintain the works effective for the purposes of Irrigation and to protect the same from injury or destruction by inundation tempests or other causes whatsoever.

Upon direction of Secretary of State works to be opened for Irrigation and (if Company so elect) also for Navigation.

11. That when and so soon as all or any portion or portions of the said works shall be completed to such an extent as in the opinion of the Secretary of State in Council shall be sufficient for the purpose the Company shall open and employ the same for the supply

of water for the irrigation of land and the general supply of water due regard however being had to existing rights and interests and non-interference with prospective irrigation as mentioned in Clause No. 3 of these presents and also if the Company shall from time to time think fit for the purposes of navigation or navigating the same as hereinafter mentioned according to the character and purpose of the said works or the different portions thereof respectively Provided NEVERTHELESS that notwithstanding anything in these presents contained the Company shall not use the said works or deal with the supply of water for the purposes of navigation as to interfere with the due supply of water to the Channels constructed for the purposes of Irrigation, the true intent and meaning of these presents and of the parties hereto being that no water shall be retained by the Company in their main irrigating and navigable Canal which being required for irrigation shall from the works which shall have been constructed as aforesaid by the Company be capable of being so applied and it being provided that such measures shall be adopted for securing this object as may from time to time be deemed necessary by the Government of Madras.

Company to provide Machinery, &c. to render works effective for Irrigation.

12. THAT when and so soon as any of the said works or any portion or portions thereof shall be from time to time completed and ready to be opened the Company shall and will provide proper and sufficient machinery and conveniences for enabling the said works to be effectually used for the supply of water for the irrigation of land and the general supply of water and also if the Company shall think fit for the purpose of navigation according to the character and purposes of different portions of such works respectively and shall and will manage and conduct and render available the same to carry such purposes or objects respectively into execution or operation.

Terms for Water Rates to be fixed by mutual consent or by Arbitration.

11. THE price to be paid by the Secretary of State in Council to the Company for the water supplied from the Company's works for the irrigation of land as aforesaid shall be determined by the Government of Madras and the Company if a mutual agreement can be come to between them but if not then the same shall be determined by four Arbitrators two of whom shall be nominated by the Government of Madras and both or either of whom may be Officers of the Government and the other two shall be appointed by the Company. The Arbitrators shall before they enter on the matter referred to them nominate by writing under their hands an Umpire and shall if such Umpire shall die refuse or neglect to act appoint another Umpire and so on until one shall act. The decisions of the Arbitrators or Umpire shall be final and the provisions hereinafter contained in the 34th 35th 36th 37th 38th 39th and 40th paragraphs of this Agreement shall be applicable to such arbitration PROVIDED ALWAYS that the price to be so fixed as aforesaid shall be so fixed as to represent as nearly as circumstances will then permit and as can then be ascertained a fair charge for the water which will be supplied for Irrigation to the parties taking or availing themselves of it and such price shall be the price to be paid by the cultivators to the Government.

Company may reduce price of Water.

14. THE Company shall be empowered to reduce the price of the water for Irrigation fixed as aforesaid from time to time as to them shall seem fit and the Government shall on receiving due notice of the desire of the Company to make any such reduction thereupon and to the same extent reduce the price to be paid by the cultivators for such water but it shall not be competent for the Company thereafter to raise the price again otherwise than as hereinafter agreed.

Price of Water may be altered by mutual consent or by either party after demand on the same.

13. PROVIDED ALWAYS that the price of the water for irrigation may with the consent of the Government of Madras and of the Company be fixed or revised at any time either with or without the intervention of Arbitrators as shall in each case be agreed and if at any time a demand for a revision of the price of water for irrigation be made by one of the parties to this Agreement on the other and the other shall not consent thereto then it shall be lawful for the party making such demand after six months' notice given in writing to proceed to revise the price of such water PROVIDED that in every case such revision of price shall be made in all respects in the same manner and upon the same principle as to representation of fair charge as is herein agreed for the first settlement of the said price.

Secretary of State may exercise such supervision over Company as may be necessary for controlling expenditure of the £1,000,000.

16. THAT for the purpose of enabling the Secretary of State in Council to have and exercise such supervision and control as will enable him to ascertain and secure that the expenditure of the said sum of one million Pounds in and about the said works and in the general management of the Company's affairs is being or has been properly made but not further or otherwise the Company and their Officers Servants and Agents as also their accounts and affairs shall in all things be subject to the superintendence and control of the Secretary of State in Council as well in England as elsewhere and for such purpose but not further or otherwise it shall be lawful (subject to the provisions herein contained) for the Secretary of State in Council from time to time to give to the Company their Officers Servants and Agents all such orders and directions as the Secretary of State in Council shall from time to time think fit with reference to the works to be executed with the said sum of one million Pounds and with reference to the manner and times of executing the same and with reference to any contracts orders and directions to be entered into made or given with regard thereto and otherwise with reference to the same and all such contracts orders and directions given for such purposes shall be executed and followed by the Company to the satisfaction of the Secretary of State in Council and such costs and expenses of the same as shall have been allowed and sanctioned by the Secretary of State in Council as proper to be included in the capital account shall be paid out of the monies which are to be paid into the Bank of England or the Government Treasury at Madras as aforesaid and for better enabling the Secretary of State in Council to exercise the control and direction intended to be hereby secured the Company shall record and keep in proper books for that purpose full and particular accounts of all their transactions and proceedings including full and true Minutes of all their Meetings, Meetings of Directors, communications with India and correspondence so as at all times to exhibit thereby fully and truly the state of their affairs and proceedings and the Secretary of State in Council and any person or persons appointed by him in that behalf shall at all reasonable times have for such purpose as aforesaid full access to all the books accounts papers and documents of the Company (except communications between the Company and their Legal Advisers) and power to make copies of or extracts from the same so far as such books accounts papers and documents relate to the works to be executed with the said sum of one million Pounds or otherwise in connection with the expenditure of such sum.

Secretary of State may appoint an Ex-officio Director for purposes last aforesaid.

17. THAT for the purposes in the last preceding clause mentioned it shall be lawful for the Secretary of State in Council from time to time to continue the present Ex-officio Director of the Company and to appoint any one person not being a share-holder of the Company to be his successor in office when he shall cease to hold such office and the Ex-officio Director for the time being shall for the purpose last aforesaid rank as and be one of the Board of Directors of the Company and be entitled in all things for such purpose to act as such and to exercise at his discretion a right of veto in all proceedings at Boards of the said Directors (except proceedings for the purpose of communicating with the Legal Advisers of the Company, and shall not be removable except by order of the Secretary of State in Council but such Ex-officio Director shall not be entitled to any salary from the Company PROVIDED ALWAYS that nothing herein before contained shall authorize the Secretary of State in Council to appoint any Officer or Servant of the Company but only such Ex-officio Director as aforesaid.

Secretary of State not to appoint Company's Servants, &c.

The expenditure of the Million to be approved by the Secretary of State.

18. THAT all the expenses of the Company proposed to be paid out of the monies to be paid into the Bank of England or the Government Treasury at Madras as aforesaid shall from time to time be stated and submitted to the Secretary of State in Council for his sanction and approval and as between the Company and the Secretary of State in Council shall be allowed so far only as the same shall from time to time have been sanctioned and approved in writing by the Secretary of State in Council PROVIDED ALWAYS that the last mentioned stipulation shall not interfere with any subsidiary agreement or agreements if any as may from time to time be made between the Company and the Secretary of State in Council for the execution or performance of any portion or portions

of the said works at any sum or sums of money to be specified in such subsidiary agreement or agreements in which case the expenses in respect of the same respectively shall be allowed and taken at the sum or sums which shall be so agreed upon

Secretary of State to be at liberty to inspect Works during construction

19. That it shall be lawful for the Secretary of State in Council or the Government of Madras at any time and at all times during the construction of the said works by an Agent or Agents duly authorized to inspect the same for the purpose of ascertaining that such construction is being carried on fairly and substantially in accordance with such original or settled Plans as aforesaid and in case upon such inspection being had it shall appear to the Secretary of State in Council or the Government of Madras that any part or parts of such works have in any material respect been or are then being constructed substantially contrary to such Plans and the Secretary of State in Council shall give notice thereof to the Company and require the Company to alter such part or parts of the said works so as to make the same accord with such original or altered Plans as aforesaid or also to repair any damage caused by the departure from such last mentioned Plans the Company shall at their own expense forthwith comply with such notice or requirement to the satisfaction of the Secretary of State in Council

Irrigation Capital Account to be opened and kept.

20. That a capital account shall be kept by the Company to be called "The Irrigation Capital Account of the Madras Irrigation and Canal Company" to which account shall be carried from time to time by way of credit all monies raised and to be raised for the purposes of being applied to or expended in the Establishment of the Company and the construction of the said works and the buildings machinery and conveniences thereto belonging or necessary for the same and to which account shall be carried from time to time by way of debit all monies from time to time expended in or about all or any of such purposes as last aforesaid and in and about any additions alterations or improvements made to or in the said works or the buildings works machinery and conveniences thereto belonging which shall properly be chargeable to Capital account and in or about satisfying and discharging any claims for compensation or any liability (if any) which shall be incurred to third persons for consequential damages caused by any works executed by the Company the cost of which is properly chargeable to Capital account and that such account shall be made up half-yearly on the thirtieth day of June and the thirty-first day of December in each year or on such other half-yearly days in the year as the Secretary of State in Council shall appoint and as often as any variation shall occur in such account a copy of the account or a statement showing the variations therein shall be from time to time furnished to the Secretary of State in Council

Company to keep Works in repair.

21. That the Company shall at all times keep the said works or such portion or portions thereof respectively as shall be completed and the buildings machinery and conveniences thereto belonging in a state of good repair and in good working condition and shall keep the same fully provided with machinery and conveniences and for so long as the Company shall carry on navigation if the Company shall think fit to carry on the same) with boats and other vessels adequate to the service thereof for the purposes of navigation And that if default shall be made by the Company in the performance of their Covenant in this clause contained as to keeping such portion or portions of the said works which shall have been completed and opened in repair and condition for the space of six Calendar months next after notice in writing in that behalf shall have been given by the Secretary of State in Council to the Company at Madras it shall be lawful for the Secretary of State in Council or the Government of Madras by an Agent or Agents duly authorized to enter on the said works and to do and execute all such works as may be required for putting the said works into good repair and good working condition and the expenses of the same shall be charged against the Company by setting off the amount of such expenses against any monies then payable or which shall thereafter become payable by the Secretary of State in Council under or by virtue of these presents and if such expenses shall not be satisfied by such set off and remainder as aforesaid then the difference shall be forthwith paid by the Company to the Secretary of State in Council.

And in default Secretary of State to repair and retain costs.

Company to keep "Irrigation Revenue account."

22. That the Company shall in proper forms and under proper heads or divisions keep an account to be called "The Irrigation Revenue Account of the Madras Irrigation and Canal Company" to which account shall be carried by way of credit all receipts from or on account of the said works for water supplied for irrigation including any sums payable to the Company by the Government of Madras for such water and to which account shall be carried by way of debit all payments made in respect of the management of the Company and its affairs generally and specially in about and relating to the supply of water for Irrigation and the collection of the monies payable for such supply and for the repairs and maintenance of the said works and for repairs restoration and maintenance of the necessary machinery and conveniences for the purposes of irrigation other than such payments as may properly belong or be attributable to capital account and less such proportion or per centage (if any) of such payments to be charged to the "Tolls Revenue Account" as mentioned or provided for in Clause 23 of these presents and such revenue account shall from time to time be made up half-yearly to the thirtieth day of June and the thirty-first day of December in each year or to such other half-yearly days in the year as the Secretary of State in Council shall appoint and a copy of every account subsequent to that of which a copy shall have been rendered shall be regularly transmitted by the Company to the Secretary of State in Council

Net profits from Irrigation to be applied —
1st.—In discharge of guarantee.
2nd.—In paying 5 per cent. on capital beyond the Million.
3rd.—In re-payment of interest previously advanced by Secretary of State.
4th.—In paying 7 per cent. on all capital.
5th.—Equally between Government and Company.

23. That when and so soon as the Company shall begin to work or use the said works or any portion or portions thereof for the purpose of the supply of water for Irrigation thenceforth the net receipts from the said works or any portion or portions thereof in respect of water supplied for Irrigation from the commencement of such supply up to the first of the aforesaid half-yearly days and during each succeeding half-year as shall from time to time appear by the said Irrigation Revenue Account of the Madras Irrigation and Canal Company shall after debiting such account with such payments as mentioned in Clause 22 of these presents and after deducting such sum (if any) as may by arrangement between the Secretary of State in Council and the Company be from time to time appropriated and set apart as a reserve fund for repairing restoring and making good any deterioration of the said works machinery and premises and for the current expenses of working and using the said works (such reserve fund or any part thereof to be invested and accumulated or otherwise dealt with until required for application in any manner the Company and the Secretary of State in Council may agree upon) be applied half-yearly firstly in discharging the interest which shall be payable by the Secretary of State in Council under the Covenant herein contained in respect of the half-year and so as to exonerate the Secretary of State in Council and the revenues of India so far as the same net receipts will extend from the payment of such interest the money to be so applied to be reckoned at the Government rate of Exchange for the time being. Secondly in payment of interest at the rate of five Pounds per cent. per annum upon the whole capital of the Company for the time being appearing by the "Irrigation Capital Account of the Madras Irrigation and Canal Company" to have been raised for the purposes mentioned in Clause No. 20 of these presents after deducting the said sum of one million Pounds on which interest is payable by the Secretary of State in Council. Thirdly in or towards the re-payment of such sums of money as shall at any previous time or times have been paid by the Secretary of State in Council to the Company by way of interest as aforesaid under the Covenant herein contained and which shall not then have been re-paid the money to be so applied to be reckoned at the said rate of Exchange; and Fourthly in or towards payment of further interest at the rate of seven Pounds per cent. per annum upon the whole capital of the Company for the time being appearing as last aforesaid (but without deducting the said sum of one million Pounds) and the residue (if any) of such net receipts shall be applied as follows (that is to say.) The Secretary of State in Council shall be entitled to one moiety thereof for the use of Her Majesty her Heirs and Successors for the service of the Government of India and the Company shall be entitled to the other moiety for their own use and benefit.

24. That at any time within six Calendar months after the expiration of twenty-five years commencing from the day of the date of these presents or at any time within six Calendar months after the expiration of twenty-five years commencing from the day of the expiration of the first twenty-five years or at any time within six Calendar months after the expiration of any subsequent interval of twenty-five years it shall be lawful for the Secretary of State in Council to give notice to the Company in London and at Madras of their intention to purchase on behalf of Her Majesty her Heirs and Successors for the purposes of the Government of India all the works which shall have been constructed by the Company for the purposes of irrigation with the approval of the Secretary of State in Council together with the buildings plant machinery works and conveniences belonging to the same but subject to such debts and liabilities (if any) as may have been incurred to Her Majesty or to the Secretary of State in Council or to any person or persons on account of works approved by the Secretary of State in Council under this Contract and to interest on such of the said debts as carry interest from the day on which possession shall be taken of the said works but not from any earlier time and thereupon at the half-yearly day next but one following such notice the land to be provided as aforesaid and the said works and all buildings plant works fixed machinery and conveniences whatsoever connected therewith shall revert to or become the property of Her Majesty her Heirs and Successors for the purposes of the Government of India and shall be conveyed to the Secretary of State in Council accordingly and in case any lands in Great Britain shall then be held by the Company exclusively for the purposes of their works aforesaid and under this Agreement the same shall be sold and the clear monies to be produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council and the Company shall at the same time deliver to the Secretary of State in Council or an Agent or Agents duly authorised on behalf of Her Majesty for the purposes of such Government the machinery and conveniences belonging to the said works and all plans surveys sections books printings writings drawings and documents relating thereto and the Secretary of State in Council shall be bound to pay in London out of the Revenues of India on the said half-yearly day for the purchase of all the said works and premises a sum equal to the amount of the value of all the then shares in or capital stock of the Company appearing by the aforesaid account to be kept and called "The Irrigation Capital Account of the Madras Irrigation and Canal Company" to have been raised for the purposes mentioned in Clause No. 20 of these presents such value to be calculated according to the average of the mean market value in London of such shares or stock during the three years immediately preceding the expiration of the said period of twenty-five years and shall also be bound to indemnify the Company against all such debts or liabilities (if any) as they may have incurred to or on account of works approved by the Secretary of State in Council under this Agreement and as shall be then subsisting and thereupon the Covenant herein before contained for payment of interest shall absolutely cease and determine and thereupon the Company shall pay over or allow to the Secretary of State in Council the portion or portions of such capital which shall have been raised for the purposes last aforesaid and which shall then not have been expended by the Company.

Secretary of State to have power to purchase the Works and owner of contract thereupon.

25. That in case under the provisions of these presents the Secretary of State in Council shall become liable to pay for the purchase of the said works and premises it shall be lawful for the Secretary of State in Council instead of paying a gross sum of money in respect of the premises to declare by notice to the said Company in London (provided such notice shall be given before the expiration of three Calendar months after the notice of election to purchase under the Clause last hereinbefore contained) his option to pay an annuity to be reckoned from the time when the gross amount would be payable and to continue for the term of twenty-five years or fifty years and in such case such annuity shall be payable in London on such two half-yearly days in the year as shall be selected by the Secretary of State in Council in that behalf with a fractional part for any broken part of a half-year the rate of interest which shall be used in calculating such annuity being determined by the average rate of interest during the preceding three years received in London upon the average mean marketable value of public obligations of the Secretary of State in Council and which shall if necessary be

Purchase money may be commuted to an annuity for 25 or 50 years.

ascertained and settled by reference to the Governor or Deputy Governor of the Bank of England for the time being Provided always that the aforesaid option shall not apply to the undrawn portion (if any there be) of the monies to be paid into the Bank of England or to the Government Treasury in Madras as aforesaid but such portion shall be re-paid to the said Company with interest thereon at the rate of five per cent. from the last half-yearly day on which interest was paid.

26. That when the said works or any portion or portions thereof applicable for the purpose of navigation shall be completed so as to be available for such purpose it shall be lawful for the Company if they shall think fit but not otherwise to commence to navigate and to navigate the same or any part or parts thereof and the Company shall and will in such case (so far only as their boat or vessel accommodation and traffic arrangements will allow but not further or otherwise and particularly so that the Company be not thereby obliged to provide further accommodation or to navigate their boats or vessels at times or in a manner prejudicial to their traffic (convey on the said works or the portion or portions for the time being navigated as aforesaid the Government mails and post Bags and the Guards and other Servants of the Post Office in charge thereof free of charge and (when they are on duty) all Officers and persons in the administration of the Post Office also free of charge and will also convey on the said works or the portion or portions so for the time being navigated as aforesaid when they are on duty the Troops in Her Majesty's service both Horse and Foot and all other persons to whom the provision of the Mutiny Acts and regulations for the time being in force for Her Majesty's European Forces and Indian Military Forces respectively shall be applicable and all Artizans on the business of the Government at such fares as shall from time to time be agreed upon between the Government of Madras and the Company Military Officers and other persons of similar station in life being allowed accommodation of the first Class and will also convey on the said works or the portion or portions so for the time being navigated as aforesaid all general stores belonging to the Government and all guns ammunition horses and other animals used for Military purposes and all Military stores carriages waggons camp equipage and equipments whatsoever at such fares and rates as shall from time to time be agreed upon between the Government of Madras and the Company the several privileges of conveyance and carriage of Troops and Military stores hereby stipulated for being at all times to be enjoyed and used in preference to and in priority over the public enjoyment and use of the said works.

The Company to have liberty to navigate Canals.

27. That the Company shall be authorized and empowered to charge such rates for the supply of water generally except the supply for the purposes of irrigation which is in these presents otherwise provided for and (if the Company shall think fit to open the same for navigation) such tolls for navigation and (if the Company shall think fit to navigate the same) such fares or rates for the conveyance of passengers animals and goods as shall not exceed the rates tolls or fares which shall be defined and sanctioned by an Act of Parliament of the Indian Legislature and shall not in any case charge any higher tolls fares or rates whatsoever.

Rates and Tolls to be fixed by Indian Legislature.

28. That if under the provisions of Clause 11 of these presents the Company shall elect to open the said works for the purposes of navigation the Company shall in that case during such time or times as the said works shall be so open in addition to the accounts hereinbefore agreed to be kept keep in proper form and under proper heads or divisions an account to be called the Tolls Revenue Account of the Madras Irrigation and Canal Company to which account shall be carried by way of credit all receipts from or on account of all tolls received by them for and in respect of such navigation and to which account shall be carried by way of debit all payments made in respect of such tolls and the collection thereof and also such proportion or per centage 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

Tolls Revenue account to be kept.

and the Consulting Engineer of the Government of Madras as fair and proper. Such proportion being open to revision and re-settlement at the end of every five years by mutual agreement between the same parties or in cases of difference by arbitration as hereinafter provided and such revenue account shall be made up half-yearly and a copy thereof whenever there shall arise a deficiency of the nature next hereinafter referred to shall be transmitted to the Secretary of State in Council in like manner as mentioned in Clause 22 of these presents with reference to the account therein mentioned and if in any half-year the net receipts in respect of water supplied for irrigation as mentioned in Clause 24 of these presents shall be insufficient to discharge the interests payable by the Secretary of State in Council under the Covenants hereinbefore contained in respect of such half-year then the surplus or balance of receipts appearing upon the said Tolls Revenue Account for that half-year shall be applied so far as it will extend towards the discharge of such interest and subject to such last mentioned application the said surplus or balance of receipts shall belong to the Company solely.

Company to be at liberty to grow Timber, build Mills, Warehouses, &c.

29. That the Company by themselves or their Agent or Agents shall be at liberty to plant grow and cultivate timber and other products of the soil also to erect mills and factories and to work the same by water either by themselves or their tenants upon the banks of the Canals intended to be constructed by them but not so as to interfere with or prejudice in any way the supply of water for irrigation as aforesaid.

Separate capital to be raised for all purposes other than for works of irrigation, and separate revenue accounts to be kept. Profits to belong to Company.

30. That all capital which shall be raised by the Company for any purpose other than the purposes mentioned in Clause 20 of these presents shall be raised and kept separate and distinct from the capital raised and to be raised for the purposes mentioned in the said Clause No. 20 and a separate account relating thereto shall be from time to time kept by the Company also that all revenue or income to be derived by the Company and all payments charges and expenses to be made borne or incurred by the Company otherwise than is respectively mentioned in Clauses Nos. 22 and 23 of these presents shall be kept separate and distinct from the receipts and payments mentioned in such last mentioned Clause and shall be received made borne and sustained respectively by the Company and a separate account relating thereto shall be from time to time kept by the Company and all profits which shall be derived from or in respect of the outlay of any of the capital of the Company other than the capital raised and to be raised for the purposes mentioned in Clause 20 of these presents shall belong solely to the Company.

Sanction of the Secretary of State in Council.

31. That any notice direction approval or sanction to be given or signified for any of the purposes of these presents shall be sufficient and binding if signed by the Secretary of State for India or either of the under Secretaries of State for India or by the Secretary of Government of Madras or by any other Officer or Servant duly authorized to act on behalf of the Secretary of State in Council or Government of Madras in respect of the matters to which the same shall relate.

Office of Company at Madras and Agent.

32. That the Company shall at all times hereafter during the continuance of this Contract keep at Madras or at such other place as shall be agreed upon between the Secretary of State in Council and the Company an authorized Agent or authorized Agents with whom the Secretary of State in Council and the Government of Madras may communicate on affairs concerning the said works and all drafts drawn by the said Agent or Agents and all receipts of and acts done by such Agent or Agents on behalf of the Company or concerning the said works and stock shall be binding on the Company and every notice to be given to the Company shall be sufficiently given if left in writing at the residence of or personally served on such Agent or Agents.

Secretary of State to assist in obtaining Acts in India.

33. That the Secretary of State in Council shall co-operate with the Company in obtaining any necessary Act or Acts of Parliament or the Indian Legislature to enable the carrying into effect all or any of the purposes or objects aforesaid.

Arbitration.

34. In case any dispute or difference of opinion shall arise or happen between the Secretary of State in Council and the Company in the carrying out of these presents such dispute or difference shall be settled by arbitration and unless both parties shall concur in the appointment of a single Arbitrator each party on the request of the other party shall by writing under their hand nominate and appoint an Arbitrator to whom the matter in difference or dispute may be referred and after any such appointment shall have been made neither party shall have power to revoke the same without the consent of the other and if for the space of three Calendar months after request in writing shall have been served by the one party on the other party to appoint an Arbitrator such last mentioned party fail to appoint such Arbitrator then upon such failure the party making the request and having appointed an Arbitrator may appoint such Arbitrator to act on behalf of both parties and such Arbitrator may proceed to hear and determine the matters which shall be in difference or dispute and in such case the award or arbitration of such single Arbitrator shall be final.

Vacancy of Arbitrator to be supplied

35. If before the matters so referred shall be determined any Arbitrator appointed by either party shall die or become incapable or refuse or for seven days neglect to act as Arbitrator the party by whom such Arbitrator was appointed may nominate and appoint in writing some other person to act in his place and if such party for three Calendar months after notice in writing from the other party for that purpose fail to do so the remaining or other Arbitrator may proceed *ex parte* and every Arbitrator so to be substituted as aforesaid shall have the same powers and authorities as were vested in the former Arbitrator at the time of such death refusal or disability as aforesaid.

Appointment of Umpire.

36. When more than one Arbitrator shall have been appointed such Arbitrators shall before they enter upon the matters referred to them nominate and appoint by writing under their hands an Umpire to decide on such matters on which they shall differ and if such Umpire shall die or refuse or for seven days neglect to act they shall forthwith after such death default refusal or neglect appoint another Umpire in his place and the decision of every such Umpire on the matters so referred to him shall be final.

Chief Justice empowered to appoint an Umpire on the neglect of the Arbitrators.

37. If in either of the cases aforesaid the said Arbitrators shall refuse or shall for seven days after request of either party to such arbitration neglect to appoint an Umpire it shall be lawful for the Board of Trade if the Arbitration be in England or for the Chief Justice of Her Majesty's High Court in Madras if the Arbitration be in India on the application of either party to such Arbitration to appoint an Umpire and the decision of such Umpire on the matters on which the Arbitrators shall differ shall be final.

Power of Arbitrators to call for books

38. The said Arbitrators or their Umpire may call for the production of any documents in the possession or power of either party which they or he may think necessary for determining the question in difference or dispute.

Costs to be in the discretion of Arbitrators.

39. The costs of and attending every such Arbitration shall be in the discretion of the Arbitrators or their Umpire as the case may be.

Submission to Arbitration to be made rule of Court.

40. The submission to any such arbitration may be made a Rule of any of the superior Courts of England or India on the application of either of the parties.

41. In WITNESS whereof Sir Proby Thomas Cautley and Sir Henry Conyngham Montgomery Baronet being two Members of the Council of India have hereunto set their hands and seals and the said Madras Irrigation and Canal Company have caused their common Seal to be affixed the day and year first above written.

(Signed) PROBY T. CAUTLEY.
(„) H. C. MONTGOMERY.

Signed sealed and delivered by the above-named Sir PROBY THOMAS CAUTLEY and Sir HENRY CONYNGHAM MONTGOMERY, being two Members of the Council of India in the presence of

(Signed) FRED. CHAS. DANVERS,
India Office.

Common Seal of the Madras Irrigation and Canal Company affixed in the presence of

(Signed) JOHN WESTWOOD, *Secretary.*
(Signed) JNO. MACKRELL,
Solicitor, 34, Cannon Street, London.

Proceedings of the Madras Government, Public Works Department, 15th December 1866.

No. 297. Read the following Despatch from the Right Honorable the Secretary of State for India, (Public Works), to His Excellency the Right Honorable the Governor in Council, Fort Saint George, dated India Office, London, 25th October 1866, No. 19 :—

No.	70,	dated	5th December	1865.
,,	71,	,,	5th ,,	,,
,,	74,	,,	22nd ,,	,,
,,	1,	,,	11th Janu	6.
,,	3,	,,	25th	
,,	4,	,,	25th ,,	,,
,,	7,	,,	9th February	,,
,,	8,	,,	13th ,,	,,
,,	10,	,,	27th ,,	,,
,,	12,	,,	22nd March	,,
,,	13,	,,	22nd ,,	,,
,,	14,	,,	22nd ,,	,,
,,	21,	,,	23rd April	,,
,,	22,	,,	23rd ,,	,,
,,	23,	,,	23rd ,,	,,
,,	25,	,,	24th ,,	,,
,,	26,	,,	24th ,,	,,
,,	27,	,,	24th ,,	,,
,,	30,	,,	25th May	,,
,,	32,	,,	5th June	,,
,,	33,	,,	5th ,,	,,
,,	34,	,,	20th ,,	,,

1. The last Despatch from this Office, respecting the Madras Irrigation and Canal Company, is dated 8th January last. In addition to the Despatches from your Government then acknowledged, several, of the numbers and dates noted in the margin, have since been received. These have hitherto remained unanswered on account of the uncertainty in which the Company's affairs were lately involved, their guaranteed capital having been nearly exhausted, while none of their works were much more than half finished, and while there was little prospect of their being able to raise further capital to complete them.

2. After long correspondence with the Directors, it was, however, at length agreed by Lord de Grey that a loan of £600,000 should be made to the Company on the conditions set forth in a Supplementary Contract between them and the Secretary of State in Council, a counterpart of which is transmitted herewith. This Contract, it will be seen, provides for the completion, by means of the loan in question, of a canal from Sunkasala to Cuddapah, or in default of such completion, within a specified period, for the conveyance to Government, at cost price, of all the Company's works.

3. The Contract having now been executed, the Company will be able forthwith to resume the operations in the field which their pecuniary embarrassments had interrupted.

4. I have negatived the application of the Company to be relieved of all Government control, but at the same time it is not my intention that this control should be extended to minute matters of detail, and I consider it to be particularly desirable that the Company should have no grounds for complaint of unnecessary delay on the part of the Government in passing orders on plans and estimates.

No. 298. ORDER THEREON, 15th December 1866, No. 3,960.

CIVIL WORKS, No. 60.

Ordered that a copy of this Despatch and of the "Supplementary Contract" received therewith be furnished to the Consulting Engineer for the Madras Irrigation and Canal Company for his information and guidance.

(True Extract.)

Colonel, R. E.,
Secretary to Government.

To the Consulting Engineer for Irrigation and Canal Company, with six copies of Contract.
,, Manager do. do., with six ,, do. do.
,, Revenue Department, with eighteen do. do.
,, Superintending Engineer of the 3rd Division, with three do. do.
,, Do. do. 2nd do., with three do. do.

Rd. S. T. Aurustin.

November 1866. Despatch
to & from Governor
No. 1-372.

Proceedings on the
Sc. M. Despatch.

Dated 15th. December
Received 18th 1866.
No.-3960.

No. 3457.

Communicated to the Board of Revenue.

21st December

No. 3457. 21 Dec.
William Arden

Communicating
a Home Despatch, with
eighteen copies of a Sup-
plementary Contract
between the Madras Irri-
gation and Canal Co.
and the Sec.y of State
for the completion of Ca-
nal from Mountadale

In the Board of Revenue the Despatch alongside mentioned