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MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 141

Press

~~Mis~~

Dated

23-1-1871.

Not to be folded or roughly handled

No. 290. Read the following despatch of the Secretary of State for India, (Revenue), Honourable the Governor in Council, Office, London, 3rd December 1870.

I HAVE considered in Council the despatch numbered 4, Forests, and dated the 13th of August, 1870, and your Proceedings on the complaint made by the Madras Railway Company of the increase of seigniorage charged for firewood cut in the Government forests of your Presidency.

2. You will perceive, from the letter of the Secretary of State for India, (Revenue), dated 7th October 1870.

I am satisfied with your explanation, and that a remunerative price ought to be obtained for all timber and firewood derived from the State forests and jungles.

P. S.—Since this despatch was prepared, I have received the reply of the Madras Railway Company to the letter of the Secretary of State for India, (Revenue), dated 7th of October 1870.

November 11th, 1870.

Enclosure.

December 1st, 1870.

should be made to it, and which sufficiently expresses my views, without the necessity of further observations to your Excellency in Council.

ENCLOSURE No. 1.

From the Under-Secretary of State for India, (Revenue,) to the Secretary, Madras Railway Company, dated India Office, London, 7th October 1870.

IN continuation of the letters from the Secretary of State for India, (Revenue,) of the 21st of December and 3rd of February last on the complaints put forward by the Directors of the Madras Railway Company, as to the increase in the rate charged by the Government as royalty for firewood cut in their jungles, I am directed by His Grace the Secretary of State for India in Council to transmit to you, to be laid before the Board, a copy of a despatch which has been lately received from His Excellency in Council at Madras, dated the 13th of August, No. 4, forwarding the result of the inquiries instituted into these complaints, in consequence of the despatch of the Secretary of State for India, a copy of which was communicated to you on the 21st of December, together with the enclosures which accompanied it.

2. In forwarding these documents, I am to express the Duke of Argyll's concurrence in the opinions expressed by the Madras Government, which, you will observe, not only preclude all hope of any reduction in the present charges made by the Government for firewood cut in their jungles, but tend to show that even the amount charged does not equal the cost of production—a condition of things, as the Madras Government remark, not only wrong in principle, but operating most prejudicially in preventing the growth of firewood. In replying to this despatch, His Grace will deem it necessary to repeat to your Excellency the Governor in Council at Madras that a remunerative price ought to be obtained for all timber and firewood derived from the State forests and jungles.

ENCLOSURE No. 2.

From the Secretary, Madras Railway Company, to the Under-Secretary of State for India, dated 33, New road Street, London, E. C., 11th November 1870, No. 2,611.

I AM directed by the Board to acknowledge the receipt of your letter of the 7th ultimo, transmitting copy of a despatch from the Madras Government, with enclosures, on the subject of the complaints of this Company of the increase in the rate charged as royalty for firewood cut in the Government jungles, and expressing the Duke of Argyll's concurrence in the opinions of that Government, which go to preclude all hope of any reduction on the ground that the amount now charged does not equal the cost of production. The Board are further advised of His Grace's intention to repeat to the Governor in Council at Madras that a remunerative price ought to be obtained for all timber and firewood derived from the State forests and jungles.

Understanding that the price is to be merely such as will remunerate the State for the cost of growing the wood, the Board have no desire to object to this principle, the soundness of which they recognize.

But as the cost now estimated so much exceeds previous calculations and the Board's expectation, and as no explanation has been given of the grounds on which this enhanced estimate has been arrived at, they trust they will not appear to the Secretary of State unreasonable in desiring to obtain such information as they can on this important subject. With this view the Board have addressed their Agent and Manager in letter, No. 462, of which a copy is herewith transmitted, and the Board, believing that the question of the real cost to the State of wood grown in Government jungles will be deemed to be one in which the Government as well as the Company is deeply interested, trust that their request for information will be favourably reviewed and recommended by His Grace to the attention of the Madras Government.

ENCLOSURE No. 3.

Extract for a letter from the Secretary, Madras Railway Company, to the Agent and Manager, Madras Railway, dated 33, New Broad Street, London, 11th November 1870, No. 462.

6. The Board have had under consideration the paragraphs of your letter No. 891, with reference to the Meeting of Council of the Madras Government on the 29th March last, which, by invitation, you had the honour to attend, upon the question of the amount of seigniorage on wood in the Government jungles and the formation of reserves. The Secretary of State has since communicated to the Board the proceedings of the local Government resulting from those deliberations, accompanied by a letter, dated the 7th ultimo, a copy of which and of the Board's reply is herewith transmitted for your information.

7. The Board are gratified to see that adequate measures for securing a continued supply of wood are now being taken, and earnestly trust they may be energetically pursued. It is their opinion, after careful consideration of all the documents which at different times have come under their observation, assisted by the extended personal experience in those matters of some of their members, that much more good is likely to be done by the conservation of old jungles, which have owed their growth to nature and climate, than by attempts at rearing wood where no such evidence of favourable conditions exists, and they trust that by careful inquiry and selection, suitable tracts of the first description may be found to supply the principal requirements of fuel for the railway at a reduced cost.

8. With reference to the unanimous conclusion to which it is stated the Meeting of Council came, that the existing rate of one Re. per 1,000 lbs. levied as seigniorage on the wood cut is not remunerative to the State, and that it may even be necessary to increase it further, you have not explained on what grounds this conclusion was arrived at, and whether you concurred in it. Your letter merely states that the Conservator of Forests affirmed such to be the case, but the Board

do not suppose that without more evidence you will be able to show its effects on the cost of our fuel, and so oppose which was supported by the Chief Engineer, London, which the Board were recommended to make plans went to show, as you are aware, that by such means secured at a cost not exceeding that which the railway to derive confirmation from the reports and calculations of the fuel supply, published in the Madras Government Gazette, have been right or wrong, proof either of the one or the other.

9. As to the wood which has hitherto been cut, these are entirely natural, and may have existed to the State would seem to have been that of the very limited expense, chargeable over vast forest. Board would like to have it explained by what means resources can be estimated so as to authorize a deduction not equal the cost of its production.

10. On the other hand, if the estimate has been formed on the cost of re-production of the firewood cut, there can be no doubt that, speaking generally, any of those natural jungles, if left undisturbed after cutting, will re-produce itself. All that has to be done is to prevent the ground being overrun by cattle or broken up for cultivation, measures which should not involve, as it seems to the Board any considerable expenditure.

11. Under these circumstances, the Board are naturally anxious to be put in possession of the evidence which appears to have satisfied the Meeting that the present high rate of royalty on wood fuel is not remunerative to the State, or, in the words of the Secretary of State, does not equal the cost of its production. You will be pleased, therefore, to submit to them the fullest information you can collect on this important subject.

ENCLOSURE

From the Under-Secretary of State, to the Secretary, Madras Railway Company, dated India Office, London, 11th November 1870, No. 4.

I AM directed by His Grace the Secretary of State to acknowledge the receipt of your letter of the 11th ultimo, transmitting a copy of a letter which the Madras Railway Company have addressed to their Agent and Manager at Madras on the question of the proceedings of His Excellency the Governor in Council at Madras with respect to the rates of seigniorage on wood cut from the Government jungles, and asking that the request for further information as to the real cost to the State of wood grown in the Government jungles will be favourably viewed and recommended by His Grace to the attention of the Madras Government.

You are also directed to observe that, "understanding that the price is to be merely such as will remunerate the State for the cost of growing the wood, the Board have no desire to object to that principle, the soundness of which they recognize."

In reply, I am to acquaint you, for the information of the Board, that the Secretary of State in Council has never stated or admitted such principle. It has always been maintained by His Grace's predecessors and himself that the Railway Companies must enter the market for the Government wood, whether timber or fuel, on the same terms as any other customer, and that the Government are to obtain a fair profit for the product in the same manner as any other landholder would. To follow any other principle would be to make a concession to the purchaser out of the revenues of India, and must also act as an encouragement to private enterprise in growing timber and fuel, since it would not be possible for landholders devoting their land to this purpose could compete with the Government if it sold wood at cost price.

*Proceedings of the Madras
23rd*

*Government, Revenue Department,
January 1871.*

It does not seem to the Duke of Argyll
opinion and issue the recommendation to the
ask for.

The Madras Government have, as it seems,
great care and with an evident sense of
in general; and there appears no reason to
higher amount than was called for by the
the rate is really the price of the wood, and is
the Government not having a sufficient establish-
ment to self in that form. The Government of Madras
they can sell their wood to obtain a satisfactory
that His Excellency in Council has taken great

A copy of this correspondence will be sent
am directed to enclose a copy of the despatch

It would be a proper course for him to express the
Madras Government which you have been directed

His Grace, considered the question afresh with
reference to the railway and to the community
he that has fixed the rate of seigniorage and
stances of the case. I am to point out also that
ly taken in the shape of a royalty, because
ent to cut and convey the wood, and
the proper judges of the amount at which
remunerative price; and His Grace is satisfied
ains in ascertaining what that rate should be.
this mail to the Government of Madras, and I
which will forward it.

No. 291.

ORDER THEREON,

1st January 1871, No. 141.

Forests, No. 21.

COMMUNICATED to the Board of
Revenue and the Conservator of Forests,
with reference to the Orders of Govern-
ment, dated 28th July and 10th August 1870, Nos. 1,124 and 1,216.

(True Extract.)

(Signed) C. D. MACLEAN,

Acting Under-Secretary to Government.

To the Board of Revenue.

„ the Conservator of Forests.

„ the Public Works Department.

„ the Consulting Engineer for Railways.

Exd. F. R. Bantleman.

India Office,
London, 3d December 1870.

Revenue (Forests),
No. 8.

To His Excellency The Right Honourable The Governor
in Council, Fort St. George.

My LORD,

Para. 1. I have considered in Council the Despatch from your Excellency in Council, numbered 4, Forests, and dated the 13th of August, with which, in reply to my Despatches, No. 11, Forests, of 1870, and No. 2, Forests, of 1871, you forward your Proceedings on the complaint made by the Madras Railway Company, of the increase of seignorage charged for firewood cut in the Government Forests of your Presidency.

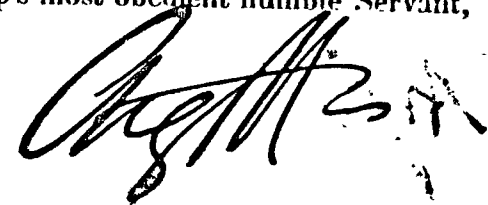
Dated 7th
Oct. 1870.

2. You will perceive, from the letter in which I transmitted a copy of your Despatch to the Railway Company, of which I enclose a copy, that I am quite satisfied with your explanation, and that I continue strongly of opinion that a remunerative price ought to be obtained for all timber and firewood derived from the State Forests and jungles.

I have the honour to be,

My Lord,

Your Lordship's most obedient humble Servant,



P.S. Since this Despatch was prepared, I have received the reply of the Madras Railway Company to the letter from this Office, of the 7th of October last. I enclose herewith a copy of it, and of the answer which I have directed should be made to it, and which sufficiently expresses my views, without the necessity of further observations to your Excellency in Council.



Nov. 11, 1870.

Enclosure.

Dec. 1, 1870.

SECRETARY.
Nos. 290-291.

Seignorage on fuel supplied to Railway Company.—Despatch from Home Government on the complaint regarding its increase, communicated to Board of Revenue and Conservator of Forests.

India Office,
London, 3d December 1870.

Revenue (Forests),
No. 8.

To His Excellency The Right Honourable The Governor
in Council, Fort St. George.

My LORD,

Para. 1. I have considered in Council the Despatch from your Excellency in Council, numbered 4, Forests, and dated the 13th of August, with which, in reply to my Despatches, No. 11, Forests, of 1870, and No. 2, Forests, of 1871, you forward your Proceedings on the complaint made by the Madras Railway Company, of the increase of seignorage charged for firewood cut in the Government Forests of your Presidency.

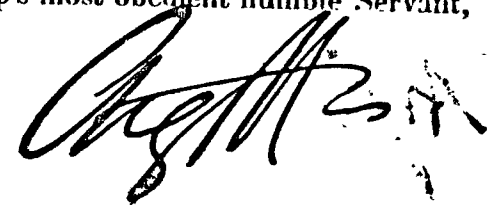
Dated 7th
Oct. 1870.

2. You will perceive, from the letter in which I transmitted a copy of your Despatch to the Railway Company, of which I enclose a copy, that I am quite satisfied with your explanation, and that I continue strongly of opinion that a remunerative price ought to be obtained for all timber and firewood derived from the State Forests and jungles.

I have the honour to be,

My Lord,

Your Lordship's most obedient humble Servant,



P.S. Since this Despatch was prepared, I have received the reply of the Madras Railway Company to the letter from this Office, of the 7th of October last. I enclose herewith a copy of it, and of the answer which I have directed should be made to it, and which sufficiently expresses my views, without the necessity of further observations to your Excellency in Council.



Nov. 11, 1870.

Enclosure.

Dec. 1, 1870.

SECRETARY.
Nos. 290-291.

Seignorage on fuel supplied to Railway Company.—Despatch from Home Government on the complaint regarding its increase, communicated to Board of Revenue and Conservator of Forests.

19
ENCLOSURES.

No. 1.

India Office,
October 7th, 1870.

Sir,

In continuation of the letters from this Department of the 21st of December and 3d of February last, on the complaints put forward by the Directors of the Madras Railway Company, as to the increase in the rate charged by the Madras Government as royalty for firewood cut in their jungles, I am directed by His Grace the Secretary of State for India in Council to transmit to you, to be laid before the Board, a copy of a Despatch which has been lately received from His Excellency in Council at Madras, dated the 13th of August, No. 4, forwarding the result of the inquiries instituted into these complaints, in consequence of the Despatch of the Secretary of State for India, a copy of which was communicated to you on the 21st of December, together with the enclosures which accompanied it.

In forwarding these documents, I am to express the Duke of Argyll's concurrence in the opinions expressed by the Madras Government, which, you will observe, not only preclude all hope of any reduction in the present charges made by the Government for firewood cut in their jungles, but tend to show that even the amount now charged does not equal the cost of production, a condition of things, as the Madras Government remark, not only wrong in principle, but operating most prejudicially in preventing the growth of firewood. In replying to this Despatch, His Grace will deem it necessary to repeat to His Excellency the Governor in Council at Madras, that a remunerative price ought to be obtained for all timber and firewood derived from the State forests and jungles.

I am, &c.,
(Signed) H. MERIVALE.

• The Secretary,
Madras Railway Company.

No. 2.

Madras Railway Company,
33, New Broad Street, London, E.C.,
11th November 1870.

No. 2,611.

Sir,

I am directed by the Board to acknowledge the receipt of your letter of the 7th ultimo, transmitting copy of a Despatch from the Madras Government, with enclosures, on the subject of the complaints of this Company of the increase in the rate charged as royalty for firewood cut in the Government jungles, and expressing the Duke of Argyll's concurrence in the opinions of that Government, which go to preclude all hope of any reduction on the ground that the amount now charged does not equal the cost of production. The Board are further advised of His Grace's intention to repeat to the Governor in Council at Madras that a remunerative price ought to be obtained for all timber and firewood derived from the State's forests and jungles.

Understanding that the price is to be merely such as will remunerate the State for the cost of growing the wood, the Board have no desire to object to this principle, the soundness of which they recognize.

But as the cost now estimated so much exceeds previous calculations and the Board's expectation, and as no explanation has been given on the grounds on which this enhanced estimate has been arrived at, they trust they will not appear to the Secretary of State unreasonable in desiring to obtain such information as they can on this important subject. With this view the Board have addressed their Agent and Manager in Letter No. 462, of which a copy is herewith transmitted, and the Board, believing that the question of the real cost to the State of wood grown in Government jungles will be deemed to be one in which the Government as well as the Company is deeply interested, trust that their request for information will be favourably reviewed and recommended by His Grace to the attention of the Madras Government.

I am, &c.,

(Signed) JULIAN BYRNE,
Secretary.

The Under Secretary of State
for India.

No. 3.

(EXTRACTS.)

Madras Railway Company,
33, New Broad Street,
London, 11th November 1870.

No. 462.

6. The Board have had under consideration the paragraphs of your Letter 891, with reference to the Meeting of Council of the Madras Government, on the 29th March last, which, by invitation, you had the honour to attend, upon the question of the amount of seignorage on wood cut in the Government jungles, and the formation of fuel reserves. The Secretary of State has since communicated to the Board the proceedings of the Local Government resulting from those deliberations, accompanied by a letter, dated the 7th ultimo, a copy of which, and of the Board's reply, is herewith transmitted for your information.

7. The Board are gratified to see that adequate measures for securing a continued supply of wood are now being taken, and earnestly trust they may be energetically pursued. It is their opinion, after careful consideration of all the documents which at different times have come under their observation, assisted by the extended personal experience in those matters of some of their members, that much more good is likely to be done by the conservation of old jungles, which have owed their growth to nature and climate, than by attempts at rearing wood where no such evidence of favourable conditions exists, and they trust that, by careful inquiry and selection, suitable tracts of the first description may be found to supply the principal requirements of fuel for the railway at a reduced cost.

8. With reference to the unanimous conclusion to which it is stated the Meeting of Council came, that the existing rate of one rupee per 1,000 lbs. levied as seignorage on the wood cut is not remunerative to the State, and that it may even be necessary to increase it farther, you have not explained on what grounds this conclusion was arrived at, and whether you concurred in it. Your letter merely states that the Conservator of Forests affirmed such to be the case, but the Board do not suppose that without more evidence you would have concurred in a conclusion so onerous in its effects on the cost of our fuel, and so opposed to that arrived at by Mr. Pinson in 1865, which was supported by the Chief Engineer, Locomotive Superintendent, and yourself, and on which the Board were recommended to make plantations of their own. Mr. Pinson's calculations went to show, as you are aware, that by such means a permanent supply of wood fuel might be secured at a cost not exceeding that which the railway was then paying, and this opinion seemed to derive confirmation from the reports and calculations of the Officers of Government in respect to the Nellore fuel supply, published in the Madras Government Orders of November 1866. Those estimates may have been right or wrong, but it is clear that time has not yet furnished proof either one way or the other.

9. As to the wood which has hitherto been drawn by the Company from Government jungles, these are entirely natural, and may have existed since the creation, and the only appreciable cost to the State would seem to have been that of the Conservator's department, a recent and hitherto very limited expense, chargeable over vast forests containing unknown quantities of wood. The Board would like to have it explained by what process the cost per 1,000 lbs. of firewood from such sources can be estimated so as to authorize a decision that the rate of one rupee now paid for it does not equal the cost of its production.

10. On the other hand, if the estimate has been formed on the cost of reproduction of the firewood cut, there can be no doubt that, speaking

generally, any of those natural jungles, if left undisturbed after cutting, will reproduce itself. All that has to be done is to prevent the ground being overrun by cattle or broken up for cultivation, measures which should not involve, as it seems to the Board, any considerable expenditure.

11. Under these circumstances, the Board are naturally anxious to be put in possession of the evidence which appears to have satisfied the meeting that the present high rate of royalty on wood fuel is not remunerative to the State, or, in the words of the Secretary of State, does not equal the cost of its production. You will be pleased, therefore, to submit to them the fullest information you can collect on this important subject.

I am, &c.,
(Signed) JULIAN BYRNE,
Secretary.

The Agent and Manager,
Madras Railway.

No. 4.

India Office,
1st December 1870.

Sir,

I am directed by His Grace the Secretary of State for India in Council to acknowledge the receipt of your letter of the 11th ultimo, transmitting a copy of a letter which the Madras Railway Company have addressed to their Agent and Manager at Madras on the question of the proceedings of His Excellency the Governor in Council at Madras with respect to the rates of seignorage fixed for firewood cut from the Government jungles, and asking that the request for further information as to the real cost to the State of wood grown in the Government jungles will be favourably viewed and recommended by His Grace to the attention of the Madras Government.

You are also directed to observe that, "understanding that the price is to be merely such as will remunerate the State for the cost of growing the wood, the Board have no desire to object to that principle, the soundness of which they recognize."

In reply, I am to acquaint you, for the information of the Board, that the Secretary of State in Council has never stated or admitted such a principle. It has always been maintained by His Grace's predecessors and himself that the Railway Companies must enter the market for the Government wood, whether timber or fuel, on the same terms as any other customer, and that the Government are to obtain a fair profit for this product, in the same manner as any other landholder would. To follow any other principle would be to make a concession to the purchaser out of the revenues of India, and must also act as a discouragement to private enterprise in growing timber and fuel, since it would not be possible that landholders devoting their land to this purpose could compete with the Government if it sold its wood at cost price.

It does not seem to the Duke of Argyll that it would be a proper course for him to express the opinion and issue the recommendation to the Madras Government, which you have been directed to ask for.

The Madras Government has, as it seems to His Grace, considered the question afresh with great care and with an evident sense of its importance to the Railway and to the community in general; and there appears no reason to assume that it has fixed the rate of seignorage at a higher amount than was called for by the circumstances of the case. I am to point out, also, that the rate is really the price of the wood, and is only taken in the shape of a royalty because, from the Government not having a sufficient establishment to cut and convey the wood, it is convenient to sell it in that form. The Government of Madras are the proper judges of the amount at which they can sell their wood to obtain a satisfactorily remunerative price; and His Grace is satisfied that His Excellency in Council has taken great pains in ascertaining what that rate should be.

A copy of this correspondence will be sent by this mail to the Government of Madras, and I am directed to enclose a copy of the Despatch which will forward it.

I am, &c.,
(Signed) HERMAN MERIVALE.

The Secretary, Madras Railway
Company.

Revenue Forests
3rd Decr 1870

The
Letter to Fort St George
No 8 & Enclosures.

Received 5th Jan 1871
Via
Brindisi & Bombay

W. 141.
Communicated
to the Board of Rev
and the Conservator
of Forests with reference
to the orders of Govt
dated 28th July and 10th
Aug 1870 Nos 1124 and
1125 & 1124 &
1216.

23rd Jan 71

16 - To Mr Brindley Dec 24
13 - Comdg Forests
21 - Mr Depts
Consulting Eng for Railways

Concurring in the
opinions expressed by the
Madras Govt relative to the
complaint made by the M. R. Co.
in increase of Reimbursement
charged for firewood cut
in the Govt Forests & enclosing
copy of reply addressed to them
in the subject.

No 141-23 Jan 71

With order
J. H. Co