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MADRAS RECORD OFFICE

GOVERNMENT OF MADRAS

Revenue DEPARTMENT

G.O. No. / ~~B.P. No.~~	299	~~Press~~ / Mis.
Dated	15.2.1875	196 .

Not to be folded or roughly handled

Proceedings of the Madras Government, Public Works Department, 9th February 1875.

Read the following papers :—

No. 229. Read again Proceedings of the Madras Government, dated 27th February 1874, No. 512.

No. 230. Read also Proceedings of the Board of Revenue, dated 20th October 1874, No. 3,037.

No. 231. From Lieutenant-Colonel JOHN MULLINS, R.E., Chief Engineer for Irrigation and Joint Secretary to Government, to R. K. WILLIAMS, Esq., Officiating Examiner of Railway Accounts, dated Madras, 29th September 1874, No. 71.

A REFERENCE has been made to me to show what the income of the Madras Irrigation and Canal Company must be to cover interest charges on capital outlay bearing guaranteed interest, and on that interest, and I have the honor to request that you will be good enough to furnish me with a statement exhibiting the information required.

2. The accounts in your office will, it is hoped, show what is the debt to the State which has accrued up to either the 30th June last, or to such other date which it may be found convenient to adopt for the calculation. Certain revenue receipts, though none of any large amount, will have to be deducted from the payments on account of interest made by the State, in estimating the amounts bearing interest in each half-year. The interest on capital will be that, viz., five per cent., fixed by the contract. The interest on payments on that account is to be calculated at four per cent., the supposed market rate.

3. Besides the account above referred to, there is the loan account: £600,000 were advanced to the Company by the Secretary of State under the Supplemental Contract, and it would seem to be necessary, though this point has not been mentioned in the reference made to me, to deal with the interest to which has accrued upon this loan and with the interest upon that interest in the same way as with the guaranteed interest on the original capital of the Company. You have received advice of the repayments made by the Company of the several instalments of the loan, and probably you will be able, therefore, to make the necessary calculations.

4. The question then is what income will suffice to cover these charges and to meet the current working expenses of the canal, which latter may be taken at the sum entered in the current year's budget, though of course with the spread of irrigation, the annual expenses would be certain to increase; this increase might possibly, however, not be very large as additions to establishment would be in the subordinate grades chiefly.

5. Any information which the records of my office may be able to afford can be made use of by you.

No. 232. From R. K. WILLIAMS, Esq., Officiating Examiner of Railway Accounts, to Lieutenant-Colonel JOHN MULLINS, R.E., Chief Engineer for Irrigation and Joint Secretary to Government, dated Madras, 24th October 1874, No. 663-I.

WITH reference to your letter, No. 71, dated the 29th September, received on the 20th instant, I have the honor to submit, herewith, three statements marked A. B. and C.

2. Statement A. shows the amount of income required by the Madras Irrigation and Canal Company to meet working expenses, interest at five per cent. on the guaranteed capital, interest at four per cent. on the past net payments by the State of guaranteed interest and losses in working with simple interest thereon at four per cent. to the 30th June 1874, and interest at four per cent. upon the interest taken at four per cent. accrued upon loan account to the 30th June last with simple interest thereon to the same date. This is understood to be the information called for in your letter.

3. The interest payable by the Company upon the loan granted by the Secretary of State is five per cent., and Statement B. has, therefore, been prepared, and is the same as Statement A. except that the amount which fell due to the State each half-year for interest upon loan has been calculated at the contract rate of five per cent. instead of at four per cent. as in Statement A., and that an addition has been made to show the amount which would be required to pay also a dividend of four per cent. upon the loan capital.

4. The Company's contract does not, however, contemplate the payment of interest on the advances made by the State for guaranteed interest and for working expenses, and similarly it is not provided in the supplementary contract that the amount falling due to the State by way of interest upon loan shall bear interest against the Company until payment. Consequently, it has been thought well to prepare also Statement C. which exhibits the income necessary to enable the Company to meet its current obligations to the State, to pay a dividend of 5 per cent. upon its unguaranteed capital in accordance with clause 23 of the contract, and to discharge the debt which has accrued to the State up to the 30th June last, within a given number of years.

5. .In preparing these statements, the calculations have been made up to 30th June 1874. Where the guaranteed interest paid each half-year was required, it has been deduced by dividing the amounts shown as paid each year in Government of India letter published with G.O., No. 2,587, dated the 4th November 1872; this being apparently the only information here in respect to payments of guaranteed interest, and in respect to loan, as the day of the month in which the advances were made is not shown on the returns received in India, interest has been calculated from the first of the succeeding month to the 30th June 1874, or when the debenture has been repaid, to the close of the month in which the repayment was made. Though the result thus obtained may not in some instances be strictly correct, it is no doubt a sufficiently close approximation for the purpose required. The net result of each half-year's working up to the 31st December 1873, as exhibited in the Company's Revenue Accounts, has been where a profit deducted from, and where a deficiency added to, the payments of guaranteed interest. The Revenue Account for the half-year ended the 30th June last has not been completed, and as it is thought the balance either way will not be such as to appreciably affect the calculation, and I have no means at present to hand of estimating the result with accuracy, it has not been taken into account.

6. In Statements A. and B. simple interest only has been calculated upon the advances of guaranteed interest and working expenses and upon the interest due each half-year upon loan. This is understood from your letter to be what is

accordance with the contracts of the guaranteed railways, in upon the advances of guaranteed interest was provided for.

t estimate of revenue expenditure for the current year is Rupees ew rules of apportionment will throw upon revenue a larger eneral management than is included in this sum. Providing for eneral management as a revenue charge, brings the estimate up

The working expenses have, therefore, been taken at a round),000, which, it may be noticed, is Rupees 25,000 less than the he Government of Madras letter to the Government of India, e 16th July last. Judging from the actual expenditure in 1873, Rupees 1,41,850, and after allowing a sum of Rupees 13,000 for rtion of general management to be borne by revenue this year, able that there will be a saving this year upon the estimate of hich, together with the eventual reductions contemplated by cost of general management, should, no doubt, in a very great ore extensive repairs and additional establishments which would tended irrigation. This, however, leaves out of account the enses, which amount to about Rupees 40,000 per annum, and w principally from Revenue, and probably, therefore, Rupees 2,50,000 would be a more correct estimate.

ct with the Company does not appear to cease by the effluxion t of the guaranteed railways the contract is for ninety-nine years, eighty-three years, the balance of a term of ninety-nine have been harge of the present debt to Government. Under the supplemen- nterest on loan form a first charge against the net profits of the o dividend on unguaranteed capital could be paid until the debt d; but as the debt to the State for guaranteed interest would, creasing, this would not appreciably affect the statement.

observed that the amounts shown in Statements A. B. and C. pectively, to annual charge per acre of Rupees 518, Rupees 644, pon the 200,000 acres, for the irrigation of which, it would tter to the Government of India quoted above, the canal was ructed.

STATEMENT A.

Madras Irrigation and Canal Company.

to meet working expenses, guaranteed interest, interest on past payments d interest with simple interest thereon, interest on interest on loan, &c., 1874.

		£.
penses		20,000
interest, 5 per cent. on £999,666		49,983
ts of guaranteed interest to 3th June 1874,	£	
profits, *plus* deficiencies in working ...	652,193	
rest thereon at 4 per cent. to the 30th	564	
4		
Interest at 4 per cent on...	714,757	28,590
loan at 4 per cent. accrued to 30th June	114,310	

Simple interest at 4 per cent. thereon to 30th June 1874	£ 12,244	
Interest at 4 per cent. on...	126,554	£ 5,062
Annual sum required...		103,635
= at 2*s.* per Rupee... Rupees...		10,36,350

MADRAS,
24th October 1874.

(Signed) R. K. WILLIAMS,
Offg. Examiner, Railway Accounts.

STATEMENT B.

Madras Irrigation and Canal Company.

Annual sum required to meet working expenses, guaranteed interest, interest on past payments of guaranteed interest with interest thereon, interest on interest on loan at 5 per cent. with simple interest thereon at 4 per cent. to 30th June 1874, and to pay a dividend of 4 per cent. on unguaranteed capital.

			£
Working expenses			20,000
Guaranteed interest at 5 per cent. on £999,666			49,983
Past payments of guaranteed interest to the 30th June 1874	£ 652,193		
Simple interest thereon at 4 per cent. to 30th June 1874	62,564		
Interest at 4 per cent. on...	714,757	28,590	
Interest on loan at 5 per cent. accrued to 30th June 1874	142,887		
Simple interest at 4 per cent. thereon to 30th June 1874	15,305		
4 per cent. interest on...	158,192	6,327	
Total...		104,900	
Interest at 4 per cent on unguaranteed capital £600,000		24,000	
Annual sum required...		128,900	
= at 2*s.* per Rupee... Rupees...		12,89,000	

MADRAS,
24th October 1874.

(Signed) R. K. WILLIAMS,
Offg. Examiner, Railway Accounts.

STATEMENT C.

Madras Irrigation and Canal Company.

Annual sum required to meet working expenses and guaranteed interest, to pay a dividend of five per cent. on loan capital, and to discharge its present debt to the State in a period of eighty-three years.

	£.	£.
Working expenses	.....	20,000
Guaranteed interest	.....	49,983
Present debt to State—		
Past payments of guaranteed interest and working expenses up to 30th June 1874	652,193	.....
Interest on loan to 30th June 1874 at five per cent.	142,887	.....
$\frac{1}{83}$ of...	795,080	9,579
Interest on unguaranteed capital £600,000 at five per cent.	.....	30,000
Annual sum required...		109,5 2
= at 2*s.* per Rupee... Rupees...		10,95,620

MADRAS,
24th October 1874.

(Signed) R. K. WILLIAMS,
Officiating Examiner, Railway Accounts.

No. 233. ORDER THEREON, 9th February 1875, No. 371.

IRRIGATION, No. 10.

HIS Excellency the Governor in Council resolves to communicate these papers to the Chief Engineer and Manager, Madras Irrigation and Canal Company, and to the Collectors of Kurnool and Cuddapah, with a view to the further discussion of the several points referred to, so that the best opinion possible may be formed of the financial prospects of the Company's canal.

2. It is desirable that the area commanded by the canal in Cuddapah, as well as in Kurnool, should be ascertained; and it will be of advantage if in particular villages, and particular tracts of country, the areas commanded and those actually irrigated be compared, as by so doing valuable light will, it is thought, be thrown upon the relation which these are likely to bear to each other, especially if in the examples which may be adduced, the description of soil be duly noticed.

3. It will be necessary to remember that, although the canal was designed to irrigate 200,000 acres, this is not really the maximum area which can ultimately be watered, and it is not the area on which the revenue should be calculated at an average rate. The 200,000 acres were supposed to consist entirely of rice cultivation, which would have commanded a rate approximating to the maximum of 6 Rupees, but arrangements have since been made, based upon the circumstances of the country traversed by the canal, for irrigating various classes of crops at rates proportioned roughly to the supply required by them; and, should these arrangements succeed, the area of irrigation will probably much exceed 200,000 acres; but what will be the ultimate average rate must necessarily, for a long time to come, be a matter of opinion only.

4. Proceeds from Navigation may also properly be considered, and on this point nothing has been said in the foregoing papers. It must be remarked, however, that until the details of the arrangements

G. O. No. 44, dated 8th January 1875. reported to be under the consideration of the Secretary of State and the Company, or those finally decided upon, shall be known, it will be doubtful whether any assistance in meeting existing liabilities will be derivable from this source.

(True Extract.)

Colonel, R.E.,
Secretary to Government.

To the Chief Engineer for Irrigation.
" Manager, Madras Irrigation and Canal Company.
" Revenue Department.
" Examiner, Irrigation Accounts.

Exd. W. H. French.

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No. 543
Revenue 1875 Dep
Govt. of {1875} Madras

PUBLIC WORKS.

To

THE CHIEF ENGINEER for IRRIGAT

&c., &c.,

Dated February 9th.

Recd. —2— 15th Encl.

G. O., 9th February 1875, No. 871.

FEBRUARY.

Nos. 229 233

Letters

Madras Irrigation and Canal Company.—Communicating certain correspondence to the Company's Chief Engineer and to the Collectors of Kurnool and Cuddapah with a view to the further discussion of the several points referred to on the subject of the financial prospects of the Company's canal.

No. 299
Comm.r to the
Board of Revenue
15. July 75

Vide Cor.e 2231 8/1875
Vide Cor.e 4719/75.

14 Vide Board of Rev.e 18 Feb