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MADRAS RECORD OFFICE

GOVERNMENT OF MADRAS

Revenue DEPARTMENT

G.O. No.	424	Press
B.P. No.		Mis.

Dated 27.3.1876 196 .

Not to be folded or roughly handled

Read the following papers :—

No. 252. From P. MACFADYEN, Esq., Chairman to the Board of Directors, Napier Foundry Company, (Limited), to the Hon. D. F. CARMICHAEL, Secretary to Government, Revenue Department, Fort St. George, dated Madras, 22nd February 1876.

I HAVE the honor to bring to your notice that the Directors of the above Company have received an intimation from the Inspector of Forests that it is the intention of the Madras Government to raise the seigniorage on charcoal prepared from wood cut in the Government forests from the present rate of 1 Anna per parah of manufactured charcoal to that of 6 Annas per load of one thousand pounds on wood cut for the purpose of carbonisation.

2. It takes about four tons of wood to make one ton of charcoal, and the contemplated seigniorage will amount to about 14 Annas per ton of wood ; consequently, the seigniorage payable on a ton of charcoal will be raised to Rs. 3-8-0 from Rs. 2-4-0 per ton, which is the present rate at the existing seigniorage of 1 Anna per parah.

3. As the above Company was originally formed for the express purpose of introducing the reduction of local ores in furnaces fed by charcoal only, and thus extracting a superior class of iron that it would be, it was hoped, remunerative both to export and to dispose of on the spot ; and as the data on which the estimates of the outlay necessary for this purpose were framed on the current cost of charcoal ; it will be obvious that an increase in the seigniorage payable to Government to the extent at present contemplated by the Forest Department will consume a very great portion of, if not all, the far from extremely large profits that were anticipated by the original promoters of the undertaking, especially as it may take three or even a higher number of tons of charcoal to effect an outturn of one ton of iron, the price of which also has lately considerably fallen in the English market.

4. I have, therefore, the honor to request that you will be so good as to lay the circumstances of the case before His Grace the Governor in Council, with a view to obtain for the Company an exemption from the payment of any enhanced rate of seigniorage for at least two years from this date, after which it could be ascertained whether the industry of reducing local ores with charcoal,—at present only an experiment,—may not be sufficiently remunerative to bear the additional seigniorage now proposed to be levied on this description of fuel.

5. I may state that the Company have already gone to very great expense in ordering out from England steam engines and machinery adapted for smelting iron ore in the manner above indicated, and that these have lately arrived, and are now in course of erection.

6. The Company, moreover, gives regular employment to nearly 200 natives, and indirectly to many more ; a number of these men are required to be skilled mechanics of no mean ability, and the presence of such amongst the laboring classes of the community cannot fail to be of an incalculable benefit to the commercial activity and consequence of the port.

7. I therefore venture to submit that as a school for skilled labor, apart from the consideration of its commercial failure or success, being, moreover, the result of individual enterprise and not as other establishments of this nature, maintained at a high cost to the country, such as those in connection with the Railway or Department Public Works, the Company is worthy of the consideration and support of the

*Proceedings of the Madras Government, Revenue Department,
27th March 1876.*

Government until at least it has become firmly established on the broad basis of recognised public utility.

No. 253. From Lieutenant-Colonel R. H. BEDDOME, Conservator of Forests, to the Hon. D. F. CARMICHAEL, Secretary to Government, Revenue Department, Fort St. George, dated Ootacamund, 28th February 1876, No. 302.

With reference to G.O., No. 831, of 27th May 1875, I have the honor to report that the Deputy Conservator of Forests, North Arcot, has selected, in communication with the Managing Director of the Napier Foundry Company, a tract of jungle in the north-east corner of the district as suitable for the manufacture of charcoal by the Company. The Collector has approved of the selection, and satisfied the Board that "sufficient provision will be made for communal grazing and other rights." Board's Proceedings, No. 231/3,205, dated 24th November 1875.

2. It is not at present intended to fence in the tracts, but merely protect them by means of watchers during the first year of re-growth, the cost of the watchers being borne by the Forest Department.

3. The yield of fire-wood based upon recent experiments has been taken at $7\frac{1}{2}$ tons per acre every fifteen years, or $\frac{1}{2}$ a ton per acre per annum, and the area required to meet the Company's requirements is, therefore, at least 42 square miles instead of 24 as originally estimated.

The Mamandur fire-wood reserve and extensive jungles lying to the west of the railway line are not interfered with.

4. I submit a draft agreement originally drawn up by Mr. Sheffield in communication with Mr. DeClossets, and forwarded with the Collector's approval. A few modifications have since been introduced by Captain Campbell Walker and the Secretaries to the Company, with whom he has been in negotiation under my orders.

5. The Company are now satisfied with the terms of the agreement, save as regards the seigniorage to be charged on the fire-wood or charcoal (Section 5), the clause relating to which I have entered in red ink in the margin, and I believe the Chairman has addressed an appeal to Government on behalf of the Directors.

6. The facts are as follow:—The seigniorage on charcoal at the time the Company was formed was, and still is, Rupee 1 per cart-load, supposed to contain 16 parahs, or lbs. 1,000. This is equal to about Rs. 2-4-0 per ton, and the Company point out that any enhancement of that rate would falsify all their estimates of their working expenditure, and seriously hamper a young undertaking of considerable importance.

On the other hand, it must be stated that the question of increasing and equalising the seigniorage on charcoal in proportion to the price of fire-wood has been for some time under consideration, the Board having, in their Proceedings, No. 4,155, dated 15th June 1870, called for reports from the several Collectors on the subject, and the rate having been raised to Rs. 1-8-0 in the South Arcot District last year (G.O., No. 712, dated 12th May 1875), on the supposition that four cart-loads of fire-wood produced one of charcoal. We now find by more careful inquiry that by the native method of preparation it takes from six to eight cart-loads of fire-wood to produce one of a charcoal of very inferior description.

*Proceedings of the Madras Government, Revenue Department,
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7. By the use of Mr. DeClossets' portable iron kilns a much better article can be produced from three or at most four cart-loads of fire-wood, and it was mainly with the object of fostering this improvement in production and prevention of waste that Captain Campbell Walker advocated the concession to the Company, and was at first inclined to adopt the low rate of Rupee 1 per cart-load, or Rs. 2-4-0 per ton of charcoal manufactured, whereas the Railway Company pay that seigniorage on fire-wood! In the course of the negotiations, however, it was brought to notice that, unless the flues of the iron kilns were properly managed, the consumption of wood by Mr. DeClossets' method would be almost, if not quite, as great as by the native process, and that if we concluded the agreement at Rs. 2-4-0 per ton, our revenues might really be considerably less than they are at present, and not suffice even to cover cost of reproduction.

8. I have directed Mr. Sheffield to conduct further careful experiments as to the average proportion of wood-fuel consumed, and meanwhile it seemed to us fairest to put the seigniorage on the fire-wood, whereby the Company would be directly interested in economy of working and prevention of waste; it is proposed to retain it at the rate of Annas 6 per 1,000 lbs. charged to the public, as the size of billets required is less than that taken by the Railway Company, and, as already stated, we are interested in the production of a better description of wood charcoal with less wastage than under the native process; besides which I presume that Government would wish to aid to a fair extent such an important undertaking as the Napier Foundry Company.

9. I forward copy of this letter to the Secretaries, and shall feel obliged by the question of the seigniorage to be charged being disposed of at an early date, pending which the negotiations are, of course, at a standstill.

10. I shall shortly submit a report on the subject of charcoal seigniorage generally.

No. 254. ORDER THEREON, 27th March 1876, No. 424.

Forests, No. 21.

THE Government consider that the seigniorage, which it was originally understood would be charged, must not

be enhanced, and that it is clearly inexpedient to raise it, as the industry is in its infancy. They would, therefore, grant the concession sought, viz., that the seigniorage be not raised for two years from the date of contract with the Company.

2. The draft Agreement submitted with the Conservator's letter will be referred for opinion and advice to the Government Solicitor. The Government should be secured from all liability in the event of their failing to supply blocks of forests as proposed, owing to causes which cannot now be foreseen.

(True Extract.)

(Signed) D. F. CARMICHAEL,
Secretary to Government.

To the Hon. P. Macfadyen.

„ the Conservator of Forests.
„ the Board of Revenue.
„ the Government Solicitor.

Exd. F. R. Bantleman.

1876/13/4/16

REVENUE DEPARTMENT,

No. 828.

From *Chairman.
Rajin Foundry
Company.*

Dated 22 February 1876.

FOR ORDERS.

*It is clearly manifest
- if not wise - that the
price is important a mat-
ter as put on an industry
in the infancy - & which has
the notice period (two years)
is not unreasonable - &
I have therefore
inclined to grant the request
if the measure for the
penalancement is in
contemplation
Ch. D. must be asked
if necessary etc etc*

Govt. of 1876

REVENUE.

THE CONSERVATOR OF FORESTS.

Ac, Ac, Ac

Dated March, 27th.

Recd. En

G.O., 27th March 1876, No. 424.

MARCH.

Nos. 252-254.

*Nagpur Foundry Company. - Resolving not
to raise the seigniorage on wood cut by the - for
the manufacture of charcoal for two years from the
date of contract with the Company, and referring
the draft Agreement for the opinion of the Govern-
ment Solicitor.*

10/13/37

I see nothing to alter my view of the claim of the Company & consideration. The Sugarsay promised or understood that that for us claim must not be enhanced. I am afraid of the terms of the contract as respect furnishing the blocks of fuel & the liability - it means if he fail to do so for any cause - the Gov. Solicitor shall be consulted.

1/2 1897

10/7 March 1897

FOR ORDERS.

Exemption from enhanced rate of wages for charcoal for 2 years.

I would not enhance - PM

I would not enhance the rate - and let Solicitor settle agent - B.C.

PM

Draft Agreement between the Forest Department, North West District and the Napier Foundry Company Limited, regarding the manufacture of Charcoal by the Company in the North West Forests.

What will be the effect of making the forest full area?

The area is rather large.

1. The Forest Department shall set apart a tract or tracts of Forests of 42 square miles in area near the Rail-way line in the Mlamundoo Forest of the Chindrapur District for the manufacture of charcoal by the Napier Foundry Company, in which tract no person shall have liberty to fell or remove any timber or wood with the exceptions to be mentioned hereafter.
2. The tract or tracts of Forest set apart as above shall be surveyed and demarcated at the expense of the Napier Foundry Company Limited. The Survey and demarcation to be first

Look well on paper but have on the measures to carry out the contract

first of the whole tract
and then the tract to be
divided into a number of
blocks one or more of
which shall represent an
area of $\frac{1}{15}$ $\frac{1}{15}$ of the whole.

The survey to be conducted
under the orders & control
of the District Forest Officer
and detail maps furnished
to Napier Foundry when the
survey is completed.

3. The tract being
surveyed and demarcated
as above a block or blocks
of the aggregate area of $2\frac{4}{5}$
square miles (which is esti-
mated to bear sufficient
wood for the manufacture
of one year's supply of
Charcoal 3600 tons) shall
be handed over annually
to the Napier Foundry Com-
pany to fell the wood
and manufacture charcoal,
reserving only such trees
as are marked by the Forest
Department and stated
at the time in writing as

Madras 22nd February 1876

Secretary to Government,
Revenue Department,
Madras

Sir,

Napier Foundry Company Ltd

I have the honour to bring to your
notice that the Directors of the above Company have
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that it is the intention of the Madras Government
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wood cut in the Government Forests, from the
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pounds, or wood cut for the purpose of carbonization.

It takes about four tons of wood to
make one ton of charcoal, and the contemplated
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on a ton of charcoal will be raised to R. 3-8-0
from R. 2-4-0 per ton which is the present rate
at the existing signorage of one anna per parah.

As the above Company was originally
formed for the express purpose of introducing the
reduction of local ores in furnaces fed by charcoal
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iron that it would be, it was hoped, remunerative
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necessary for this purpose were framed on the current
cost of charcoal; it will be obvious, that an increase
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27
extent at present contemplated by the Forest Department, will consume a very great portion of, if not all the far from extremely large profits that were anticipated by the original promoters of the undertaking, especially as it may take three or even a higher number of tons of charcoal to effect an output of one ton of iron, the price of which also has lately considerably fallen in the English market.

I have therefore the honour to request that you will be so good as to lay the circumstances of the case before His Grace the Governor in Council with a view to obtain for the Company an exemption from the payment of any enhanced rate of signorage for at least two years from this date after which it could be ascertained whether the industry of reducing local ores with charcoal, at present only an experiment, may not be sufficiently remunerative to bear the additional seignorage now proposed to be levied on this description of fuel.

I may state that the Company have already gone to very great expense in ordering out from England, steam engines and machinery adapted for smelting iron ore in the manner above indicated, and that these have lately arrived, and are now in course of erection.

The Company moreover gives regular employment to nearly 200 natives and indirectly to many more, a number of these men are required to be skilled mechanics of no mean ability, and the presence of such amongst the labouring classes of the community, cannot fail to be of an incalculable benefit to the commercial activity and consequence of the port.

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ed at a high cost to the country, such as those in
connection with the Railway or D. F. W. the Company
is worthy of the consideration and support of
the Government until at least it has become
firmly established on the broad basis of recognized
public utility.

I have the honour to be
Sir,

Your most obedient servant

James Napier

Chairman to the
Board of Directors.
Napier Foundry Company Ltd.

See report A.D.

Respectful attention
from Department of Army induced into
designating one thousand hundred from
wood cut in the forest for at least this
year

Dates 22: }
 Recd 24: } Henry / 96

Confession

Boards of Directors
Fashion Foundry

from the Oceanian to the

828

Præsum 1876 defuncte

No. 302.

From

Office of Conservator of Forests.
No 2nd Cotacumand 28th February
1876.

1st Colonel R. H. Beddome

Conservator of Forests.

Sp

The Honorable L. F. Carmichael
Secretary to Government
Rev. Department

Sir

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27th May 1875, I have the honor to report
that the Deputy Conservator of Forests in
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of the selection and satisfied the Board that "sufficient provision will be made for Communal grazing and other rights."

Boards Proceedings ²³¹/₃₂₀₅ dated 24th November 1875.

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The seigniorage on charcoal at the time the Company was formed was and still is Rs. 1 per cart load supposed to contain 16 parabs, or lbs 1000. This is equal to about Rs 2-4 per ton, and the Company point out that any enhancement of that rate would falsify all their estimates of their working expenditure and seriously hamper a young undertaking of considerable importance.

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suffice even to cover cost of re-production.
8. - I have directed Mr. Sheffield to
conduct further careful experiments, as
to the average proportion of wood-fuel
consumed and meanwhile it seemed to
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firewood - whereby the Company would
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10.- I shall shortly submit a report
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I have the honor to be,
^{Sir}
Your Most Obedt Servant

R. A. W. Edmonstone M.P.
Conservator of Forests.

No 424

Read also Letter from the Chairman
of the Board of Directors of the
Company of 1896

The present case is
the first of its kind, and is
undoubtedly a very important
one, and it is clearly
evident to all that it is
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Dec 1896. Dept.
of the Department.

No 939.
The President of
the

The Secretary to
the Government
of the

Dec 1896. Dept.
of the Department.

The President of
the

Dec 1896. Dept.
of the Department.

1. The Board of Directors
of the Company of 1896
has decided to accept
the offer of the
Company of 1896
to purchase the
Company of 1896
for the sum of
\$100,000.

27th March 1896

No 253 -
C. J. Smith M. S.