

1886.
NEW ZEALAND.

CHARGING INTEREST TO CAPITAL

DURING CONSTRUCTION OF PUBLIC WORKS

(FURTHER PAPERS RELATIVE TO).

Presented to both Houses of the General Assembly by Command of His Excellency.

No. 1.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,— 7, Westminster Chambers, London, S.W., 7th May, 1886.
Continuing my letters on the subject of charging interest to capital during the construction of Indian railways, I have now received through the Colonial Office the reply of the India Office to the question I put in a letter I wrote to them on the 29th March. I transmit to you herewith copy of those letters, together with the Administration report upon the railways of India mentioned by the India Office.

The pressure of work for this mail has made it impossible for me to say anything to you upon this remarkable report, but I shall do so at an early date.

The Hon. the Colonial Treasurer, Wellington.

I have, &c.,

F. D. BELL.

Enclosure 1 in No. 1.

The AGENT-GENERAL to the SECRETARY of STATE for the COLONIES.

SIR,— 7, Westminster Chambers, London, S.W., 29th March, 1886.

I have to acknowledge the receipt of your letter of 23rd instant, with one from the India Office containing the information I had asked for on the subject of charging interest to capital in the Indian railway system; and I beg you to be pleased to convey the best thanks of my Government to the India Office for their kindness.

I trust I shall not appear to abuse that kindness if I ask for a further detail. Mr. Godley's letter divides the Indian system into the three heads of "State," "Guaranteed," and "Assisted" lines; and my Government would be glad if they could know the total amounts which have been paid for interest out of the revenues of India, distinguishing the sums charged to capital in respect of State lines from the sums allowed to companies for guaranteed and assisted lines. If a return has been published from which I could save trouble by making out these particulars myself, I should be much obliged by my attention being called to it.

I observed a few days ago, in a press telegram of Sir Auckland Colvin's Financial Statement, that the proposal was renewed this year to devote a portion of the Famine Insurance Fund to the payment of interest on capital in the case of one of the lines. Having regard to what the Select Committee of the House of Commons said in 1884 respecting the objection which had existed up to that time against proposals of the same kind, it may perhaps not be improper for me to ask whether that objection has yet been received.

The Under-Secretary of State for the Colonies.

I have, &c.,

F. D. BELL.

Enclosure 2 in No. 1.

The COLONIAL OFFICE to the AGENT-GENERAL.

SIR,— Colonial Office, Downing Street, 29th April, 1886.

With reference to your letter of the 29th ultimo relative to the Indian railway system, I am directed by Earl Granville to transmit to you, for your information, a copy of a letter, with its enclosure, from the India Office on the subject.

I have, &c.,

The Agent-General for New Zealand.

JOHN BRAMSTON.

Sub-Enclosure to Enclosure 2 in No. 1.

The INDIA OFFICE to the COLONIAL OFFICE.

SIR,—

India Office, S.W., 19th April, 1886.

In reply to your letter dated the 13th instant, I am directed to transmit herewith, for transmission to the Agent-General of New Zealand, copy of the last Administration report of Indian railways, at pages 67 and 68 of which will be found the information sought by Sir F. D. Bell.

The objections entertained by the Select Committee of the House of Commons on Indian railways in 1884 to the payment from the annual Famine Insurance Fund of interest on capital expended on railways were not overlooked; but it has recently been decided by the Secretary of State for India in Council, at the request of the Government of India, that, as a special measure, a portion of this fund shall, for the next five years, be so utilized for railways actually needed for the protection of the country against famine, and undertaken by companies with the assistance of Government.

I have, &c.,

The Under-Secretary of State, Colonial Office.

F. STAFFORD HOWARD.

No. 2.

The AGENT-GENERAL to the Hon. the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 20th May, 1886.

I beg permission to mention a few leading points in the administrative report on Indian railways which I sent you on the 7th instant, No. 578.

The total capital expenditure on Indian railways up to the 31st December, 1884, including lines under construction, amounted to £156,638,508, viz.:—

East Indian lines	£35,180,359
Guaranteed lines	66,377,780
Assisted companies' lines	5,566,277
State (Imperial and provincial) lines...	45,718,293
Native States' lines	3,795,799
	<u>£156,638,508</u>

From the commencement of operations under the Indian system up to 1884 a gross sum of £64,393,736 had been advanced for interest to the guaranteed railway companies; but the total net earnings of the guaranteed railways, exclusive of surplus profits divided between the Government and the companies, amounted to £38,444,123, so that the net amount paid as interest by the State up to 1884 was £25,949,613.

This sum was distributed among the companies in the following way:—

Railway Company.	Total Interest.	Balances of Net Revenue.	Net sum paid for Interest.
	£	£	£
Bombay and Central India	8,272,726	5,285,605	2,987,121
Eastern Bengal	2,956,171	2,803,296	152,875
Indian Peninsula	23,839,165	17,826,059	6,013,106
Madras	11,550,648	5,040,081	6,510,567
Oudh and Rohilkhand... ..	3,833,091	1,902,260	1,930,831
Sind, Punjab, and Delhi	10,811,298	4,151,813	6,659,485
South Indian	3,130,637	1,435,009	1,695,628
Totals	64,393,736	38,444,123	25,949,613

For many years the interest was more than the revenue. Between 1870 and 1876 this excess amounted to eight and a half millions; then in the three succeeding years there was a surplus of two millions; in the next two years a deficit of three-quarters of a million; in the next two years a surplus of £300,000, and in 1884 a slight deficit of £36,000. The Eastern Indian Railway and branches yielded as much as £7 13s. 7d. per cent., the guaranteed lines £4 16s. 9d. per cent., the State lines £3 17s. 5d. per cent., and the native State lines £3 0s. 8d. per cent. The net return over all the lines was £5 1s. 9d. per cent.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington.

F. D. BELL.

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