

I N D E X

TO THE

R E P O R T

FROM THE

S E L E C T C O M M I T T E E

O N

E A S T I N D I A F I N A N C E.

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1. *Accommodation, and Number of Supply of Students.*
2. *Cost.*
4. *Examinations and Course of Study.*
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3. Cost of Revenue Surveys and Land Settlement Charges.
4. Objections to permanent Settlement, or Redemption.
5. Rate of Assessment.
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8. *Exceptions taken generally to the Expenditure; Importance of Curtailment:*

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9. *Large Outlay contemplated in future Years:*

Considerable amount about to be expended on public works in 1872-73, whilst the prospective or suggested works involve an immense cost; Government is not, however, committed in any way to so large an expenditure as 70,000,000 *l.*, *Strachey* 6545-6551—Explanation as regards the large expenditure suggested by witness on reproductive works, that the cost would be borne by loan and would not necessarily increase local taxation, *ib.* 6720-6726.

10. *Responsibility*

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10. *Responsibility respectively of the Home Authorities, and of the Authorities in India, for wasteful Expenditure; Exception taken to the Action of the Secretary of State in the Matter:*

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11. *Local Initiation of Works; Improvements suggested:*

Great improvement if the engineer officers of the department were under the collectors, who are much better acquainted with the local wants of the districts, *Elliot* 3097, 3110-3112, 3147-3153—Consideration of objections to the proposal that irrigation works and local improvement works should be initiated by the local revenue officers; way in which the Estimates might be prepared and checked, *ib.* 3393-3407.

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13. *Local Departments, System of Allocation of Expenditure to the Local Governments:*

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13. *Local Departments; System of Allocation, &c.*—continued.

Practice of placing at the disposal of the local Governments, as nearly similar a sum every year as possible for ordinary works; amount of allocation in each of the four years, 1867-70, adverted to hereon, *Strachey* 6209-6214—Very similar organisation of the department in the provinces to the central organisation, *ib.* 6311.

14. *Suggested Division of Public Works into Imperial and Local:*

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15. *Intended Adoption of State Agency in carrying out all future Works:*

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16. *Practice of excluding Interest from the Capital Cost:*

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Statement in further explanation of witness's views on the subject of not adding the charge for interest to the capital cost of construction, *Strachey* 7085-7088.

17. *Repairs:*

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18. *Stores:*

Various descriptions of public works stores represented by an item of 134,000 *l.* expended in England in 1870-71, these being procured by open competition, and being carefully examined, *Hon. G. O. Talbot* 1299-1303.

19. *Detailed Execution and Supervision of Works:*

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Considerable outlay formerly in the execution of works, much unnecessary expense having been incurred through the want of concentration; remedy of this evil recently, *Strachey* 6435-6440—Satisfactory local contracts sometimes made in India in carrying out public works, *ib.* 6844—Extent to which increase of cost may have resulted from delay in the prosecution of works, or from too many works being on hand at the same time, *ib.* 7798-7808.

20. *Mysore:*

Paper submitted to the Committee, and evidence in explanation, relative to the unsatisfactory operation of the Public Works Department in Mysore, *Elliot* 3096, *et seq.* 3333-3335, 3375-3389, 3424-3429.

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21. *Statistics of Annual Expenditure:*

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22. *Estimate of Expenditure for 1872-73:*

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Punjab Northern Railway. Military object of the Peshawur line, which is not expected to pay, *Thornton* 2037.

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R.

RAILWAYS:I. *Guaranteed Railways:*

1. Origination of the System of Railways by Lord Dalhousie.
2. Official Explanation and Defence of the Contracts between Government and the Companies.
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1. Generally as to the proposed Extension of State Railways.
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I. Guaranteed Railways :

1. Origination of the System of Railways by Lord Dalhousie :

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2. Official Explanation and Defence of the Contracts between Government and the Companies :

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3. Evidence in strong Condemnation of the Terms of the Contracts :

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Conclusion as to the responsibility of the law officers who drew the contracts; examination hereon upon the statement that the contracts are a perfect disgrace to those who drew them, *Thornton* 1905, 1906. 1911—1921. 1933—1937—Degree of responsibility respectively of the railway committee of the East India Company, and of the railway Committee of the Indian Council, *ib.* 1907—1910—Probability of the contracts having been prepared by Mr. James Wilson when Secretary to the Board of Control; blame attaching nevertheless to the law officers employed, *ib.* 1915—1919. 1934—1937.

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4. Evidence as to the Evils of the Guarantee System :

Opinion that the cost of the railways has been greatly enhanced by the system of guarantee, *Thornton* 1781, 1782—Conclusions as to the evils of the guarantee system; opinion that it has not served any purpose which might not have been better served without it, *ib*. 1853, 1854. 1862. 1864—Prejudicial effect of the guarantee system, as expounded by the contracts, rather than of the contracts themselves, *ib*. 1876—Witness does not concur in the evidence generally of Mr. Danvers, as to the merits of the guarantee system, *ib*. 2115.

Opinion that but for the guarantee system (and this was its only merit) the scheme of railways in India would never have been carried out at the time, *Chesney* 2620, 2621. 2639, 2640. 2643-2646—Conclusion that there should be no further guarantees, the disadvantages being greater than the advantages, *ib*. 2641-2644.

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5. Official Defence of the System of Guarantee :

Dissent from Mr. Thornton's views in strong condemnation of the guarantee system, doubt whether any other system could at the time have equally well secured the construction of railway in India, *Danvers* 1861-1863. 1881-1891—Conclusion as regards the guarantee system, that whilst it is open to many objections, it was a suitable and proper system to adopt under the peculiar circumstances of India twenty-five years ago, and that several advantages have appertained to the system, *ib*. 2048-2065. 2108-2114.

Value of the system in having secured a regular supply of funds as required, facility of supply even during the mutiny, *Danvers* 2049. 2108-2114—Advantage of the guarantee system as opening a new channel for attracting English capital to India, *ib*. 2049.

Dissent from certain views expressed in a despatch from the Government of India, dated 22nd March 1869, as to the guaranteed companies having little, if any, interest in keeping down the capital expenditure, or the working expenses, so long as these are covered by the receipts, *Danvers* 2752-2767. 2816-2823.—Result of witness's experience at the railway boards, that the guarantee does not destroy proper incentive to economy, *ib*. 2753-2755.

Evidence at variance with a statement by Mr. Laing, that the company system is opposed to lump contracts, and that directors are individually interested in keeping the expenditure in their own hands, *Danvers* 2778-2787—Concurrence with Mr. Laing as to the advantage of the facilities of the companies for providing capital for the works by means of calls upon the shares, *ib*. 2788, 2789—Opportunities of witness for forming an opinion as to the inaccuracy of certain statements by Mr. Laing, though these referred to a time anterior to witness's official position at the boards, *ib*. 2808-2814.

Further statement as to the greater facility with which the required capital was raised through the guarantee system, than if the Government of twenty-five years ago had sought to raise the whole sum directly, *Danvers* 2859-2861. 2874, 2875—Interest of the boards in practising economy, although there may not, for the time being, be any prospect of earnings in excess of the guarantee, *ib*. 2878, 2879.

6. Intended Discontinuance of Guarantees in future :

Limit put by Government to the guarantee system, save as regards existing companies, *Danvers* 1862, 1868. 1981, 1982—Disapproval of a continuance of the system, save as regards extensions of existing lines, *ib*. 2056-2058.

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Immense importance attached to the railways carried out under the guarantee system; wisdom of the large expenditure on this score, though the returns hitherto involve a considerable loss to Government, *Laing* 7526, 7527, 7556, 7557—Important advantages of the guarantee system, witness being disposed to prefer the system to the plan of construction by the State, *ib.* 7528, 7529.

8. Action of the Secretary of State in Council as regards Guarantees :

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9. Functions and Action of the Government Director at the Boards :

Outline of witness's duties as Government Director of the Indian Railway Companies, *Danvers* 1675-1679—Control exercised by him over such matters of expenditure as come within his province, *ib.* 1676—Circumstance of witness having on only one occasion felt compelled to exercise his powers of veto at the boards, *ib.* 2797-2801, 2824, 2825—Official utterance given by witness to his view that the guarantee system had been of great service, but that the time had come for altering it, *ib.* 2815.

Statement as to witness having no voice at the boards upon the question of the adoption of extension or branch lines; ample data before the Secretary of State in coming to a decision upon such question, *Danvers* 2824-2834—Doubt as to witness having ever represented to the Secretary of State that any branch or extension line should not be carried out; recent instance of his having recommended an extension line, *ib.* 2833-2835.

Explanation that, as regards the question of injudicious interference by the Home authorities relative to the railways, witness does not in the slightest degree refer personally to the Government Director of Railways, *Strachey* 7073

10. Failure of Attempts to substitute a Subsidy for a Guarantee :

Attempt made by Lord Dalhousie to subsidise railways, instead of guaranteeing them, but without success, *Danvers* 1865—Explanation relative to the failure of a more recent attempt by Government to substitute a subsidy for a guarantee of interest; obstacle through the extensive powers of control claimed over the companies, *Thornton* 1870-1880.

11. Constitution and working of the Railway Boards :

Advantage of the guarantee system in having secured the continuous and almost undivided attention of a competent body of men in this country to each undertaking, *Danvers* 2049—Explanation (in reply to charges by Mr. Laing, in 1861) relative to the practice at the railway boards in obtaining and accepting tenders for stores for India; presence of witness, as official director, on these occasions, *ib.* 2769-2777.

Extract from a report by witness, and from a Paper prepared by the chairman of the East Indian Company, showing the constitution and working of the boards, and the detailed mode of transacting business, *Danvers* 2792.

Personal interest taken by the individual directors in the transaction of business; amount of their remuneration adverted to hereon, *Danvers* 2793-2796—Work performed by the directors further adverted to in connection with their remuneration, *ib.* 2880-2883.

Exception taken to a statement by Mr. Danvers, that a prominent advantage of the guarantee system was, that it secured the continuous and almost undivided attention of a competent body of men to each undertaking, *Thornton* 2954, 2962-2966.

Explanation in modification of former statement, that the directors of the companies gave their "almost undivided" attention to the business of the railways, *Danvers* 2955-2962.

12. Constitution of the Committee at the India Office :

Conclusion as to the Railway Committee at the India Office being well qualified to consider the railway questions; constitution of the committee adverted to, *Danvers* 2940-2945.

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13. Terms upon which guaranteed Capital has been raised :

Examination on the subject of a guarantee of five per cent. having been given on a large amount of railway capital, whilst public loans have been raised at four per cent.; causes of the different value of India stock and of railway stock in the market, *Seccombe* 1525-1561.

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13. Terms upon which guaranteed Capital has been raised—continued.

Varying rates of interest at which the capital has been raised; explanations as to the higher rates paid than are paid for Government loans, although the former has the Government guarantee, *Danvers* 1728, 1746—Considerable amount received as premiums upon the issue of new capital; saving of interest upon this portion of the capital, *ib.* 1731-1739—Lower rate at which the required capital might have been raised by Government, *ib.* 1887, 1888.

Necessity of the offer of good terms to capitalists, or the large capital required would not have been forthcoming, *Danvers* 2874, 2875—Arrangement as to the premium at which stock is now issued, the amount thus derived being applied to capital without carrying interest, *ib.* 3018-3024.

14. Cost of Construction:

Opinion that the cost of the railways has not been enhanced by the Government control, and will bear favourable comparison with the cost of the public works carried out by Government officers, *Danvers* 1750-1753, 1758—Admission, however, that the railways were constructed at an undue cost, owing chiefly to the want of experience in the officers charged with the control and supervision, rather than to the guarantee system, *ib.* 1776-1780, 1783-1789—Impression that the original cost was under-estimated by Lord Dalhousie, *ib.* 1800—Very much less cost at which it is expected that all future lines will be made, *ib.* 1977-1980.

Enhanced cost of construction by reason of the guarantee system, *Thornton* 1781, 1782—Varying cost of the broad gauge, from 9,000 *l.* to 23,000 *l.* a mile, *ib.* 1957.

Several respects in which the guarantee system was much more costly and wasteful than if the construction had been undertaken by Government, *Chesney* 2622-2625.

Denial that the companies were not interested in keeping down the cost of construction, *Danvers* 2752-2767, 2816-2823, 2878, 2879—Opinion that there was no ground for a statement by one of the Government engineers in India that there is a direct inducement to expend as much as possible on their works, *ib.* 2768.

Explanation that in referring to the public works officers as unexperienced at first in the construction of railways, witness does not mean to imply that they are or were ignorant of their professional duties, *Danvers* 2908, 2909—Tendency of the divided responsibility under the guarantee system to produce delay generally, *ib.* 2933—Doubt as to works and estimates being the more rapidly assented to because there are two parties in the matter, *ib.* 2934-2939.

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15. Extensive Failure of Works:

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16. Management and Working of the Lines:

Imperfect management of the railways, *Strachey* 7933, 7934—Opinion that third-class trains should be increased, *ib.* 7934—Excessive number of fast trains, *ib.* 7935.

Statement showing that the traffic arrangements require careful re-consideration, *Strachey* 7935, 7936—Advantage of reducing the number of trains, and of adopting the system of mixed traffic, *ib.* 7936.

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18. Gauge:

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19. Doubling of Lines:

Careful inquiry before lines are doubled; belief as to the necessity of such doubling in all cases hitherto sanctioned, *Danvers* 1805-1808—Limited extent to which the lines are doubled; average of about 2,000 *l.* a mile as the cost of doubling a broad gauge line, *ib.* 1962-1967.

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20. Fencing:

Saving by not fencing the lines, *Danvers* 1983, 1984.

21. Branch Lines and Extensions:

Consultation generally of the companies' officers and the Public Works officers before the sanction of new lines, *Danvers* 1851, 1852—Check through the consulting engineers of Government before plans or surveys by the companies' officers for new or branch lines are approved, *Thornton* 1852—Willingness generally of the companies to undertake extensions suggested by Government, *Danvers* 2876-2877.

22. Control and Supervision of Expenditure:

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Statement of the rules laid down for regulating and controlling the expenditure in India, by means of the Consulting Engineer of Government, *Danvers* 2792.

Almost total absence of control over the railway engineers in the first instance, the supervision generally having been very lax, *Chesney* 2623-2625.

Extremely inefficient system upon which expenditure on the guaranteed railways took place, the Government of India having been powerless to exercise a real and effective control; data for this conclusion, *Strachey* 6334-6340, 6513-6518—Up to the present time there has not been what witness considers a satisfactory control maintained over the expenditure or working operations of any one of the guaranteed companies, *ib.* 6837.

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23. Capital Expenditure still being incurred:

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Unfinished state of several of the lines, and of the stations, so that the capital guaranteed has necessarily gone on increasing; difficulty in calculating the total increase on this score, *Chesney* 2634-2638.

Remarks upon the circumstance of the capital accounts of the companies being still open, *Thornton* 3025-3027.

24. Total guaranteed Expenditure of about 100,000,000 *l.*:

Estimate of about 10,000,000 *l.* as the sum required to finish lines and works on which guarantees have been promised, the guaranteed expenditure hitherto amounting to about 90,000,000 *l.*, *Danvers* 3028.

25. Annual

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4. *Compensation Payment to the French Government.*
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4. *Indents from India.*
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 8. *Length of the Voyage via Suez :*

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