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. E. 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
	£156,638,508

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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