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C O N T E N T S

1. The Indian Railway Management
2. The Indian Railway Committee
(State management of Indian
Railways.)

69390

THE
INDIAN RAILWAY MANAGEMENT

By

R. D. MEHTA, C.I.E.

Author of "Indian Railway Economics" & "Indian Railway Policy"



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PREFACE

I would mention that Colonel Waghorn did not state facts when he, in replying to Mr. Ahmed in the Legislative Assembly on 24-1-22, said that he believed that one Indian was officiating as Government Inspector at the present moment. This would lead one to believe that the Government had given at least one Indian a fair chance, especially at a time when Government Inspectors are going into questions of Registrations of goods and distribution of wagons. But Colonel Waghorn's statement was not consistent with real facts. Colonel Waghorn ought to have known better as the appointments of Government Inspectors are made by the Railway Board and they work directly with the Board. Similarly, Colonel Waghorn also said that there had been changes since the issue of Mr. Ghose's book, but it would be seen from my article on "Railway Rates," which is published in this pamphlet, that all such discriminations as that were in existence before, are there yet, and, that matters have gone worse. I challenge Colonel Waghorn to contradict one single statement or figures of my article on Railway Rates. The attitude of the Railway Board has compelled me to publish this pamphlet.

Most of the matter that is contained in this pamphlet has already been published either in the *Englishman* or the *New Empire* or the *Bengali*, except those contained in the Appendices and in the last chapter, for which there was no time. My sincere thanks are due to the editors of these papers for their courtesy.

There are one or two points, which have not been

dealt with, or were rather omitted; one of them is the attitude of the Railway Companies towards the Government. In this connection, I would invite attention to para. 6296, page 300, Vol. III of the Acworth Railway Committee's report. The Board of Directors of the South Indian Railway Company gave instructions to their Agent in India not to discuss matters with the Committee beyond giving any information that they wanted. Sir William Acworth pointed out this to the Railway Board, and enquired if they considered the action of the South Indian Company proper, and the Board had to admit that they did not, and they also admitted the helpless position of the Government, in spite of the fact that it was, by far, the largest owner.

The next is that the Railway Companies are all powerful, and that the Railway Board can not do anything in cases of complaints made to them by the users of railways. I have some personal experience in the matter, particularly with the East Indian Railway, and I found the Railway Board helpless; all that the latter can do is to refer the complainant back to the Railway, against which the complaint is made. That this is so is plainly admitted in Railway Board's "Monograph on Indian Railway Rates," wherein it is stated that in the case of complaints, made to the Board of Trade in London, against railway companies in England the Board of Trade has the power to depute one of their officers or to appoint any other competent person to carry out independent investigation, and to record evidence, &c., but that in India the Railway Board relies on the information that is given to them by the Agent of the Railway Company, against which the complaint is made; an independent enquiry is seldom

conducted; where an enquiry is conducted the railways are found wanting (e.g., the E. I. Railway was found wanting in the Coal Traffic Conference Enquiry, and, when Sir T. R. Wynne held an enquiry into the cause of the complaint made by the Indian Merchants Chamber, Bombay about preferential treatment to Ralli Bros. regarding wagon supply at Cawnpore the complaint was found to be correct). But it is much to be regretted that when Mr. K. Ahmed, M.L.A., drew attention of the Railway Board to the evidence given by the Bombay Indian Chamber regarding preferential treatment to Europeans the Railway Board, instead of trying to obtain from Bombay copies of the papers that were handed over to the Railway Committee, simply replied that they had not had the papers. This is the attitude of the Railway Board, which is apparently due to their having no powers under the Railway Act, which, when it was revised last, was framed, admittedly, without full regard to the interests of the public in India because of the existence of old Railway Companies and their contracts. I have dealt with this point in the Appendix A. Even a prominent European Government official, who was responsible for the Agricultural Department of a big Province in India, said as follows in his evidence before the Indian Industrial Commission :—

"I think there is a strong feeling that a complaint to the Railway Board should not merely be met by a reference to the Company, but that the Board should have powers to compel the railways to remove anomalies and to remedy any obvious defects."

I can also say emphatically that there is a great deal

of truth in the statement published in the open letter of the Indian Piecegoods Association, in which they said that the East Indian Railway was very indifferent to the complaints of the public, compared with the attention paid by the other Railways, such as the B. N. Ry. This was said in an open letter to the Viceroy.

It is also to be observed that on the G. I. P. Ry. there was one serious strike of guards and drivers in 1896-1897, another of the Indian staff two or three years later; there were two serious strikes of European Guards and drivers on the East Indian Railway, and, the position was most serious at Asansol, where all trains were hung up, and this must be well-known to the present Agent of the E. I. Ry. because he was the District Officer at Asansol at the time. Besides on the same Ry. (the E. I. Ry.) there was one serious strike of the Indian staff in the Traffic Department in 1905 or 1906. Strikes of Locomotive and Carriage Department Workshopmen have also taken place on the G. I. P. and the E. I. Ry. on a large scale, but, perhaps, the B.N.Ry. people know and can manage things better, for the strikes on that railway are not serious, and I am told that Sir George Godfrey, the present Agent of the B. N. Ry. has issued a notification to the entire B. N. Ry. staff that he is always prepared to listen to the grievances of the staff, and, that the Agent does not view with disfavour those employees, who are members of the Labour Union. If this information is correct certainly credit is due to Sir George Godfrey. It is a pity that the same can not be said of the E. I. Ry. authorities. I am also told that a European driver who insulted an Indian subordinate on the B. N. Ry. was severely dealt with.

Even in the case of Traffic Inspectors, the East Indian

Railway give bigger travelling allowance to Europeans than to the Indians in the same grade, but such is not the case on State railways. I was told that this distinction was on the E.I.Ry. even some 3 or 4 years ago. I wonder if it exists now. So long as distinctions remain in pay, quarters, leave rules, travelling allowances to the same class of workmen there will be discontent, and those in receipt of better privileges will naturally treat those, who, on account of their nationality, get lower allowance or salaries, as their inferiors even if both may be in the same grade.

The Indian Station Masters, and Assistant Station Masters, it seems, have a hard lot. In a pamphlet that was submitted to the Railway Committee by an Indian, (who rose high in railway service and is a recognised Indian of "marked ability and sound railway knowledge," having been so spoken of by an ex-Viceroy, in one of his public speeches) he wrote as follows :—

"There is great difference of pay between Europeans and Indians for similar work (such as Guards, Station Masters and Assistant Station Masters), although it can not be said that the responsibility in the case of the Indians is much less. In fact, where there are European Station Masters or Assistant Station Masters the clerical staff under them is strong. It is true that Europeans and Anglo-Indians are only placed at important stations, but even when (say Serampore on the East Indian Railway) same stations were worked by Europeans or Anglo-Indians the pay was 3 times, (more than twice at least) that of an Indian.

The case of Assistant Station Masters at road side stations is deserving of enquiry. All the road side stations may not have very heavy traffic of their own, but they have constant train work, and the Assistant Station Master, during the night, works under great difficulties and his position is most responsible, under heavy through traffic. Imagine the case of an Assistant Station Master, in pitch dark night and in pouring rain, attending to line clear enquiries, asking for line clears, giving "in reports," and "out reports" receiving them, issuing instructions to Jemadars and Pointsmen regarding reception, stabling and despatch of trains, arranging crossing (sometimes of 3 or 4 trains at a time with inadequate facilities), attending to shunting, attaching and detaching of vehicles, and to loading and unloading of packages, and at the same time seeing to signals."

One last word before I finish with the Prefatory remarks.

A very great deal is made by the Government and the railway officials of the point that Indian Railways must be run on purely commercial principles on account of efficiency and, therefore, for railway earnings.

"Efficiency for what" is my question.

What are the Indian Railways made for? As the Indian tax-payers are solely responsible for finance and for losses the Indian Railways must be run for their good wholly and solely, and if efficiency is for their good then only efficiency is desirable, but if the so-called efficiency

is to be carried out at their cost then sooner such efficiency goes the better.

If the Indians are to be kept out of responsible, lucrative, and higher appointments for a long long time to come then sooner such efficiency, which works against the interests of the Indian people, disappears the better; will the British people stand it if the British railways (if they belonged to the British tax-payers) were officered and controlled by say Americans, because they are more go ahead in railway matters—one or two exceptional cases, like that of Sir Thornton, England might allow, but certainly there would be a howl if the British railways were first purchased from the Companies by the State, out of British tax-payers money, and then made over again to the companies to be run against British national interests, and by people, who were not British, on the ground of efficiency.

Is it good for India that our State Railways should be run purely for so-called efficiency if it means

- (1) that the Indian Railways Act can not be revised purely to secure Indian interests on account of existence of companies and their contracts, as was plainly admitted when the Act was last revised
- (2) that the Indian Railways would not allow same or better facilities to the internal trade and industries of India as is allowed to the foreign trade. This was clearly the policy in the past
- (3) that the Indian Railways are to be run for purposes of efficiency and railway earnings only, and, that on these grounds British manufactured goods for Indian Railways, free

export of Indian raw materials and predominance of British officers on our railways are encouraged to the detriment of our industries, mills and our children.

Is it not better that the railways should be worked for economic and industrial development of India, and, that is really the function of State railways, as is proved in the case of German and Belgian State Railways.

I would quote the following from the remarks of Sir Ibrahim Rahimtolla which he made in questioning a witness before the Fiscal Commission in Calcutta :—

“Mr.—pointed out to you that the change of railway policy might reduce the revenues but you have given an answer to that (Note. The answer was that this would not be the case). You said that if the industries were developed the railways would get double lead (by carrying raw materials to the mills and factories and by bringing back manufactured goods e.g., wheat and flour, oil seeds and oil). There is another source. The railways are State owned and most of the net profits go to the Imperial Revenue. Therefore, the State would, if the industries are successful, get substantial revenue by means of income tax, super tax and various other charges, so that even if there is a small diminution in the railway returns it will be more than compensated by the increased revenue by development of industries”

- (4) that efficiency is no efficiency if under the garb of this, Indian are kept out of higher Railway

appointments. I have dealt with this point in detail later on in this pamphlet and shewn that even qualified Assistant Engineers and Overseers are debarred from holding appointments of permanent Way Inspectors, who are all Anglo-Indians. Indians have been kept out of administrative grades, and have not been taken on as responsible officials on the Board, and there is not a single Indian yet, on Company managed State lines, as a District Traffic Superintendent or as an Executive Engineer, after 70 years of railways in India. But European Executive Engineers have been put on the top of Indians (even Indians of 20 years' experience and of European College training of very high order have been superseded) as Government Inspectors, and the Indian, who officiated before, was not given the chance. When the vacancy occurred for 2 months the Indian was put on, but when the vacancy occurred for 9 months the Indian was superseded by a European, who was junior. This is not the way to give the Indians an opportunity. They are condemned before they are tried for a reasonable time in the higher appointments. Perhaps the Agents of railways did not like the idea of an Indian Government Inspector inspecting their railways and giving them orders or instructions

(5) that efficiency is no efficiency if it means that wholesale manufacture of railway materials must take place in Great Britain, and that 7

per cent. loans are raised and the benefit goes to British financiers, British manufacturers, and to British workmen, instead of to Indians. The railways, which are to all intents and purposes the property of the Indian tax-payers ought to encourage manufacture of materials in India and extend the scope of their railway shops. I have dealt with this point fully in my article on expenditure of 150 crores later on in this pamphlet.

With these remarks I beg of my readers to read the pages that follow.

R. D. MEHTA.

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From the *Englishman* of 12th January, 1922.

INDIAN RAILWAYS.

No. 1.

MINISTERS AND THE "RESERVED SUBJECTS"

TO THE EDITOR OF THE "ENGLISHMAN."

Sir,—Although Mr. C. R. Das and I stand poles asunder, so far as politics are concerned, I am afraid I cannot help referring to his writings when they are to the point and really relevant. I notice the *Servant* is publishing extracts from the speech that was to have been delivered by Mr. Das at Ahmedabad, and in these extracts the following observations are made :

"In regard to the reserved subjects—and these are the subjects which are of vital importance to us as a nation in our struggle for political liberty,—the Ministers have no voice whatever.....The truth is that in relation to the reserved subjects, the Indian element is in a minority and cannot affect the policy of the Government in the slightest degree, provided the Governor and the English members of the Council combine against it."

What Mr. C. R. Das observes here is fully correct and represents the true position.

I will quote a concrete case. When the Indian Railway Committee was in Bombay, it took the evidence of the members of the Bombay Government. It will be interesting to note what happened there.

Now, the two Indian members of the Executive Council, viz., Sir Ibrahim Rahimtoola and Sir Chimanlal Sitalvad, and the three Indian Ministers, viz., Mr. Chimanlal Mehta, Mr. Gulam Hussein and Mr. Paranjpye supported State management of Indian Railways. But the two European members of the Executive Council, Sir George Curtis and Mr. Hayward, declared themselves in favour of Company management. So there were the two Indian members and the three Indian Ministers on one side, and the two European members on the other. What happened then—a communication was sent by the Government of Bombay to the Railway Committee to the following effect:—

“The views of the Government of Bombay, except in so far as relates to transferred subjects, are the views expressed by Sir George Curtis and Mr. Hayward, who, being concurred with by His Excellency, form a majority of His Excellency’s Executive Council.”

And the railways are reserved subjects. So Mr. Das is quite correct when he says, that, in relation to reserved subjects the Indian element is in a minority, and cannot affect the policy in the slightest degree, provided the Governor and the English members of the Council combine against it. In the case mentioned above this is exactly what happened.

Mr. C. R. Das is also right when he says that in regard to the reserved subjects the Ministers have no voice whatever. Railways come within the “reserved subjects,” and, this particular subject is really of vital importance to the Indian people, as the railways are the arteries of our trade and industries. We know, however, that the rail-

ways have in the past not treated the local industries of India at all fairly, as compared with the foreign traffic. I wrote for fully 18 months on this subject during 1911-13—State management is asked for by Indians to remedy this and other evils, but we know the European merchants are against State management, and as they are against it the Government are against it too. In spite of reforms, Indian members of the Executive Council, and Indian Ministers, the effect is the same as before, viz., the Indian voice does not count whether it comes from the Loyalists or Moderates or the Extremists.—

Yours, etc.,
R. D. MEHTA.

9, Rainey Park, Ballygunge.

From the *Englishman* of 23rd January, 1922.

LETTER FROM MR. R. D. MEHTA.

TO THE EDITOR OF THE "ENGLISHMAN."

Indian Railway Finance and Management.

No. 2.

Sir,—The report of the Acworth Indian Railway Committee will certainly be considered and discussed in the Legislative Assembly and in the State Council, before any final recommendations are submitted to the Secretary of State. The Indian Railway Finance Committee finished their work, in Calcutta, very quick, and, it is much to be regretted that they did not take much public

evidence. I should, however, like to say a few words in connection with the Indian Railway Committee's report on their recommendations and on the evidence given.

The Committee was divided on the State versus Company Management question. One half the members, including the Chairman, were for State Management, while the other half supported the second alternative, viz. the management of Indian Railways by companies of Indian domicile, in the event of the existing management by companies having Boards in London being done away with.

The whole question, put in a nut-shell, is whether it will be nationalisation of Indian Railways in order to give their full benefit to the Indian people or the Railways will be run as purely commercial concerns mainly for railway earnings, utilising the earnings again mostly for railway purposes.

The first point is, are the Indian Railways nationalized or do they belong to private individuals? The Indian railways are to all intents and purposes the property of the Indian Government, and are therefore nationalized, so far as the ownership is concerned. It is only the management, which, however, is the most vital point, that is not ours. The companies have small holdings in the total capital of each State railway worked by the companies on behalf of the Government, but this share is very small compared to the very large shares held by the Government, and, further, the Government of India guarantees a minimum interest on company's share of the capital, and also allows them to participate in the surplus profits. In the case of the big trunk lines, such as the East Indian Railway, the Great Indian Peninsula Rail-

way, the Bombay, Baroda and Central India Railway, the Madras Railway there are always surplus profits. It is only in the case of lines like Assam Bengal Railway that there are no surplus profits.

We all know that India paid a very heavy price for the coming of the State Railways. For the purchase of all these railways from the old companies (viz. the E.I. Rly., the E.B.Rly., the S.P. & D. Rly., the O.R. Rly., the S. I. Rly., the G. I. P. Rly., the B. B. & C. I. Rly., and the Madras Railway) the Government had to pay premiums, in excess of the share capital. On the share capital of these eight Railways amounting to £85,741,766 India had to pay a premium of £33,410,803 amounting to 38 per cent of the capital. The price paid was indeed very dear. What have we got for this price? The railways are State owned, but have the Indians got any hand in the management of the railways, or are the railways so worked as to promote the real interests of the Indian people by developing their economic and industrial condition? No, nothing of the kind. We, on the other hand, see that the Indian Railways are directed by Englishmen, who are either retired officials of railways or are British merchants, and all the superior appointments in the higher grades are held by non-Indians. We see that because of the Government policy and the policy of the Companies in managing the railways as purely commercial concerns, the railways favour the encouragement of such traffic as pays the railways the most, viz. the traffic to and from the ports and consequently, the export and import traffic, and this is done simply because the railways argue that such traffic on account of its long lead and compact and full wagon and train loads pays the

Railways better. On being told by the Indians that this should not be so reply is given that the American and the English Railways do exactly the same. It may be so. I do not doubt it. But are not the English and the American Railways purely commercial concerns? They came into existence without any financial assistance being given to them by the Government, or in other words, they were built by private individuals purely for making money, the same as some of us may build a mill and, encouraging such traffic as pays the railways most would not be a negligible quantity. But are the Indian railways in this position? No, they are not. They are in the same position as the State Railways are in other countries, e.g. Germany and Belgium, but our Railways are certainly not worked for the same purpose as the German and Belgian Railways are, viz. for the development of India's local industries and to fight against foreign competition. In the words of late General Sir Richard Strachey R. E., C.S.I. F.R.S., who was P.W.D. Member of the Government of India and also Chairman of the East Indian Railway Company, the Indian Railways were not only "productive of waste of money, but also created a very valuable property at the expense of the tax-payers which has passed in the hands of third parties without their having incurred, in any way, any sort of risk."

Sir A. M. Rendal, in speaking about the Southern Mahratta Railway, some years ago, had to admit that the company "were simply the contractors of the railway for the construction of that line, and found the money for the Government under the Government guarantee."

He went on to say (in reply to a direct question to him that the companies should undertake the risk and

the responsibility for making the railways) that the Government must undertake the risk and the responsibility under its guarantee.

Then, where is the earthly good in having the companies who keep out Indians from management, and go against the development of our indigenous industries. I will deal with this point a little later.

I will move away a bit from the State vs. Company Management question, and will deal with foreign finance, and import of Railway materials from England for our railways.

In England, a great agitation has been going on for the raising of money in that country for Indian Railways, in order to solve the question of unemployment in that country by the placing of orders for Indian railway materials in England, out of that money. We have to pay $5\frac{1}{2}$ per cent on the loan raised in England, but if it simply meant a loan without any control it would be all right. But from the Editorial of the *Railway Gazette* of 7th October 1921 (published at Queen Anne's Street, London) it is clear that so much cry is due to the fact that England wants Indian railway materials to be got from that country, and even views with alarm the announcement of the Government of India that tenders for locomotives would be issued in India, and it seems the British people even deprecate the idea of India's indigenous industries and resources being developed and worked to manufacture our own railway requirements in this country as they fear the competition from Indian Railway workshops if we have all State Railways. This is plainly admitted in the said article. Then, in purchasing railway materials for India we are asked to assist in the solving

of unemployment problem in England. On the other hand, we know that if we can build up industries in India and extend the scope of our railway workshops we shall find employment for a very large number of our people. I heard a rumour only recently that the East Indian Railway authorities were contemplating to close the Jamalpur Shops for three or four months just to teach the workmen a lesson against going on strike. I am sure this was only a rumour because we can hardly imagine that India's interests and the interests of its labouring classes would be overlooked while India is to be worked to solve the unemployment problem in England. Such a procedure only make the people of India firm in their belief that orders for Railway materials are placed in England to discourage their being made largely in our Railway workshops; while England can not produce steel at a lower price than £14 per ton the Continental prices are at £9 per ton. The effect of raising the loan in England and placing the orders in that country is that we must pay £5 per ton extra or 50 per cent higher price and, also, therefore, borrow 50 per cent more than we really require in order to pay exorbitant prices to England, and, to find work for England's workmen. Not only do we borrow 50 per cent more but we pay interest on this extra money uselessly spent. I call it uselessly spent because it would not have been spent had we purchased at competitive prices or bought wherever it suited us the best. Even if the money had to be found in India at 8 or 9 per cent it would have been better because it would firstly have meant money in the way of interest paid to Indians, and, secondly, we would have been free (at least we should have been free) to place our orders

at the lowest price. England's price is heavy not so much because of its better quality as it is on account of shortage of raw materials, heavy cost of mining, and, the increased wages and shorter hours of the British labour under their Union rules. We should, in India's interests, consider the matter very seriously and bring it up at every council meeting until the question is solved to our advantage and justice is done to us.

Further, we must be careful how we supply Indian Railway requirements. We want first to relieve congestions, but dumping more wagons will not relieve congestions as wagons added, before facilities to move them are provided, will add largely to the congestions, instead of relieving them in way. First have facilities, then wagons. Do not reverse the way and place orders immediately for wagons simply to relieve unemployment in England.

I will deal with the State Management question, export and import rates, and employment of Indians in the higher grades very shortly. In the meanwhile, I hope these matters will attract the attention of the Indian Members in the Legislative Assembly and in the Council of State.—Yours, etc.,

R. D. MEHTA,
9, Rainey Park, Ballygunge.

From the *Englishman* of 6th February, 1922.

A REPLY TO MR. MEHTA.

TO THE EDITOR OF THE "ENGLISHMAN."

SIR,—In your issue of the 25th instant there is a very able and interesting letter by Mr. Mehta in which

he discusses the Indian Railway situation in a bit of clever special pleading which in the case of counsel briefed to urge the Nationalisation of Indian Railways would be creditable and effective, but is only clever special pleading after all. He mentions the Acworth Committee's Report, a monumental document got out by very competent Railway experts and business men as the result of a searching and comprehensive enquiry, but has unfortunately not assimilated the facts brought out or the lessons to be learned from them,

He complains that Indian Railways are worked chiefly by Europeans and for the benefit of Europeans, but forgets that but for European capital, initiative and enterprise there would have been no railways at all, and the country would have lost all the incalculable advantages in wealth and prosperity which the Railways have brought to it directly and indirectly. He thinks India has paid dearly to Europe for these railways, but forgets that she has got *her money's worth a hundredfold*, in cheap and quick transport, meaning an enormous growth of profitable trade and the prosperity it brings in its wake, an enormous increase in revenue, and the saving of vast sums of money and of an incalculable amount of human misery and hardship and mortality due to facilities for famine prevention, and cheap military transport, which in the old pre-railway days was a colossal expense, and a strain on the resources of the country and its poorer inhabitants resident on the line of march of armies and even of single regiments.

He complains that Indians are excluded from the higher appointments in the Railway service, and forgets that the Committees have acknowledged this to be to

some extent a legitimate grievance and one that must be set right, but as they say, "facts are stubborn things," and the fact is that there are at present few Indians qualified by temperament and training for such superior posts, and measures to select the right type of young man and train him are necessary before there can be much change in this respect. For some years past there has been a continuous effort on the part of the Government to increase the proportion of Indians in superior posts, and its success has only been limited by the small field of selection available. As competent men are found they are advanced, and it is a process that will have effect with increasing rapidity as time goes on.

Mr. Mehta curiously enough complains of the Railways having been treated as "commercial concerns" too much in the interests of the Company shareholders and too little in the interests of the public which has paid the piper, but, if he will study the Acworth Report he will find that there is an overwhelming consensus of opinion that it is just because the Indian Railways have not been treated as a vast commercial concern managed on business lines, that they have come to their present state of inefficiency and bankruptcy. The fact is of course that the interests of the shareholders and of the public are in this matter almost entirely identical. If a railway pays it shows that it is serving the public successfully, and its prosperity is in direct proportion to its efficiency in meeting public requirements. So long as the Company profits are kept within bounds (as they certainly are in India where the Railway shareholders on the whole get a modest dividend of little over 5 per cent.), the desire of Company managers for improved dividends

means an incentive to greater efficiency which can only result in benefiting the public to a similar or greater extent.

Consideration for your space forbids my going into greater detail in considering Mr. Mehta's eloquent appeal for the Nationalisation of Indian Railways, but a study of the Acworth Report and of the history of railways all over the world will show him that State management never has been and never can be a real success comparable with live Company management, and that such is especially the cases in India as proved by results. The original guaranteed Companies were commercial concerns managed on business lines and did a great work for India, repaying directly from surplus profits all the money lost on the guarantee in the earlier years, and indirectly repaying it a thousandfold in the wealth and health and prosperity they have brought to the country. Since however the State bought up the Companies' lines and sat on the necks of the Directors, utterly destroying by its "restraint and control" all the initiative and enterprise which is the characteristic of true Company management, things have gone from bad to worse and ended in the present fiasco of bankruptcy and inability to carry more than a fraction of the traffic offering.

The Acworth Committee, backed by all the experts and experienced business men, has pointed out the *origo mali* in the disastrous State control which mixes up railway finances with the general revenues of the country, and proved to the hilt that the entire separation and freeing of railway finance and management from the yoke of the Financial Department is the indispensable preliminary to any real reform.

The danger of the present situation is that Mr. Mehta and his political friends by their specious advocacy of "Indian Railways for the Indians" will influence the Councils and Assemblies to help the Financial Department to defeat the attempt to break the chains in which it has hitherto bound the Railway administrations. How great the danger is can be seen from the report just issued of the "Railway Finance Enquiry Committee" appointed recently to consider *how* the recommendations of the Acworth Committee on the separation of Railway finance from the general revenues of the country can best be carried out. This Committee, in the list of members of which it is a surprise to see the names of the President of the Railway Board and an ex-Chairman of an important Chamber of Commerce, has come to the amazing conclusion that the root recommendation essential to any chance of real reform, *cannot be carried out at all*, and farther, that all new construction of through, or branch or feeder lines (except the very few that lead to coalfields or are in progress) is to remain at a full stop, till the existing lines have been brought up to date, that is to say, till the Greek calends. We have already had a full stop to new railway construction and development for seven years, and while the whole country is howling for more railways, and all the Local Governments producing long lists of lines urgently needed in the order in which they should be built, this egregious Committee calmly proposes to continue the deadlock indefinitely!

Will the Chamber of Commerce and the Local Governments and the vast public interests concerned take it lying down? submit to this kybosh on every prospect of railway improvement and development? I am sure

Mr. Mehta, if he will with an open mind study the Acworth Report and certain common sense explanatory commentaries on it being published in *Indian Engineering*, will come to very much revise his views on Railway Nationalisation.—Yours etc.,

EXPERIMENTIA DOCET.

INDIAN RAILWAYS—STATE OR COMPANY
MANAGEMENT.

WHAT WOULD BENEFIT INDIA?

No. 3.

BY MR. R. D. MEHTA.

TO THE EDITOR OF THE "ENGLISHMAN."

SIR,—The fundamental difference between the functions of the State and of the Company railways is that although both do the same work, (*viz.*, carry goods and passengers) the State lines are intended for the people in every possible way, and, are, therefore, provided out of peoples' money and the Company railways are made with the avowed object of earning dividends, and are therefore run as purely commercial enterprises. But, in India, the novelty is that the State-owned Railways are treated purely as Company-owned lines simply because they were originally started by companies, although under financial assistance from the Government in the way of free land and a guarantee of minimum dividend whether they earned it or not. The introduction of companies made the railways of India very expensive, as they had to be paid, dividends and premiums by imposing taxes on the Indian people, and a share of

the surplus profits, was also paid to the companies, and London Boards, and the London offices had to be maintained. But in spite of having paid for all this, we find that the Indian Railways are run as purely commercial concerns and, on this plea, the foreign trade of India is encouraged in order to give the railways long leads and full wagon loads, and although this is the country of Indians, and the tax-payers and the Government are the owners of railways, almost all the responsible posts are held by non-Indians especially in the executive and the administrative grades. This is not what should be the achievement of Indian State-owned Railways. It will be interesting to note in this connection what Mr. Lloyd George had to say about State Railways and their achievements in other countries.

"Mr. Lloyd George said that he did not agree with his Hon. friend who spoke last that this was only part of the socialistic programme of nationalising everything. His Hon. friend knew that this was one of the very few countries in the world in which Railways were not nationalised. Who were the men who had nationalised the Railways in Germany hated and fought socialism. Prince Bismark was not a member of the labour party. Prince Bismark considered the question purely from the the point of view of the development of the interests of Germany."

Again :—

"In Germany the Railways had been used as an instrument for the development of German industry and for fighting against foreign industry, and a very formidable weapon it was, much more formidable, in his judgment than tariffs."

The Premier continued :—

“He was much surprised to hear the Hon. member for Dulwich challenge the case with regard to preference to foreigners. Several cases had come within his knowledge while he had been at the Board of Trade, in which there was no doubt that preference was given to the foreign producer over the home producer, through Railway rates. He thought that in that matter agriculturists had a real grievance.”

He then proceeded to describe what State Railways had done for the development of industries in some of the European countries. He said :—

“The German and Belgian Railways were used in the interest of the industries of those countries. He had taken the trouble to make enquiries into the working of State Railways in the industrial districts of Germany and he must say that he had been amazed at the results of that enquiry which he intended to place in full in a Paper before the House. There was general agreement that the State Railways administration, in spite of alleged defects, which he could not say were altogether favourable from a labour point of view, was far superior to the old system of private ownership and administration. Several merchants and traders spoke of the advantages they derived from, and of the value of the co-ordination of the Railways in Prussia, and said that the uniform administration could not be too highly appreciated, or the services rendered by the Minister for Railways in establishing through rates and special rates for special industries and his readiness to meet the wishes of traders and manufacturers. There were three investigators who carried out their investigations separately and they were

all agreed that in Germany the trader was perfectly satisfied; that he would no more go back to private ownership of Railways than we would go back to private ownership of the Post Office in this country. The German railways were used as a very powerful machine for the purpose of helping and developing German industry."

Speaking of the State management of the Railways in Belgium Sir H. Barron in an official report to the British Government expressed the opinion that :—

"It is certain that if managed solely as a commercial enterprise, the Belgian State Railways would not have proved such a stimulus of national prosperity."

So long as there are companies, whether they are of English or of Indian domicile, the principle of working the Railways as commercial concerns must predominate and as long as this factor remains the real object of working the Indian Railways largely for peoples' benefits will never be attained. With such companies the earning of money will be the main object, whereas it is very much to India's interest that Railways should be worked for the industrial and economic development of the country and that the railway rates policy and the Fiscal Policy (as the Indians want) should be the same, but we have seen that the Railways have gone against the tariff policy, e.g., sugar, while the Government was doing its best to encourage indigenous sugar as against foreign sugar, the Railways were going against this policy, *vide*, para 275 of the Report of the Industrial Commission. The reduction in rates for imported sugar was carried out owing to the zeal and energy of the companies in encouraging the foreign traffic to and from the ports, and the Railways

ved with one another in this matter, although the Railways (the Government and the public therefore) lost money owing to this zeal (*vide* page 151, of Railway Board's Monograph on Indian Railway Rates), wherein it was clearly admitted that "Railways were losing money by the competition." Attention might also be particularly drawn to pages, 452 to 456 of the same publication. A more glaring example of encouraging the export of India's raw material by Railways against the cry of the Local Government cannot be seen. All this shows that the element of companies and of the so-called commercial working of Railways must disappear before the Railways can do any real and substantial good for the advancement of the Indian people permanently.—Yours, etc.,

R. D. MEHTA.

9, Rainey Park, Ballygunge.

INDIAN RAILWAYS COMPANY OR STATE
MANAGEMENT

No. 4.

"A REPLY TO A CRITICISM"

By Mr. R. D. MEHTA.

On my return from the Coal Districts, I have read with interest the article published in the Englishman of 6th February, 1922, under the heading :—

"Indian Railway Finance"

"A reply to Mr. Mehta".

I would have been glad if the writer had been kind

enough to disclose his name, for I would have been able to know whether or not it is an article from some one interested in the existing Company Management. My article headed "Indian Railways and State management" which appears in the same issue of the Englishman (viz. of 6th February) is practically a reply to the criticism but still I would like to add few lines in reply.

A great deal has been made of the benefits of India through railways, but the writer forgets that the railways were made for India and not India for Railways, and this is the chief point, and that the Railways were provided at the expense of the Indian people.

England had also invested large sums of money in countries other than India, and, it was not at all for philanthropic purposes that the English companies came to India to put their money in Railways of this country. Have they got the same direct and indirect benefits and control from investments in other countries as in India? Besides, their investments in other countries may be called "commercial enterprises", but in India the English Companies certainly never invested money under the principle of "Commercial enterprise" because they took absolutely no risk at all. The Indian Government had to first to guarantee a minimum dividend of five per cent. whether that dividend was earned or not. Then the cost of construction of our railways was extravagant, with the result that for years the Indian railways were a loss to the Government, and deficits in the guaranteed dividend had to be made up by the Government by imposing taxes on the Indian people, and General Sir Richard Strachey admitted that "the guarantee system was not an inducement to economy". The same gentleman also remarked

that money could be raised by the Government much more easily and cheaply than through railway companies. Then, when the Railways were purchased by the State the money paid on account of premium was 38% in excess of the share value of the capital. The premium money paid for 8 of the trunk lines, on account of premium, alone was £33,410,803. What the financial effect has been to India by originally having British companies to make the railways of this country can be seen from pages 31 and 32, and pages 37 to 50 of a valuable publication called "Indian Railways" issued from Ajmere in 1921. The loss to the Government from the old guaranteed companies amounted to something like 320 crores of rupees, and the full details of this figure will be found in appendix 3A of the said publication. The need for railway extension in India on a large scale has been always pressed by British merchants in order to capture its trade. General Sir Richard Strachey, once the chairman of the East Indian Railway, said on the subject of railway extensions in India on a large scale as follows :—

"I think the proposals that have been made by various parties in India, which have been backed by people in England, are very excessive and that these proposals have been put forward by persons who in reality are not interested in the taxation of the country. They would not bear the weight of it, not half a penny of it would come upon their shoulders". Sir Richard Strachey was the Railway and P.W.D. Member of the Government of India and, finally, the Chairman of the E. I. Ry., and this was his opinion. It is also very peculiar that when such losses as above mentioned are

referred to we are told to consider the indirect effect on the gains of India (we know all about the gains), but when it is argued that Indian Railways should exist for the benefit of India, for its inter-provincial trade, its industries and internal development rather than for foreign traffic, the argument is at once reversed; it is then argued that railways should be run for earning dividends and efficiency, and, therefore, for port traffic which give long leads and wagon loads. Admittedly, the English companies were contractors and lessees and having performed their contracts or on their lease being over they must have no further claims on our railways. That the companies were contractors, was admitted clearly in the case of the Southern Maharatta Railway, by Sir Alexander Rendal of English companies. The Indian Railways have been worked for the benefit of the British financiers, European merchants and sons of Great Britain. Against the opinion of the Ex-Presidents of the Railway Board and the agent of one of the Indian Railway companies, who are or were associated with the Companies, on which they sat in judgment in the Railway Committee (naturally they were, therefore, interested parties) we have the disinterested opinions of Sir Guildford Molesworth, Mr. G. F. Boughey, Colonel Conoway Gordon and Mr. G. W. MacGeorge—all men, who were with the Government of India and were associated intimately with the administration of Indian Railways in very responsible positions for years and had, therefore, the right to speak with authority. Then, again, these latter Government officials, not having any personal interest in companies, were able to say what they thought best without regard to self-interest. The same could not be said of the chairman of the B. & N. W.

Railway Company or of the Agent of the Bengal Nagpur Railway Company or of the late agent of the Madras and Southern Mahratta Railway Company, who were three of the Acworth Committee, who sat on judgment on themselves and declared in favour of Company Management. We have seen that almost all the past Presidents of the Railway Board went to the Boards of Indian Railway companies, in London, in positions as Chairman, Managing Director or Director, and, naturally, the existence and continuance of companies mean a source of livelihood to them after retirement.

A great deal is said of India's benefit through railways but what about England's benefit: English companies got very handsome returns on their capital, and even after being paid up their money they continued to manage Indian taxpayers' property by holding only a nominal capital. What about the enormous benefits of the British manufacturers through Indian Railways built at the expense of the Indian taxpayers. Then again, the Chairman of the State lines worked by companies, such as the B. N. Railway and the G. I. P. Railway, were members of the India section of the London Chamber of Commerce, and were free to agitate against the recommendations of the Indian Industrial Commission, against the Railway rates on Indian Railways being favourable to the foreign trade, thereby assisting in the exploitation of India's raw produce to Europe and the dumping of foreign manufactured goods into this country to the detriment of the economic and industrial development of our country. It is this process of exploitation that has been one of the greatest disadvantages of Railway development in this country. The writer of the reply refers to cheap transportation. Yes,

Indian Railways had cheap railway transportation for export of India's raw materials required by the English millers and for imported goods manufactured in countries other than India, and these factors have operated a great deal against India's industrial and economic development in the past. Even so even minded a statesman as the late Mr. Gokhale had to complain about this in one of his Budget speeches. He plainly pointed out that every extension of railway in the interior meant destruction of the few struggling non-agricultural industries, thereby throwing the poor people on single precarious industry of agriculture. So Indian Railways have, owing to Company Management and to the principle of commercial working, not brought unmixed blessings to the Indian people. Next what right had the companies working the railways to hold on to the practice of monopoly of all the higher appointments by Europeans, even after the Railways had become the property of the Indian taxpayers. The writer of the reply to my article, has not apparently read the remarks of the Indian members (e.g. Sir Abdar Rahim, Sir Chaubal) of the Public Service Commission. These gentlemen showed conclusively that it was not the fault of the Indians that they were not in the higher appointments. They were kept back from them almost forcibly. Wherever they got a chance they proved a success and wherever there was free competition they ousted the Europeans altogether, such as the legal profession, the medical profession. Even in the Indian Civil Service the limited number, who got the chance, proved a success. Look at the officials of the Mysore State in all departments, and, finally, look at the Bombay mills. To these particular points I would humbly draw the attention

of the present Viceroy, who is very anxious to eliminate all racial distinctions. The Bombay mills are run entirely by Indians, simply because the owners and the managing agents being Indians they gave the Indians their full chance in all departments. But such cannot be said of the Jute mills or of the Indian railways, where the European management has kept back Indians from higher appointments. I would ask the writer of the reply to read their dissenting remarks of Sir Abdar Rahim, Sir Chaubal etc. of the Public Service Commission. Indians were condemned from holding higher appointments before being tried in such appointments. It was not until very great pressure was brought to bear upon them that the Indian Railways commenced taking on Indians in the higher appointments. The writer of the reply is also silent on the point dealt with in my article, regarding preferential treatment given to English manufacturers in the matter of purchase of Railway materials for Indian Railways in spite of the fact that the English prices of steel were higher compared to the Continental prices, by 50% in some cases. I may also casually bring to the notice of the gentleman who has replied to my article, that the Railway Gazette of London clearly admits that in order to continue the British hold on Indian Railways "as much as possible of the capital for Indian Railways should be raised in England" and in this article it is also remarked that such a loan "would be an immediate and practical way of helping the unemployed" in England, although as an excuse it is said that this would be benefiting India too. It is not for the benefit of India that so much cry is raised in England and by the British interests in this country. It is the attitude of writers like the person,

who has been good enough to reply to my article, that makes it more imperative that Indian Railways should be worked by the State and indianised as soon as possible. Indian Railways are already nationalised, and Acworth Committee's report does not disclose any new facts. And we must have the full benefit of the nationalisation, which the disinterested members of even the Acworth Committee have been compelled to recognise.

R. D. MEHTA.

DISCUSSION IN THE LEGISLATIVE ASSEMBLY ON RAILWAY RATES.

No. 5.

Col. Waghorne's replies to Mr. Ahmed, I am sorry, are discouraging. To a public man, who is taking interest in railway cases, I think some help from the members of the public, who are not in the assembly, is due, and men like me can not conscientiously keep back from rendering any help that can be given.

Now I am sorry I cannot accept Col. Waghorne's replies, as a member of the public. He says that there have been changes in rates since the issue of Railway Board's Monograph on Indian Railway Rates. This may be so, but I am sorry the principle remains the same, and I am also sorry to say that matters have become worse in many cases. And as to individual cases, industries have bitterly complained in the past, but nothing has been or was done. One has to look into the specific evidences that were before the Indian Industrial Commission. This evidence was given by the parties after they had tried their best with the railways.

Mr. John of Agra (the then proprietor of John's mills at Agra) openly said in reply to Hon'ble Sir F. H. Stewart as follows;

"Question. Are there any special trade difficulties?

"Answer. The railways have been rather hard on us.

"They have not helped."

This is only one of the many instances, which one will find if he goes through the various volumes of the minutes of evidence before the Indian Industrial Commission carefully.

First and foremost to deal with the "block rates". The "block rates", which I thought had been removed yet remain. The E. I. Ry. charge preferential terminals on traffic to the G. I. P. Ry. B. B. & C. I. Ry. and the N. W. Ry. from their stations in the U. P. These terminals are higher than terminals in all other cases on the same kind of traffic. The higher terminals were framed in order to block the traffic to the Bombay lines. The Government had distinctly issued orders not to put artificial obstacles in the way of natural movement of traffic, but the E. I. Ry. violated this order. For instance, the E. I. Ry. terminal charge on sugar (on traffic other than to and from Calcutta) is 5 pies per maund when carried for 75 miles, over the E. I. Ry. and 3 pies when carried for distances of 75 or more than 75 miles. This is their general terminal charge on sugar. But if booked to and from any of the junctions with the western lines or via these junctions the terminal is raised from 5 to 9 pies per maund for distances under 75 miles and from 3 to 6 pies per maund on distances of 75 or over 75 miles. (These terminals are to continue after 1st April 1922).

The position is thus the same as before, and the great changes referred to by Colonel Waghorn have made no difference here. Now this was one of the points of Sir Ibrahim Rohimtoola in his argument against Company Management in the old Legislative Council, that is, one railway blocking the traffic to another railway. Another very important point is that, owing to individual Company Management of State lines, a particular system, though owned by the same great owner—the State,—is prevented from giving the Indians the full benefit of the rates that the internal industries and the interprovincial traffic would get otherwise. The first Railway Commissioner that came out to India pointed this out, and an extract from his report bearing on this point will be found on pages 222 and 223 of Railway Board's "Monograph on Indian Railway rates". I reproduce it for ready reference.

"On through traffic, that is traffic going over more than one company's line, all fares and rates should be calculated on the through distance (this is really expected by the Railway Act, but in practice is rarely done), and the reduction should always be applied on the entire distance and not merely on the local distance of each railway. It is the practice that prevails in India of calculating rates on the distance to the junction only, which is, to some extent, responsible for a good many of high rates now obtaining, since the traffic only gets the benefit of sliding scales of rates on the local distance to the junction, instead of on the whole distance that the traffic is carried. But if the long distance traffic is to be developed in the manner that such traffic has been developed in America, the distance must be taken from the station of

origin to the station of destination, and the charges calculated on this through distance at the reduced rate”.

(I might add that in respect of port traffic through rates—on a low basis, divisible on mileage, were granted over 2 or more Rys. Vide page 225 of the said monograph.)

The above principle, if observed, would reduce the cost of transportation of agricultural productions and articles of food and necessaries of life in the country internally, considerably, without loss of railway revenue. As a case in point I would refer to the figures of traffic and rates on page 314 of Railway Board's Monograph on Indian Railway rates, and I reproduce the following remarks from that page;—

1. “The average lead on wheat received by rail by the mills was less than 150 miles, and generally between 70 and 95 miles on which the rate charged was $\frac{1}{4}$ th pie per maund per mile plus 3 pies terminal.”
2. “Similarly in the case of flour each mill did not command a large area, the highest average lead on flour traffic being 164 miles.”
3. “The wagons carrying wheat to the mills got back loads of flour.”

“Thus indicating that although the traffic to and from the mills is for short lengths, the traffic gives loads to wagon in both directions at paying rates, and, that if rates for long distances are reduced the railway earnings on present traffic can not be affected. The flour mills of Delhi had complained bitterly to the Government and complain yet. In this connection also, the Government ought to see the evidence of the flour

mills before the Industrial Commission. But the whole endeavour is to justify the action of the railways rather than to encourage such traffic, which can be done without loss of revenue, and, in many cases without additional wagons, particularly in the direction in which wagons are moving empty. But matters have gone from bad to worse. I will shew this presently. Let me first deal with the main points. In regard to the railway rates, the principle of individual company management, and, consequent detriment to the movement of traffic in their natural directions and free movement of traffic inter-provincially remains the same.

Sir William Acworth in dealing with the block rates and through rates forgot that the English, and the American railway conditions are wholly inapplicable to India. In those countries the railways individually, owing to their separate private ownership, can have such rates, but in India with the Government ownership of all railways such rates must go at once, and the state railways should be treated as one system in the matter of inter-provincial through rate and in working to the interest of Indian industries. In this connection I would invite attention to paragraph 2 on page 36 of Monograph on Indian Railway Rates. It is clear that the Government at one time intended to introduce scales on through distances. But this was not carried out apparently because although the E. I. Ry. was at the time (1887-88) a State line the railways like the G. I. P. and B. B. & C. I. were not. The E. I. Ry. had to admit that there was justification for the application of the through scales over two or more railways and that the rates would be remunerative

on the whole, although one railway might get a low rate compared to what they get now; and the Government temporarily waived that right because they thought complications might arise owing to all trunk lines not being state lines then (in 1887-88), *but the Government have no such fear now as all are state lines.* This is really most important for through inter-provincial traffic. Similar scales of rates may be in force over two railways, but owing to the fact that such scales are charged on separate distance over each railway the rates on the whole become high. I would refer to page 226 of the said Monograph on Indian Railway Rates, and as a case in point I would refer to the case of cement. If through scales of rates had been in force the charge on locally produced cement on through distance would have been cheaper vide the following remarks on page 484 of the Monograph:—

“The railway rates on cement are cheap on the Bombay, Baroda and Central India Railway for the country manufactured article, but the unfortunate part is that the scale rates on mineral class goods and on cement are applicable on local distances only over each railway, and the effect of such rates applying on local distances is to raise the rates on long distance traffic carried over two or more railways—a point which has been fully dealt with in chapter on “Through Rates.”

Through scales on wheat, flour, cement, ghee do not yet apply over two or more railways—So the position is same as before.

I also quote from the following on the same page of the Monograph on Indian Railway Rates.

“It has been pointed out that while the rates for manganese ore are down to 1/10th pie per maund per mile those for cement are higher. Cement is cheaper than manganese ore, and for the encouragement of manufacture of cement in India low rates are needed, especially as reduction in price of cement would lead to its extensive use, e.g. in lining irrigation canals to prevent wastage of water. There are now cement works at Madras, Bundi, Porbandar and Katni”.

Various industries did complain to the Indian Industrial Commission, to the Stores Purchase Committee and have also complained to the Fiscal Committee, and, as pointed out by Mr. John of Agra the industries write to the railways without any effect. In one case Mr. John remarked that he applied to the railway “a dozen times.” This was said in his oral evidence before the Indian Industrial Commission. The funny part of it is that when the railways went down in rates for the export of grain, seeds, cotton and for foreign manufactured goods to and from the ports they—the Railways—never waited for the merchants to ask for the low rates, they reduced the rates of their own accord, and, in their jealousy to outdo one another in the matter of helping port or foreign traffic they ran into losses, which they admitted (vide last nine lines of para 1 on page 151 of the said Monograph on Railway Rates.) but when it comes to the case of local industries and local trade, even if evidence is given before commissions, the Railway Board say that they do not propose to take action in such cases. Mark the difference in attitude between the two cases. Then when

individual cases are represented, all endeavours are made to justify past actions, not to remedy matters. Any Rates Tribunal will not and cannot do much good unless the spirit and the policy are altered. A revision of the Railway Act, on the lines of the English Act wholesale would be a disaster, because it would mean applying principles of private Company management (to give considerations to railways for long lead, to railways on which traffic originated, &c &c). The State Railways should be managed for India's economic and industrial development, and, the gain thereby would more than counter-balance any adverse effects on railway earnings, which however would not be the case, because the policy can be revised by giving preference to local traffic and industries than to rates on foreign traffic. Sir William Acworth, however, did understand one thing. It is that the Government besides fixing the maximum and minimum can also regulate rates within the maximum and minimum in respect of "distance" "weight" &c. For instance, if the maximum for grain and seeds is $\frac{1}{3}$ rd and the minimum $\frac{1}{10}$ th the Government could order that the maximum for grain carried in wagon loads of 300 maunds and for distances over say 200 miles should be $\frac{1}{6}$ th, and this is what was clearly intended when the provision to exercise the right to regulate rates, within the maximum and the minimum, was retained in respect of "weight" "distance" or "special conditions" (vide last 4 paragraphs on page 255 and first 3 paragraphs on page 256 of the said Monograph). The Railway Board never used these powers, nor apparently intended to do so. They were willing to (and did) allow the Companies more latitude than was ever allowed under the contracts, and it is therefore, not diffi-

cult to understand Railway Board's inclination towards Companies. Their evidence was so much in favour of Company Management that they had been able to see for themselves what the effect would be on the public mind of their evidence and this is, apparently, why they tendered an explanation which will be very interesting to read (vide para : 6379, Vol. III, page 308 of the Railway Committee's report).

Next to deal with the present and the new rates that are to come into force from 1-4-22. Col. Waghorn said that there had been great changes in special rates since the issue of the Monograph on Indian Railway Rates. But I see the old things (at least the old principle of discrimination remains).

I have the East Indian Railway Goods Tariff Pamphlet no. 1, (in force from 1st November 1921) before me. In it I find that the railway rates for grains and seeds say from Harduagunge, Debai, Babrala and Chandausi are as follows :—

Harduagunge to Howrah	...	0	9	6
Debai to Howrah	...	0	10	9
Babrala to Howrah	...	0	11	0
Chandausi to Howrah	...	0	11	6

Harduagunge is the furthest station from Howrah, Debai is the next lesser distance, Babrala is still lesser, and the nearest is Chandausi, but the reverse are the rates, as the distance becomes less the rates become high.

The fallacy of such rates making is detrimental to India's interests, and this was particularly noticed in the written evidence of the Director of Land Records and Agriculture, U.P. (Hon'ble Mr. H.R.C. Hailey) tendered to the Indian Industrial Commission. He pointed out

that the system of granting differential rates to certain places was not only disliked by the local traders but did interfere with the development of trade at local places, where the traffic originated. This was the sum and substance of what he said and meant. Then he emphasised as follows :—

This system of discouraging local traffic has a somewhat undesirable effect on agriculture, since it means that a very busy season of the year the cultivators' cattle are taken away from his fields to transport produce to the nearest station enjoying favourable rates, which may often be at a considerable distance. It also has a discouraging effect on the establishment of local markets which are desirable for equalising prices."

One can imagine what this means.

I will now quote a few instances of new rates. Flour was formerly classified the same as grain, viz. first class, but with effect from 1st April 1922, the classification is to be 2nd class (higher rate than first class), moreover, in the matter of schedule rates, whereas the lower schedule or scale rate, say on the E. I. Ry, on grain (e.g. wheat) is to be on actual weight that on flour is to be in wagon loads. So that if flour bags to the extent of 100 maunds are despatched for 300 miles freight would be Rs. 65, and for the same quantity of wheat the charge would be Rs. 40. India is asking that instead of encouraging of exportation of wheat in its raw state milling of it locally should be encouraged, but this sort of rate making is certainly opposed to what India wants. If the railways argue that

flour is a manufactured article whereas wheat is raw produce, and, that therefore wheat pays a lower charge, in that case I would enquire whether or not this argument would apply to sugar and jaggery and to cotton yarn and piecegoods. Sugar is generally made from jaggery, at least in India, and, piecegoods are made from yarn, then how is it that both sugar and jaggery are classified 2nd class from 1st April and also yarn and piecegoods 6th class. What are the conclusions to be drawn from these observations? Imported sugar and country made jaggery are to be in the same class. In order to reduce the export of wheat in its raw state, and to encourage free milling of flour in India and to distribute it freely in the country lower rates for flour are essential, but we find that the rates for flour are high. Cotton yarn, whether Indian mill spun or "charka" spun, is necessary to be distributed in the country for manufacture of cotton cloth, especially in hand looms, but the rate on yarn is high and it is charged the same as piecegoods. It is argued that a maund of flour costs more than a maund of wheat and therefore the freight is higher, surely then the cost of yarn of one maund weight is not the same as the cost of a maund of woven cloth. The latter is higher. Then why the rates are the same here. No, the same argument has a different meaning to railways in each case. It is greatly to our interest that India should consume wheat flour as food instead of corn, millet etc. Sir William Crookes said in 1898 that none of those grains, such as corn, millet, have that food value, and the concentrated health sustaining powers which wheat has. Mc. Dougal Bros., in their report prepared for the Government of India in 1880, on wheat wrote as follows:—

“Wheat affords a large margin of profit both to the miller and baker”.

And Mc. Dougal Bros., therefore, bearing in mind the extent of profit the English millers and bakers would make suggested “that Indian empire should be developed to the utmost in producing wheat for England”. What we see is that our wheat growers live on corn, millets etc. and send away their health sustaining food viz wheat to the United Kingdom, not only for consumption in that country but for the benefit of the millers there for making flour not only for England but for other places. We should therefore see that the railway freight on wheat for export should be on a much higher basis than for wheat. Rates were lower and are yet lower in many cases (e.g. from O & R. Ry. to the port) than the internal traffic rates, and now flour rates are higher. But we want the reverse of the present policy i.e. cheaper rates for wheat and flour for internal consumption and higher rates for wheat export. The Fiscal Commission will deal the question of tariff on wheat for export but we must also see that railway rates on wheat for export are reversed i.e. they are made higher than the local wheat rates and flour rates for internal movement in the country. What applies to wheat applies to “oil seeds” and what applies to flour applies to oil.

As to ghee, which is an article of food, and essential food to every Indian, please see page 448 and 449 of Railway Board's book on Ry. rates. It will be seen that inspite of high price of ghee, the difference between the prices at the producing and the consuming centres was not such as to allow of high railway rates. The margin of profit is small. If one reads carefully pages 448, 449 and 450:

of the said book he will see that what I say here is correct and ghee merchants are in great trouble to day. Another feature is that ghee traffic of Indian railways had not developed during 1907 to 1915-16, as shewn on page 450, and the author therefore, gave the following warning in the said book.

“It will be seen from the examples given herein that any enhancement in the classification of ghee is not at all an easy thing, which can be effected without considering all sides of the question.”

Even in the case of ghee carried over 150 miles and at the entire risk of the owners the railways have raised the rates from, .33 pie (old first class) to .42 pie (new 2nd class) and the percentage of increase is nearly 25%. The railway accepts no responsibility for even total loss of a whole consignment of several tins of ghee booked at owner's risk. In spite of such facts the railways increase the rate on ghee carried at owner's risk. The matter does not end here. The merchants are going to be practically debarred from taking advantage of railway risk rate on ghee. The owner's risk rate for 150 miles and over on the E. I. Ry. is to be .42 pie whereas the railway risk rate (new sixth class) is to be .83 pie. So that difference is 100 per cent. What can the poor merchants do if the railways combine and manipulate their rates in a way that even when they accept no risk they require the ghee traffic to pay nearly 25% more than at present, and they make the railway risk rate again 100 per cent. higher than the already increased owner's risk rate, in spite of the fact that the Railway Police Committee and the Railway Committee have both recognised that the difference

between the owner's risk rate and railway risk rate should not be such as to prevent merchants from taking advantage of the railway risk rates. Even under the old rates the ghee traffic could not develop as shown on page 450 of the Monograph on Indian Railway Rates, and inspite of this the railway rates on ghee are enhanced. When a new taxation is made or a duty is imposed matters are discussed in Councils and votes are taken. Here the railways tax articles of food and essential necessaries of life in this manner; we know what a necessary article of food ghee is to every Indian, and the railways go on taxing such articles as ghee, flour etc. The taxpayers paid for the coming of our railways by making up deficits in dividends to the old guaranteed companies to the extent of crores, then they paid 38% more than the share value for the purchase of the trunk lines (vide figures on pages 237 and 238 of Rai Saheb Chandrika Prasad's book on Indian Railways) from the companies, and the people are thus taxed, and taxes are raised over railways owned by them on bare necessaries of life. Will the Indian members of the Assembly and of the Council of State sit tight when such things happen? People hardly realise that these matters are as important as political questions and it is time that greater interest was taken.

R. D. MEHTA.

INDIAN RAILWAYS AND RETRENCHMENT.

No. 6.

In the debate of the Council of the State, on retrenchment of Public Expenditure held on the 24th January 1922, when some of the members proposed that an

enquiry should be held into the causes of the abnormal expenditure, Mr. Cook, the Finance Secretary, admitted that Government was working under substantial deficits and that Government had cut out many Departmental estimates. He assured the House that the Viceroy himself had the matter under consideration for sometime and had decided to issue an order calling on all departments to point out the directions in which retrenchment can be effected and making it clear that it is the intention of the Government to effect retrenchment in every direction possible.

At a meeting of the Bengal Legislative Council held on the 17th of January 1922, when the Hon'ble Mr. Kerr put forward proposals for increased taxation he assured the House that the Bengal Government had cut down expenses to the minimum possible limit and that useful works in the P.W.D. had been postponed for want of funds.

Other provinces too are faced with deficits, a great portion of the revenues being absorbed in salaries to Government officials with the result that useful public works, education and sanitation have to be abandoned.

In the face of the undoubted necessity for the strictest economy and in the face of the assurance that expenses will be cut down and useful works and projects both in the P.W.D. and Railway Department postponed we find in the Supplement to the Gazettee of India of 21st January 1922, that the Secretary of State for India is going to appoint from England eleven Engineers about May 1922, and that in the next and subsequent years he will until further notice go on appointing Assistant Executive Engineers to the P. W. D. and Railways. Out of

the eleven one appointment will be given to an Indian whilst the ten others will be Europeans.

These officers will start on a salary of Rs. 6300 per annum, rising by increments of Rs. 600/- per annum year by year. They will cost the country Rs. 80,000/- per annum or more if we include pension, leave and travelling allowances, but for the first three years of their service till they have mastered the language of the province and the departmental rules and procedure and have passed their language and departmental examinations, they will not be of much use to the service.

The earnings of the Railways already show a big deficit from the Budget estimate of the revenue for 1921-22, and in view of the fact that works are to be cut down it is clear that the appointment of new Assistant Executive Engineers to the service is at the present moment quite uncalled for. The Secretary of State has agreed to the indianisation of the service and has accepted the figure of 40% of Indian officers as desirable at present. In the Railways, the percentage of Indian Engineers in the superior services is about 6 or 8 and in the P.W.D. the percentage is not much higher. It is, therefore, a going back on the above promise to appoint eleven European Engineers, of when only one to be an Indian, in 1922 and to continue appointing Europeans on this scale year after year. Even if the percentage of Indians was 15 it would be far from 40 by a large difference. It may be contended that Indian Engineers are appointed yearly from the Indian Colleges. But from the very start they are put on a lower scale of pay. Although after great hesitation they have been classed all together, the Engineers appointed from England get higher pay under

the guise of overseas allowances and technical pay, and those appointed from India are by the treatment accorded to them and by the fact of their lower pay made to feel that they are an inferior lot. The great discontent that previously existed when the Indian College engineers were separately classed and placed in a provincial service whilst the Europe recruited engineers were classed Imperial Engineers still exists in spirit owing to the above differentiation.

What we are now concerned about is the strict economy that is necessary. There are several Indian Engineers who had served temporarily in the P.W.D. and Railways but who owing to the economics called for, have been discharged and are now on the unemployed list. Both the Railway Board and the P.W.D. circulate lists of qualified Engineers waiting in India for employment. These lists are circulated but do no good. Very few of them are given employment, and even if they do get a job it is only for a few months or a year. Because when there is a steady stream of recruitment year by year in England, regardless of the necessity for such recruitment, how can the children of the soil hope to get any appointments. While on the one hand, the importation of officers, increase in the number of officers, large increments in the salaries paid to officers and Inspectors, by far the largest majority of whom are Europeans, are taking place, in spite of retrenchment of work, on the other hand, the railway rates and fares are being enhanced to make up for the deficits and for increased expenditure. If an account is taken of the enhancement in salaries to officials and in their number during the last seven years, particularly during the last 3 or 4 years, including the

increments that have recently taken place or are to take place, it will show that the increases have been large, because of most officials being Europeans the salaries are fixed on European standards; only a few years ago, the maximum salaries of District Traffic Superintendents was 800 to 1,000, now the maximum is something like Rs. 1,400 to 1,500, and there is not a single District Traffic Superintendent or District Engineer on company worked state lines—all such posts being held by non-Indians.

India may be a fine field for the youngmen passing out of colleges of Great Britain, but the process has gone on too far, and, India will soon go to bankruptcy if continued further. But being students of human nature we know that we cannot expect that a fair investigation into the large surplus of European officers in the Indian services can be made without having experienced Indians in a Committee of Enquiry. We have several instances of Indians having been kept out of administrative grades and Indians have a suspicion that the object of keeping Indians out from the higher administrative billets, say Traffic Manager, Deputies, Government Inspectors and the Railway Department (Government of India) Secretariat service, as members of the Railway Board, is to keep them away from the secrets of the Government, and, to prevent their knowing the real state of affairs now existing.

We hear on all sides that Government officers are overworked, but is it not a fact that already there is a surplus of Engineers on say E. B. R. Is not the supervision expenditure here higher than in any other country? Are not the newly recruited engineers from England

merely learning work for a few years? Is not most of the work done by the senior subordinates, who are quite capable of doing their work without any assistance from the junior engineers, and, are not the junior engineers mere figure heads for 2 or 3 years swelling the expenditure and not doing much good?

Until the service is indianised and Indians are given administrative posts and higher posts on the Railway Board no reforms from inside can be hoped for.

Even the permanent way Inspectors on Indian Railways, especially on Company managed State Railways, are practically all non-Indians. For the salaries that these men are paid (without having any engineering qualifications to speak of) qualified Indian assistant engineers, who find it difficult to get employments, could be had. The salaries paid to the permanent Way Inspectors, say on the East Indian Railway are said to be as follows :—

Number.	Salary.
8	in the grade of Rs. 525 to 600 per mensem.
61	in the grade of Rs. 325 to 500 per mensem.
19	in the grade of Rs. 160 to 300 per mensem.

There is not a single Indian in these appointments. They are not employed because these posts are reserved for Europeans and Eurasians. Qualification becomes disqualification for Indians. Indians, who have passed out as overseers, or even as assistant engineers, from the Indian Engineering Colleges, are debarred from getting these appointments because of their nationality.

R. D. MEHTA.

A FEW REMARKS ON 150 CRORES
EXPENDITURE ON INDIAN RAILWAYS FROM
INDIAN STANDPOINT.

No. 7.

The expenditure of 150 crores that is to be incurred in connection with the renewals and equipment of the existing open lines of Indian Railways has been attracting the attention of both the people in England and in India but from totally different standpoints in each country.

The British financiers and the British manufacturers want the money to be raised in Great Britain and spent there. *The Railway Gazette*, issued from Queen Anne's Street, London, in its issue of 7th October 1921, laid great stress on the point that the loans for Indian Railways should be raised in England, and, at the same time pointed out that it was essential, in order to solve the unemployment problem in Great Britain, to see that most of this money was spent in that country. With this object in view, the *Railway Gazette* drew attention to the fact that if the Indian Railways were managed directly by the State in India or even if the Railways were Company managed, with boards in India, the chance of British manufacturers to get orders for Indian Railway equipment would become more and more less. The *Railway Gazette* drew indirect attention to the danger of State management of Indian Railways because in that case, it feared, that the competition of the Indian railway workshops would become more keen. The same journal also observed that hitherto, because of the Boards of the Companies being in London, the great

bulk of Indian railway requirements were sent from Great Britain, inspite of the fact that there were German locomotives and American bridges. We also know that in the matter of Indian railway locomotives, goods wagons, girders and other steel goods, the Indian standard specifications are British standard specifications. Each country has its own standard. Whereas for instance, a British standard rolled beam may be 12 inches, the nearest Continental section may be $12 \frac{1}{16}$ of an inch and the American $12 \frac{1}{20}$ of an inch. Obviously, the Continental and American tenderers cannot set up new rolling mills to obtain an order for exactly a 12 inch section. In the interest of India, in the event of the Continental and American quotations being 25 or 30 per cent. lower for their standard section than the British quotations, it would be economical to get the articles from where we can obtain at the best bargain, as in most cases the slight difference in section is not of much importance.

Further, it is noticed from the Railway Gazette of 13th January 1922 that there is a suggestion that in the case of loans raised in London steps should be taken to impose a condition that money borrowed in London should be spent in Great Britain, and it is also observed therein that while it is undesirable to do anything to discourage the raising of foreign loans in the London market experience has shown that such a provision, as proposed by the Railway Gazette, would not materially affect the issue of foreign loans in England. In the case of loans for Indian Railways, such a condition has hitherto been practically unnecessary, because the Indian railway requirements were to British standard specifica-

tions. And although Imperial preference has not yet been introduced in India by law, it has been in operation in regard to our railway requirements in practice, owing to British standard specifications having to be adhered to and on account of Indian railways being managed by British companies. The British interests have thus been always safeguarded, but it is questionable whether this is all to the interest of India.

In the past, we have raised money for Indian railways largely in England, and, as is well known, we have always paid very high price for such money, and, this has been dealt with already. We paid enormous sums on account of guaranteed minimum dividends, and heavy premiums for the purchase of railways by the State, over and above the share value of the capital originally invested in Indian railways by the British financiers. All these heavy sums amounting to hundreds of crores of rupees had to be eventually found in India by taxation of the Indian people, out of railway or public revenue, and, by public borrowings in India. So in the long run we have to find the money after all in India, but as we do not do so in the first instance we have to pay, and have paid in the past largely in excess of what would be and is really necessary. Therefore, we see that up to the end of March 1918 the loss from the old guaranteed companies amounted to about 320 crores of rupees.

In spite of all these facts we are yet borrowing in London at $5\frac{1}{2}$ per cent. and more. With rise in the working expenses on Indian railways it is doubtful whether in the future more than 5 per cent. would be earned by our railways, and, borrowings at a higher rate than this can only add to increase India's debt, and,

financial responsibility, especially when we see that we have to borrow a great deal more than we would require if we purchased where we could get at the most advantageous price. Taking all these factors into consideration it seems essential that we should give this matter very serious consideration purely from an Indian standpoint.

First and foremost consideration is what we can do to raise the loans in this country, as we see that loans from foreign countries mean control, and that control amounts to our increasing the borrowings, in order to pay prices which are, to all intents and practical purposes, prices of monopolists.

Next point, therefore, is that if we have to pay $5\frac{1}{2}$ per cent. and more on English loans for this country, and, if in finding money in India we have to pay a higher rate of interest than paid in London even then the latter would be the best thing for India, because the money would be paid to the children of the soil in the way of interest. Besides, the raising of loans in India would be the natural course to adopt for the national debt and the benefits therefrom should belong to the Indian nation. Even 7 per cent. or more paid in India to the Indian people will be beneficial to the country and economic in the long run.

The third consideration is that a committee should at once be appointed (in which there should be one or two senior Indian Railway Engineers who have experience in designs of bridges, girders, etc., and one or two experienced Indians from the Indian industries, who should at once examine, in conjunction with experts from firms like Tatas and from the railway workshops in India)

to determine what things can be manufactured in this country, out of the large amount of stores and materials that are got at present from England. We are told that even articles like pick axes, crow bars are obtained from Europe. If the scope of the locomotive and carriage workshops of Indian railways is extended and they are fitted with machineries which would be required for the manufacture of things that should be made in India, not a small percentage of the railway requirements could be made in this country. The railways have machine shops, iron foundries; the East Indian Railway have, in addition, a basic open hearth for manufacture of steel and have also rolling mills. The B. B. and C. I. Ry. and the G. I. P. Ry. have Tropenas Convertors to make steel castings under Bessemer process; of course all this is done on a comparatively small scale, considering the large amounts of imports of railway materials.

With the manufacture of basic pig iron increasing in the country, open hearth plants to make steel, together with extension of iron foundry cupolas, moulding units and machinery, in the shops of the G. I. P. Ry., E. I. Ry., O. & R. Ry., E. B. Ry., B. N. Ry., N. W. Ry. and Madras Railway will be a move in the right direction. The N. W. Railway, for instance, has been thinking of putting up a steel plant. In this connection, a little bit of combination and co-operation between the Indian Railways would be of great benefit for instance, instead of increasing the Tropenas steel making plants in this country, and, having them in Bombay, Ajmere and Lahore, which means that we must import low phosphorous Hematite pig iron, as Tropenas Convertors are

only suitable for such pig iron, it would be much the best thing, and most economical way of doing things, if, for instance, open hearth plants, rolling mills, iron foundries and coke ovens were put up at Kharagpur on the B. N. Railway to do work for all the railways. All are State lines and they can all contribute towards such works and, it will pay the Indian Railways, the Indian people to have a thing like this, and, to largely increase the scope of the Railway workshops. For this purpose, a part of the Indian Railway revenue should be set aside. The creation of such works at Kharagpur would be economical in every way; the raw materials will be cheap there, because of the nearness of Kharagpur to the coal fields and to the iron works of the present and the future; and such works can be under the control of the Locomotive Superintendents Conference in order to avoid the possibility of B. N. Railway orders having preference in case of their being entirely controlled by the B. N. Railway Loco. department, although there is no reason why inspections on behalf of the Conference cannot be made by the B. N. Railway officials, who may have a supervision charge. But the staff must be appointed by the Conference and the orders must be executed having regard to the interests of India as a whole and a sub-committee of the Conference can decide this.

Judging from the questionnaire of the Indian Fiscal Commission it would seem that it is feared that protective tariff might tend to increase prices in India but if the railway workshops, which are the property of the State, and therefore, of the Indian taxpayers, are equipped and extended to manufacture their requirements, as far as possible, it will mean that private enterprise, though

having always plenty of scope, will not be able to charge the prices of monopolists. On the other hand, if the matter is entirely left to private enterprise one does not know when India will largely meet her requirements locally. One of the greatest advantages of having railway workshops doing their own work on a large scale will be that a very great number of people of the soil will be trained in all parts of the country as mechanics and builders, and this can be started earlier if the Railways took up the matter than if left entirely to private enterprise.

As regards the building of rolling stock it has been observed in one of the recent publications on Indian Railways that, since the strike of 1896 of the engineers in England, only one Indian railway added 5,000 extra workmen to its workshops for building of carriages and wagons. This work is done on several railways but not on all. For instance, a few years ago, the S. I. Railway broad gauge carriages were built in Howrah in Burn & Co.'s shops. Each railway should build its rollingstock as far as possible, and, get extra machinery of the latest designs and improve the efficiency of Indian workmen and mechanics. The efficiency can be improved by having technical schools of higher standard and more in number. The indirect gains to India by utilising its raw materials and sons of the soil in manufacturing its railway materials as far as possible, will be incalculable. Although, in the first instance, the committee, proposed, should concentrate its energies to what can be manufactured in the railway workshops in the near future the idea of even manufacturing locomotives in those shops should not be lost sight of, but aimed at. This will not be

without precedent because locomotives are manufactured in the railway workshops of other countries.

Last of all, but not the least important of all, is the problem of reducing the cost of our buying from foreign countries. This point has been partly dealt with in the beginning of this paper. With the prices high as they are in Great Britain compared with those on the continent and with the necessity for utmost economy in our expenditure and loans, the said Committee should send out representatives, some of whom must be Indians, to confer with Sir William Myer and Mr. T. Ryan and to visit the various works in Great Britain and on the continent.

- (a) to see where India can obtain its Railway materials at the cheapest price without sacrificing efficiency but at the same time guarding against superfluous efficiency.
- (b) to see what machinery should be had, and wherefrom, to extend the scope of Indian Railway workshops for manufacture of articles that can be undertaken in India in the near future.
- (c) to see what can be done to place suitable Indians in the works of those manufacturers, who get our orders, with a view to their being trained to manufacture articles in India. The importance of this point should never be lost sight of. If India is ever to rise in its industrial development on modern lines it is imperative that we should train our men largely, the same as Japan did, and if this means placing of orders in countries other than England this should be done in India's inter-

ests. A large order can always obtain such a concession in favour of the party placing the order.

The result of the investigations by the Committee to be made public for the information of private enterprise in India.

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APPENDIX A

REVISION OF THE RAILWAY ACT.

It is now more than 30 years since the Indian Railway Act IX of 1890 was passed into Law. There have been considerable changes since then. The ownership of all the trunk lines is now that of the State, and it is essential that more consideration should be given to the interest of the Indian taxpayers. Leaving aside, for a moment, the advantages which Germany and Belgium and their industries have derived through State Railways, owing to their being managed largely for the industrial and economic benefit of the country, I would, for the present, confine my observations to some of the differences that there exist between the provisions of the English Act and those of the Indian Act. The Government of India in a resolution of 12th December, 1887, which was published for the information of the public, said that care would be taken to secure the same rights to the public in India in the Railway Act, that was then under consideration, as were secured to the public in England, but we all know that for some reason or other, owing to the existence of the old guaranteed companies, the same rights were not secured to us. In introducing the Railway Bill in the Legislative Council on 25th October 1888, the then Law Member remarked that that the powers of the Government of India in respect of some of the railways was limited by the terms of the contracts and that care had to be taken to maintain the provisions of the contracts as far as possible. Again on 21st March 1890 in dealing with the report of the Select Committee on the Bill, the Law member in referring to the right of the companies said "Indeed I am not sure that in our anxiety not to interfere with vested rights to have not given to more liberal interpretation to some of the provisions of these contracts than court of law would have done."

We thus see that when the present Railway Act was framed, owing to most of the Railways being company owned lines under the guarantee system, full and impartial consideration

could not be given to the interests of the Indian public, their trade and industries. So much regard was given to the rights of the Companies that in the Indian Railways Act the Select Committee did not even dare to provide a clause giving the Government powers to sanction rates and fares. If therefore, a question is raised in a Court of Law as to the powers of the Government or of the Railways to charge the rates and fares that they levy, there is nothing in the Railway Act to refer to, and, it is unfair to the public to leave this matter entirely out of the Statute. Even in England, where the Railways are owned entirely by companies, the Railway and Canal traffic Act makes distinct provisions regarding rates, fares, classifications and terminals to be sanctioned by the Board of trade and the Parliament. The days of the old guaranteed Railways are over. The railways are to all intents and purposes the property of the taxpayers, and their interests should mainly have more consideration than of the Railway companies, which are now merely lessees.

As stated, in England, the maximum passenger fares and the maximum goods rates are fixed by the Parliament, but in India, neither the Legislative Assembly nor the Council of State are consulted in the matter of fixing of passenger fares and goods rates. This is done entirely by the Railway Board in consultation with the Railway authorities in India; the Board of trade is required to submit to the Parliament, reports of complaints received from the public against Railways and the results of the proceedings taken in relation to such complaints together with the observations of the Board of trade, but in India, such a procedure is unknown. The Railway Board never submit such reports to the Assembly. Both in France and in the United States amongst the enactments there is a clause by which a Railway Company is forbidden to charge more for a short journey than for a long one and any deviation from this clause has to be sanctioned specially in each case by the authority, which in the case of the United States is the Interstate Commerce Commission, and a breach of this law is only allowed in justified cases, but in India, the Railway Traffic Managers

daily quote higher rates for short distances and without any specific sanction of the Government in each case. In England also, the Railway Commissioners have the power to direct that no higher charge shall be made to any person for services in respect of merchandise carried over a less distance than is made to any other person for similar services in respect of the like description and quantity of merchandise carried over a greater distance on the line of Railway. But the Railway Board or the Government of India have been given no such powers under the Indian Railway Act, this specific clause which formed section 27 (3) of the English Act of 1888, is absent from the Indian Act. Again, in the matter of through rates section 42 (4) corresponds to section 26 and 27 of the English Act of 1888, but here also there is a great difference. The difference between the English and the Indian Law is that while in England both a customer and a Railway administration can call upon another Railway administration for a through rate, in India a railway administration alone can call upon another Railway for a through rate. According to English Law any customer has the right to apply to the Board of Trade under terms of section 25 for a through rate. There are however, many features in connection with the decisions that have been given by the English Law Courts, which features may not be rightly applicable to the Indian Railways, owing to the fact that the Indian Railways are the property of the State and of the Indian taxpayers, whereas the English Railways are the property of private individuals and exist without any financial assistance from the Government. Therefore, in England, in giving their decision in cases of complaints of undue preference, etc., the interests of individual companies had a great deal of consideration with the Law Courts and the Commissioners, but in India, the railways being the property of the taxpayers, and having been constructed at their expense, and for their benefit, greater weight should be given to the interests and welfare of the Indian people, their industries and economic development than to any other consideration. Then, the Risk Note forms are not subject to the approval of the Legislative Assembly ; they are sanctioned

by the Governor General in Council and although the risk note conditions affect the trade, the public and the Indian Industries so very vitally the Legislative Assembly have no voice in the matter. We know that the railways accept no responsibility for complete loss of consignment although such a consignment may consist of 200 tins of ghee, unless the consignee can prove that there was wilful neglect on the part of the railway or its servants or theft by its servants and the burden of the proof lies on the consignee. The goods may remain in the custody of railways for ever a month in some cases, and may be carried over 2 or 3 railways for long distances, and it is impossible for the owner to prove where and how the loss occurred. It is therefore, manifestly unfair to hold that the consignee must prove whether or not there was wilful neglect or theft on the part of the railway servants. Such one sided conditions are there because the risk notes forms are not subject to the approval of the Legislative Assembly. For all these reasons it is very important that the Railway Act, should give those advantages as are secured to the industries and the people of those countries where the ownership of the railways is that of the State. With these objects in view copies of the English translations of the German and Belgian Acts and regulations relating to railways should be made available to the Legislative Assembly as early as possible, and a committee formed out of the members of the Assembly and of the Council of State to consider the revision of the Act, in order to afford the Indian people the full benefits of their State railways.

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APPENDIX B

RAILWAY CONGESTIONS AND MORE WAGONS.

It is admitted that there is a great demand for wagons by the public for the movement of their goods and it is also admitted that there is congestion on railways. But what is this congestion for? Congestion of traffic is caused either owing to insufficient number of wagons required to carry the traffic offered, or due to absence of adequate facilities for the movement of the wagons already existing and their consequent slow movement resulting in delays causing slow turning round of wagons. Therefore the point is whether the existing rolling stock on Indian Railways should be strengthened before adequate facilities are provided for their quick movement. This is a matter, which demands serious consideration. The Railway Board in Administration Report for 1907 pointed out that "before more wagons could be placed on the railways further expenditure on facilities were indispensable." But during the last few years, large additions were made to the wagon capacity ; there was not proportionate increase in traffic, and there were no facilities for their quick movement, with the result that work done per wagon had considerably fallen. The increase of a large number of wagons did not afford the necessary relief.

The question of economic transport was thoroughly gone into in 1902, by the special Commissioner on Railways, and, he gave timely warning against wastage of wagon capacity. The Late Mr. T. V. Robertson, who came out to India as the first Railway Commissioner, dwelt on this subject at length in his report and seriously warned the Railway authorities against their policy of indiscriminately increasing the number of wagons. But this warning seems to have been left unheeded. There is cry for wagons, raised by the Chambers of Commerce in India, who are backed by the Railway Board, the London Chamber and steel and wagon manufacturers in Great Britain. (Note. It is also interesting to note that the two Committees, which came out to India, before the Acworth Committee, were interested in the expenditure on Indian Railways for the development of foreign trade. The head of those two Com-

mittee was the same person, once as Sir Mckay and then as Lord Inchcape who was interested in finding freight for his steamers plying to and from Indian ports and naturally he would want all Indian raw produce to be exported in one direction and foreign manufactured goods carried on the other. The Govt. did not dare to make the report of the Lord Inchcape Committee public.) Attempts have always been made to satisfy this demand by large additions to wagons in India. But is it not the duty of the Railway Board to see whether more wagons are really necessary to move the traffic or more facilities are necessary? It appears from the experience of the past that with an increase in the number of wagons the congestions increased, because facilities were not provided for wagon movement at the same time. For instance, the colliery districts, especially Jheria, are yet congested. The number of wagons placed on the district cannot be moved quickly for want of necessary facilities and thus the supply is limited to the number for which there are facilities ; more wagons could not be placed in the Jheria field to-day if the railways wanted to do so. Instead of placing wagons in large numbers it is essential to provide facilities for their quick movement in the shape of loops or passing lines, sidings, passing stations, double tracks &c. In this connection I could do no better than to quote the following from page 528 of the Railway Board's Monograph on Indian Railway Rates :—

"Compared with 1907, the increase in the number of wagons in 1914-15 on the North Western Railway was 92% while the rise in the weight of traffic was but 13% ; a very extraordinary disproportion between the figures of increase of traffic and those of increase in rolling stock."

"Evn taking the ton miles, i.e., number of tons of goods carried one mile, it is observed the ton miles in 1914-15 were greater than those of 1907 by such an insignificant figure as .79% (not event 4/5%)."

"The enormous increase in the number of wagons on the North Western Railway resulted in very largely diminishing the work done by wagon per day, vide figures below :—

Number of miles per wagon
per day on the North-
Western Railway.

			Miles.
In 1907	53
.. 1911	41
.. 1914-15	29

"The mileage run by a wagon in 1914-15 was less than that of 1907 by 45 per cent. a very large decrease. Even taking 1911 the decrease was 22 per cent. in comparison with 1917."

"The cost of operation also went up on the North-Western Railway, as the following figures of cost of haulage (including interest on capital spent on open lines at 5 per cent. per annum) show :—
In 1917

			Pies per ton mile.
	1st half year	...	4.28
	2nd half year	...	3.93
In 1914-15			
	1st half year	...	4.73
	2nd half year	...	5.32

"The reason for taking the interest on capital spent on open line is to show the effect of the money spent on wagons which was included in the capital cost."

"It is true that as the North-Western Railway deals very largely in wheat traffic, which has all to be carried in three or four months, it is not in the same position as the coal carrying lines, where traffic is better distributed throughout the year but the fact remains that the increase in traffic was only 13 per cent., to carry which 92 per cent. wagon capacity was increased. The point is whether most of the money spent on wagons could not have been utilised in improvement of facilities for movement of trains and wagons and for improvement of terminal facilities."

• • • • •
"The broad-gauge section of the Bombay, Baroda and Central India Railway from Ahmedabad to Bombay has the

advantage of getting full train load traffic from Subarmati and the Nagda-Muttra Railway and also handles a large amount of through traffic. The addition to its rolling stock was somewhat large ; it was 76 per cent. for an increase of 25 per cent. in weight of traffic and 37 per cent. in ton miles. The heavy increase on its rolling stock, in spite of its certain advantages just mentioned, showed a decrease in the work done per wagon per day by more than 14 per cent."

The real remedy lies first in the provision of extended transport facilities and then in providing additional wagons. But the Railways, it seems, have in the past carried in the "Cart before the horse" policy and thus wasted public money, and this policy is yet to be continued. The only Government publication that is available to the public on railway matters, dealing with the subject of transportation in detail with facts and figures, is Railway Board's Monograph on Railway Rates (1919) and pages 273 to 290 and 526 to 594 of this book are devoted to this subject and the facts and figures published therein only confirm the opinion of late Mr. Robertson, c.v.o. Special Railway Commissioner, expressed some years ago, and of the Railway Board, expressed in their Administration Report of 1907, that additional wagons should not be put on Railways without first providing facilities to move them.

R. D. MEHTA.

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THE
INDIAN RAILWAY COMMITTEE

State Management
— Of —
Indian Railways

PREFACE

The pages that follow are reprints of a series of articles that appeared in the *Amrita Bazar Patrika* on "State management" of Indian Railways ; as they deal with a question of importance they have been reprinted in the form of a pamphlet and issued for the information of the public.

S. C. GHOSE

53, LANSDOWN ROAD,
Calcutta, November, 1911.

INDIAN RAILWAY COMMITTEE.

STATE MANAGEMENT OF RAILWAYS.

It is all the same to us whether the Railway is managed by the State or the Company. They are in fact only the two sides of a piece of coal as we say in Bengal. The State is not ours neither are the companies. All the same we prefer the former on the principle that the rays of the sun are more bearable than the heat of the sand caused by the rays of the sun. Here are the views of a most competent party on the subject :—

One of the important features of the recommendations of this Committee is that whereas half the members, including the Chairman, have advocated direct management of Indian State Railways by the State, the other half, while agreeing that the London Boards are not satisfactory, urge the establishment of Indian Companies to take over the present control and directorate from the London Companies. The Indian Companies will of course be lessees, the same as the English Companies, because a large portion of the capital is yet recommended to be held by the State. If Company management is really desired it is difficult to understand why no one comes forward with the suggestion that companies should be formed to buy out the Indian railways, including the land, and to run them as purely company lines under same conditions and control, from the Government, as the English or American Railways. If a proposal or an offer like this were made, and no grant of free land or guarantee of minimum dividend was asked for it would be worthwhile considering such a proposal. But that seems far from the minds of those who ask for continuance of company management. The members, who are in favour of state management, very wisely and rightly point out that Company management at once loses its value when it is no longer a private enterprise but is the manager of a public concern (provided at the expense of the Government of India) and the

control and provision of finance is also mainly that of the Government. It is on this account that any comparison between Company management of Indian Railways and Company management of English or American Railways is out of question. If Indian railways were purely private concerns, and its directors and managers were able and free to provide funds, when and where they liked, and to grant facilities and make extensions and additions to suit their railways it would be a different matter altogether. But no, that is not to be. The major portion of the finance is yet proposed to be that of the State, and, whatever money the companies will provide, on that amount too the Government must, we fancy, would have to guarantee minimum dividend. If that is to be so, why should not the real owners—the tax-payers and the Government—have control of their own property? Where is the need for a superfluous or middleman's agency and interference? Why should such middleman be allowed to control government revenue and government property; and above all why should there be so much anxiety to retain control in the hands of companies and why should half the Directors be Europeans? There must be some reason for this persistency and desire to retain the management in the hands of Companies, the directors of which must be half in number from amongst Europeans. Why should not the proportion be the same as the proportion of non-official Indians and Europeans in the Legislative Assembly? If this were so, it would be something. Apparently there is some privilege which the European community enjoy and the loss of which they are afraid of and hence this great desire on their part to continue the management of Indian Railways on somewhat the same lines on which they have been managed in the past. The disadvantages of the present company management have been admitted by the entire Committee. So far as we can see at present one of the greatest privileges which the European community have enjoyed from the railways is the preferential treatment of foreign trade in the matter of railway rates, as compared with the treatment the Indian local trade and industries have got in the same connection in the past.

Amongst the members of the Railway Committee, who have recommended Company management, one is at present the Chairman of the B. and N. W. Railway Company ; the second is the Agent of the Bengal Nagpur Railway Company ; the third was the Agent of the S. M. and the Madras Railway Companies for a great many years before he came to the Indian Railway Board and one need not be surprised if he too, like all the other Presidents of the Railway Board, joins the Board of one of the Indian Railway Companies, and of the remaining two the firm of one of them are the Managing Agents for several small railway companies of Indian domicile and are also the Agents in India of the D. U. K. Railway Company. As a direct contrast to this, the other five members, who have advocated State management, had no connection with Indian Railway management and their united opinion may safely be assumed to be without any tinge of self-interest. At the same time, there are amongst these five, two or three who ought to know something of railways, though outside of India, and the very fact of the Chairman of the Committee (who had no interest in Indian Railways, but who had always been an advocate of Company ownership and Company management of railways in Europe) having recommended State management of Indian Railways proves that he must have seen that there was no analogy between Company managed company lines and company management of State lines and he must have been very thoroughly convinced that he was absolutely right in what he said before he recommended State management. Change of opinion on his part (which agreeably surprised many Indian) and his desire to set right what he thinks to be wrong, proves that he rose to the full height of British statesmanship and, we dare say other members, who differed from him, would have also done the same had they been so free as the Chairman and those who agreed with him. Mr. Alfred Webb, M.P., the President of the tenth Indian National Congress said "Human justice is after all fallible justice. We fall short where our own interests are concerned."

However, be that as it may, let us consider what is really wanted in the interests of India. Indians paid a high and

inflated price for the coming of State railways and will have to pay in the future till the Railways are fully acquired and paid up. Is it, therefore, right that Indians should not be allowed to reap the full advantage of State Railways? This has been denied to them even in the case of state lines that are managed by the direct agency of State, simply because in respect of them also the Government have adopted the same line of management and policy as in the case of company managed lines. The State Railways are built for purposes of rendering service to the country and the country is certainly not made for Railways. This being so, the sole principle that ought to govern the policy of Indian State Railways is that they should not be run on purely commercial lines when it is not conducive to public interest. Of course, it is at once admitted that Railways can neither exist nor can they expand unless they earn a reasonable return and, for this purpose, economy, taking Indian State Railways as a whole and not one individual railway, is essential and no one objects to this. But what is really contended is that the earning of revenue should not be the whole and sole aim of the State Railways, but it must be so, so long as they are managed by companies, and they have some interest, over and above the guaranteed minimum dividend, in the profits. What Sir Ibrahim Rahimtolla urged was that "in getting revenue the Railway Managers and the Government shall bestow careful consideration to the question of encouraging industries in India and promoting the economic interests of the people of India even at the sacrifice of some revenue," because the attainment of these two objects were (at least ought to have been) the real—if not the sole—object of Indian State-owned Railways. As already remarked the Indians paid a very heavy price for the coming of the State Railways, but their position is yet far from satisfactory. If State management is really granted by the British Government, should they desire to accede to the demands and needs of the Indian population as the evidence of Indians before the Railway Committee proved, is it satisfactory that, say for instance, in the case of the Bengal Nagpur Railway Company, the Government should be powerless to take over the management of this

Railway, and of others like it, for 25 or 30 years more, although the Government owns the major portion of the capital? Why was such a long lease given, when a very substantial portion of the capital was provided for by the Government, and, in the event of a loss, the comparatively small amount provided for by the company was absolutely safeguarded by guarantee of minimum dividend by the Secretary of State for India, out of India's revenue? It is time that the authorities decided that companies and company management are to be entirely wiped out as opportunity occurred. The waiver of the right to take over the East Indian, the Great Indian Peninsular, the Bombay Baroda Central India and the Madras Railways, when the original leases of these companies expired, was very unfortunate, and it is time the Government took real action in the matter of righting the wrong already done. The Indian public were never consulted when the contracts were renewed and the Railway Committee, which came about in 1920-21, should have really been appointed at least twenty-five years ago.

IMPORTANT VIEWS ON RAILWAY ADMINISTRATION.

Lord Lawrence, as the Viceroy of India, wrote as follows on management of Indian Railways:—

"The history of the actual operations of Railway Companies in India gives illustrations of management as bad and extravagant as anything that the strongest opponent of Government agency could suggest as likely to result from that system.

"With reference to the Indian agency, both of engineers and other officers, it may quite safely be said that the Government under a reasonable system could, to say the least of it, secure as great ability with an equal outlay. I have not heard of any useful independent action taken in relation to Indian railways by the London Boards, which would be lost under a well-arranged system of Government management. In no single respect can I see that less efficiency is likely to be secured under direct government control than under joint-stock companies having their Boards in London.

"My own very decided opinion on this point is that the direct agency of Government would certainly be more econo-

mical than that of Railway Companies, and that there would in almost every respect be advantage to the State financially, and therefore to the community of India at large, if the Government were to determine to carry out Railways hereafter through its own Engineers with money directly borrowed in the market for the purpose."

Sir Guildford Molesworth, who was consulting Engineer to the Government of India for Railways and also Director General of Ceylon Railways, said as follows on the management of Indian Railways :—

"Clearly the proper policy of the State is to develop the resources of the country by the lowest possible rates of carriage, and it might amply repay a Government, in some instances to suffer some loss in Railway working, provided that by the adoption of some low rates the trade of a district could be stimulated. It is easy to conceive the case of a Railway unsuccessful in a commercial point of view, and yet highly remunerative to the State.

"A company, on the contrary, can only look to the direct returns of a Railway as a commercial speculation. It may be argued that low rates are the correct policy of a company. To a certain extent this is true, but to take an extreme case : supposing that a Company by low rates could obtain double the traffic obtainable by higher rates, but the net returns were the same in both cases—clearly it would not be to the interest of a company to undertake all the trouble of a double traffic without additional returns ; whilst, in the case of State ownership the indirect gains of the double traffic might and probably would be of the highest importance. Those who have studied the past history of Railways in India must be aware of the difficulty which Government has experienced in inducing the Railway Companies to lower their rates, and must also be cognizant of the manner in which the trade of a district has been paralysed by high rates. The profit made by Railway Companies must as a rule be considered as taken from the general community and handed over to a select few, but this by no means represents the worst features of the case ; for this profit may also be

working an incalculable amount of mischief by checking the development of trade and the welfare of the country.

"There is another evil which I have already pointed out in the absorption of Railways by private companies ; and that is, the probability that though private enterprise may, at the outset, give a temporary stimulus to railway undertakings, yet it will eventually result in retarding railway progress, especially in those districts where development is most required.

"A company will naturally object to the extension of their system to branch lines, the remunerative character of which may be doubtful ; and it will not repay the State to make such branches because the indirect returns from them as feeders will pass to the owners of the lines fed ; whereas if the line so fed were in the ownership of the State, the indirect as well as the direct returns together might make the branches remunerative at all events to the State, which would benefit by the development of trade.

"An argument is advanced, that a refusal on the part of private enterprise to take up any Railway project is "*prima facie* evidence that the project is not required." It is difficult to conceive a greater fallacy. Such an argument, if carried to its logical sequence, would have put a stop to the construction of roads in India ; for roads have not, as a rule, yielded returns sufficient to meet the current expenses of their maintenance, far less have they afforded any return as interest on the capital expended. Yet few would venture to argue that roads are not needed. If roads had been made and worked by private enterprise, they must either have ruined their projectors or the country."

SEPARATE RAILWAY BUDGET.

It is said that it is essential for the expansion of Indian Railways and for their equipment and renewals that the Railway finance should be entirely separated from the All-India finance, and taken out of the control of the Finance Member and that the Railway Budget should be submitted to the Legislative

Assembly by the Member for Communications and not by the Finance Member. The Railway Department is now practically intended to be a Government by itself ; executive, judicial, revenue and financial. At the outset, it should be noted that the Railways were made because it was found that they were needed in the interests of the country. It is also to be admitted many other works were and are as urgently needed for the good of the country as the Railways. Expansion of irrigation is one of them, and it is, in fact, more badly and urgently needed than even Railways. Irrigation benefits the ryots directly and substantially, whereas it has been seen that, whatever the advantages of Railways may be, with the advent of a Railway every non-agricultural industry is wiped out by freer imports of foreign manufactured products. The late Mr. Gokhale made a strong point of it in one of his Budget speeches (1902). Further, irrigation is also productive work, and is it right that while it is demanded that every attention should be paid to Railways the same amount of attention should not be given to irrigation? In Indian Railways the European traders have a direct interest, as they are most anxious to carry away the Indian raw produce, and Lord Morley in his Indian Budget speech for 1907 in the House of Commons plainly said that he was aware of the enormous interest taken by the British traders in the extension of the Indian Railways. Naturally so. It helps them to take away India's raw produce and to dump their productions in the interior of India.

It has also been seen the past that through and continuous roads became neglected as the Railways came into existence, and the policy to build such roads was objected to by the Railway Companies. They wanted feeder roads to Railways. Even one of the European members of the Indian Railway Committee who has declared himself in favour of Company management, showed some opposition towards construction of through roads on the ground that the money for roads came from the same fund (Government Fund) as the Railways, or in other words, as the Government provided funds for railways they should not provide funds for through roads, which compete with Railways. On the ground that

internal navigation competes with Railways, should it be also discouraged? It may be that the present needs of India demand large sums for Railways, and, if for this purpose, money earned from Railways is to be spent on Railways for the time being there cannot be very great objections to it, provided that the moment it is found that other works more urgently demand that part of the money earned by Railways should be transferred to such works this should at once be possible. But with an entirely separate Railway Budget, and rigid rules that money earned from Railways must be spent on Railways alone, this transfer will not be easily attainable and tendency may be directed towards "how to spend all the money on Railways" not resulting always in economy.

Besides money being required on equally important works, such as irrigation, there is another point. It is that paying public works, such as Railways, for the building of which the public had to find money and were taxed, should come to the relief of the population in reducing taxation the moment they are in a position to do so. In fact, this should be the first duty of paying public works, especially in a country, where the population is poor. From all these points of view, it is essential (almost imperative) that the Railway Budget should go through the Finance Department and the Finance Member should be able to regulate it along with other All-India Budget. In the evidence of late Mr. Gokhale before the Welby Commission he remarked that the Government of India, as it was constituted, could not be much interested in economy and that with the exception of the Finance Member every Member of the Executive Council had a direct interest in the increase of expenditure. If the Railway Budget is taken out of the hands of the Finance Member it will be in hands of the person, who would be directly interested in expenditure and much economy cannot be expected from him, especially if he knows that he is exempted from the close scrutiny of the Finance Department, and that money earned by Railways must be spent on Railways. Therefore, in Railways Finance and in the matter of fixation of rates and fares, the Finance Department and the entire Executive Council should have voice, and

then also the Legislative Assembly and the Council of State. The levying of rates and fares over State Railways amount to taxation, and any increase or decrease in them mean increase or decrease in taxation. In India particularly, Railway rates and fares amount to double taxation because State Railways have been built, and acquired out of public funds or public borrowings, and the population was also taxed to make up the deficit of guaranteed interest, and, therefore, when they again pay to use such Railways they pay double taxation. Of course, pay they must, because the Railways cannot exist without payment and for their existence they must earn a reasonable return. But whether the entire amount earned by Railways should go back to Railways again, that is, only for the use of one description of the national service, or should, in part, be utilised, at times and in case of need, in other national works (e.g., irrigation) or in reduction of taxation and of rates and fares, should be a matter for discussion every year first between the Railway Department and the Finance Department, then between all members of the Executive Council, and eventually by the Legislative Assembly and the Council of State.

Another point, on which great stress has been laid, is that under Company management the changes in the administrative appointments are not frequent. But we see that in the case of the East Indian Railway Company, since the end of 1918 to 1921 (that is, in three years) there have been frequent changes. In the agency, Mr. Marshall succeeded Sir Robert Highet in 1918 or 1919 but held the office of Agent for only a year or so. Then, he was succeeded by Mr. Hindley, who too left after a similar short period; after him came Col. Sheridan temporarily; and he has just been replaced by Major General Colvin. All this happened in a period of not more than three years, and, during the same period there have been three persons occupying the chair of the General Traffic Manager of the East Indian Railway Company, viz., Messrs. Cowley, Sheridan and Higman. Perhaps those changes can be explained and so can the changes on State Railways be explained also. It is plain that the E. I. Railway Company could have

bound down Mr. Hindley to the appointment of Agent to the period of the Company's present contract had the continuity of one person in the appointment of Agent been considered by the Company to be such an important factor as it is now made out to be, or they could have bought out General Colvin from the very first instead of Mr. Hindley if the latter would not sign an agreement.

EFFECTS OF COMPANY MANAGEMENT.

Those of us whose eyes have been dazzled at the coming sight of big trunk lines of ours being run by Indian Boards, with an equal number of European and Indian directors, will do well to tarry a bit in order to understand the cause of the earnestness, with which statesman like Mr. Gokhale, or eminent businessmen, industrial magnates and public men like Sir Ibrahim Rahimtoolla or Sir Fuzulbhoy Currimbhoy, or the Indian Industrial Conference carried on the fight for State management of Indian State Railways. It was the work of Sir Ibrahim Rahimtoolla, in the old Imperial Legislative Council, that compelled the Government to admit the claims of the Indian population, for an enquiry into the question of State versus Company management of Indian State Railways, and having got this enquiry, and after having proved it by the evidence, given on behalf of the Indian community, that the very great majority of the Indian public opinion is in favour of State management, it is now to India's interest to push on vigorously towards the attainment of the object, with which this fight was begun. There is no question of State ownership, because India has already got it for what it is worth, but in spite of State ownership, there is no State management. The evil effects of individual Company management of the State property are manifold.

Firstly, there is a great divergence of interests between those of the Government and of a Railway Company. The Government, on the one hand, in addition to making the Railways pay a reasonable return, are (or at least ought to be)

concerned to see that the Indian Railways really render the service for which they were built, and that high charges on passenger traffic and on goods carried for internal use in the country do not deprive the public of the legitimate advantages of Railway communication for the country at large, and that the Railway property is maintained properly, *whereas*, on the other hand, the Companies are concerned merely in making most of the Railways, as a dividend earning investment, during the period of their lease.

Secondly, though at first sight it may appear that a Company being concerned in making profits, its management would secure economy yet *in fact* it cannot be so, taking the Indian Railways as the property of one concern, *viz.*, that of the Government. Each individual Railway Company in working for itself cannot secure that advantage for the real owners—the Government—which the Indian population want, through the Railways for the good of the community at large. It may appear strange, but it is so, as will presently be seen. Whereas it may be to the interest of an individual Railway Company not to spend money on certain account, and thus to reduce its individual capital expenditure, which such Railway Company would call economy, it may be to the interest of the Government when it is a people's Government, for the sake of economy of Railway working in India as a whole to incur that very expenditure. For instance, it would really be to the interest of Railways of Northern and Western India, taken together, to have fully equipped and well laid out sorting and marshalling yards in the Coal Districts of Bengal and Behar or at places like Gomoh, Moghul Serai, Allahabad and Bilaspur, where far more extensive sidings may be built to form through trains in order to run them intact for long distances, with a view to save work on Railways ahead and to assist in eventual quick turning round of wagons. If all were State-owned and State-worked lines, and their eventual and ultimate capital and revenue account was the same, and, there were no individual shareholders on separate Railways to be considered, it would be much more easy to attain such results, as it would then be not at all difficult to spend large sums, say on the East Indian.

Railway, to save work on the Great Indian Peninsular, Oudh and Rohilkhand, North Western, and the Bombay Baroda and Central India Railways. But if the East Indian Railway, even in part, belonged to shareholders, and the latter were concerned in earning surplus profits, such an enormous expenditure on the E. I. Railway for the ultimate good and economy of all Railways, and of the State as a whole, would not be easily attainable and would not also be fair and equitable to the shareholders of an individual Railway Company. Similarly, it would be to the interest of, say, the East Indian Railway to improve the capacity of the Great Indian Peninsular Railway so as to enable the latter to haul heavy trains received from the East Indian Railway, and if both were State-owned and State-worked this would be at once attained.

Thirdly, so long as there is individuality of Company management, irrespective of whether such companies are of Indian or English domicile, Government money would continue to be spent, in competition between Railways, though the Government might be the largest partner in all such Railways. India has already seen how money was spent like water in Agra, in order to place in all the Bombay Railways and the Calcutta line on a footing of equality in competition with one another.

Fourthly, India has also seen that although in 1905 both the East Indian and the Great Indian Peninsular Railways belonged to the State, and the State was the largest partner in both of them, they engaged themselves in a war of rates for the export and import traffic, which not only affected the rates of the East Indian Railway but of all the important lines, such as the North Western, the Oudh and Rohilkhand, the Bengal Nagpur Railways, etc. There was very heavy cutting down of rates, that were not at all called for by the trade. The whole idea was to try the competition to its full length at the expense of Government money. The East Indian Railway also blocked the traffic to Bombay, by the high rates and by imposing a terminal of 6 pies per maund via all its junctions with the Bombay lines, in direct violation of the express wishes of the Government of India, "that for the general welfare of the

country it was immaterial whether its surplus produce found an outlet *via* Calcutta, Bombay, Karachi and other ports."

Full history of this competition will be found on pages 148, to 151 of Railway Board's "Monograph on Indian Railway Rates" (1918). There was much wastage of public revenue, but such things are the inevitable results of individual Company management, under which the companies engaged themselves in wasteful competition for port traffic and the real cause of it was as stated on page 148 of the said publication, *viz.*, the intention on the part of the East Indian Railway to divert the Cawnpore traffic to Calcutta instead of letting it go to Bombay, in which effort the E. I. Railway were, after all, not successful even at the end of the competition, although they sacrificed a good deal of Government money.

Fifthly, in connection with Railway goods rolling stock and its economic use, a very great deal can be achieved, and very easily achieved too, by State management of all State Railways, because thereby there will be thrown open the most convenient routes for different classes of traffic between any two points. In the past, in many cases, simply in order to give the Railway, on which the traffic originated, a long lead, traffic was carried by most circuitous routes, which necessarily meant employment of more wagons and delays to wagons. For instance, in the case of coal traffic from the Jheria Field to Delhi and beyond, when coal was despatched from colliery sidings situated on the Bengal Nagpur Railway, it was carried *via* Bilaspur, Katni, Bina, Jhansi and Agra instead of over the E. I. Railway. Now the former route was longer than the latter route by more than fifty per cent., and naturally wagons carried by such a circuitous route took more time in transit, whereby, for a given amount of traffic, a far larger number of wagons were employed than would be required ordinarily, as the wagons took such a long time in coming back to the collieries. But if the factor that the Railway Company, on which the traffic originated, must be given a long lead did not exist and there were no shareholders to be considered, and, there was no other consideration but the economic interests of the country it would not then matter which route carried the traffic, pro-

vided that it was the most convenient and best suited in the interests of the country as a whole.

Sixthly, predominance of interests of individual Railway companies has the effect of unduly raising the Railway freight on goods carried internally in the country for its local industries and for the local trade, because through sliding scales of rates on long distance traffic applicable over two or more Railways have so far been denied to such traffic except in respect of coal.

Seventhly, whether it is a case of management by a Company of English domicile or of Indian domicile, it is plain that so long as there are the interests of the shareholders to be considered the Railway Company will and can, under the garb of encouraging long distance traffic, full train loads and so-called economy in individual Railway working, go on encouraging the export and import traffic, against comparatively shorter distance traffic for local industries and local trade. Although both the State owned and Company owned lines perform the same work (transportation of goods and passengers) the avowed aim of the Company lines is to earn money. No doubt they claim that they serve the interests of the community at large, but experience in all countries, not excluding India, has shown that the element of Company management, especially as they are concerned in making profits will never enable companies to sacrifice their individual interests to those of the people and of the country at large. But with State Railways and State management the case is or rather should be, entirely and wholly different. Their sole and whole object should be to develop the country and not to go against its industrial and economic interests, and this the Government can enforce on State owned and State worked Railways. A State Railway can be expected to sacrifice revenue, where essential, for the good of the country because State Railways are made for the country and should be worked for this purpose.

The adverse effects of individual Company management and of the existence of individual interests of the shareholders in so-called Company lines, which are to all intents and purposes State lines are very apparent. These evils must

inevitably continue to a certain extent until all interests become common, that is, become those of the State, and the individuality of interest of each Railway and of shareholders is entirely withdrawn. The glory of having Indian Boards, with half the directors Indians, will not remove the difficulties mentioned.

EXPERIENCE OF OTHER COUNTRIES.

One of the reasons for want of standardization of rolling stock in the past was more or less due to Railways having their own separate designs for each Railway. It was once said, by a high Indian Railway Company official, that if Indian Railways were all States lines there would be overstandardization, but experience has shown that there were some difficulties in connection with "pooling of wagons" for "want of standardization," resulting in spare parts, etc., of rolling stock of one Railway not being readily available to be utilised for repairs of wagons of foreign lines, coming in large numbers from other lines with through traffic. In England, Mr. J. A. Thomas, the General Secretary of the National Union of Railwaymen, once observed that with Company-owned and Company-worked lines there was practically no standardization of wagons, engines, wagon materials, etc., resulting in pooling of wagons, engines, etc., not very universal. It will be interesting to note what Mr. Lloyd George, the present Prime Minister of England, said on the efficiency and management of State-owned and State-worked Railways in 1908, when he was occupying the position of the President of the Board of trade. He laid great stress on the fact that the State Railways of Germany and Belgium helped largely towards advancing the industries of those countries; and this is what we want. We read:

"Mr. Lloyd George said that he did not agree with his Hon. friend who spoke last that this was only part of the socialistic programme of nationalising everything. His Hon. friend knew that this was one of the very few countries in the world in which Railways were not nationalised. Who were

the men who had nationalised Railways? The man who nationalised the Railways in Germany hated and fought socialism. Prince Bismark was not a member of the labour party. Prince Bismark considered the question purely from the point of view of the development of the interests of Germany."

Again :

"The thirty years' experience of Germany had proved his plan a colossal success and a great financial success. Then, 40 per cent. of the revenues of Prussia were paid out of State Railways, and the main part of the revenue of Saxony came from the State Railways.....In Germany the Railways had been used as an instrument for the development of German industry and for fighting against foreign industry ; and a very formidable weapon it was, much more formidable, in his judgment than tariffs."

The Premier continued :

"He was much surprised to hear the Hon. member for Dulwich challenge the case with regard to preference to foreigners. Several cases had come within his knowledge while he had been at the Board of Trade, in which there was no doubt that preference was given to the foreign producer over the home producer, through Railway rates. He thought that in that matter agriculturists had a real grievance."

He then proceeded to describe what State Railways had done for the development of industries in some of the European countries. He said :

"The German and Belgian Railways were used in the interest of the industries of these countries. He had taken the trouble to make enquiries into the working of the State Railways in the industrial districts of Germany and he must say that he had been amazed at the results of that enquiry which he intended to place in full in a Paper before the House. There was general agreement that the State Railway administration, in spite of alleged defects, which he could not say were altogether favourable from a labour point of view, was far superior to the old system of private ownership and administration. Several merchants and traders spoke of the

advantages they witnessed from, and of the value of the co-ordination of the Railways in Prussia, and said that the uniform administration could not be too highly appreciated, or the services rendered by the Minister for Railways in establishing through rates and special rates for special industries and in his readiness to meet the wishes of traders and manufacturers. There were three investigators who carried out their investigations separately and they were all agreed that in Germany the trader was perfectly satisfied ; that he would no more go back to private ownership of Railways than we would go back to private ownership of the Post Office in this country. The German system was used as a very powerful machine for the purpose of helping and developing German industry."

Speaking of the State management of the Railways in Belgium, Sir H. Barron, in an official report to the British Government expressed the opinion that :—

"It is certain that if managed solely as a commercial enterprise, the Belgian State Railways would not have proved such a stimulus of national prosperity."

Even President Hadley of Yale University who is opposed in theory to State management is forced to admit the success of State management of the Belgian Railways. He said :—

"In judging of the railroad policy at Belgium by its results, all must unite in admitting that they are in many respects extraordinarily good."

It is believed that Ceylon Government Railways had effected a great deal of the relaxation in the matter of general taxation in that dependency. It will not be out of place to quote what J. Buckingham-Pope said in his book on Railway matters referring to the English Railway Companies :—

"A great power, created by the Parliament, has arisen in our midst, which makes laws and regulations of its own, and imposes taxes on our industries and forms generally the part of an irresponsible Government."

To quote again from his book :

"When Parliament gave authority to Railway Companies to forcibly enter into and break up land in every district in England, it did so in the interests and for the good of the

people of England ; but the Railway legislators have put quite another complexion on the matter, as they have ordained that Englishmen should not enjoy the same rights over their own Railways as the foreigners. The foreigner's privilege consists in the right to use Railways of England for their traffic at from twenty to fifty per cent. less than Englishmen."

Here we have the example of the great good the State Railways have done to Germany and Belgium, and, at the same time, we also know of the bitterness with which the British farmers and agriculturists have always spoken and complained of the company worked railways of England. The proof of the pudding is in the eating. We have also seen what the company management of Indian railways has been, and it is very peculiar that some of those who, on the one hand condemn one form of the company management are, on the other hand, most anxious to introduce company management of another form for railways, which are to all intents and purposes State railways and these persons are also most eager that some sort of company management should yet remain in which European directors take an equal part. A man should be cautious in accepting doctrine from persons who are part and parcel of the existing company management, the ill effects of which were such that even such persons could not deny them, because of the evidence given. When, however, they see the chance of losing whole control over Indian Railways on the part of British interests they then become anxious that they at least retain some control. As to the 'only one' Indian member, out of three, being with company supporters we have already said that the firm of this gentleman is largely interested in domicile railway companies, which he very strongly supports, and it has also been observed that his firm has been the Indian Agent of one or two English companies owning railways in India. The object of having disinterested members on the committee and the reasons for introducing such British element into the committee, as were experts and yet not from the interested parties, were clearly to obtain results that would be without prejudice, and, this object has very fortunately at least once for all been attained. Above all,

those five members, including the Chairman who have sided with the popular Indian opinion, *viz.*, State management, have done so on the basis of the evidence and facts placed before them, and not for their personal interests or prejudices.

The scheme of the "Aeworth group" as regards raising of funds is more suitable for adoption than that of the other group, because the former suggests direct borrowing by the State. This avoids the risk of ultimately encumbering the finances of the State which borrowings, rather the provision of capital in part, through companies, must do. We have the glaring example of the present company-managed railways in India in this connection. For whatever money the Company finds the Government have to pay eventually an inflated price in the way of high premium per share, and a share of surplus profits as well, have further to grant the Directors powers to purchase stores worth crores of rupees, and have also to surrender control of our railways to them and the latter means, in many cases surrender of the interests of the Indian people into the hands of the shareholders of a company. We all know that no money is provided by companies without guarantees of interest from the Government of India, or the Secretary of State, and the same applies to borrowings through companies. Therefore, the raising of money in India, through "India Government railway loans" would be much preferable, even at a high rate of interest, for the reason that such loans will be widely taken by the Indian public, who will then have a direct interest in Indian railways; thus the national debt of the country will benefit the people of the country largely and the high rate of interest will go into the pockets of the Indian population. On the other hand, if companies intervened, there is absolutely no guarantee that English money will not be invested through the Indian agents or friends in India of the British financiers and that such friends or agents benefitting thereby (say, by the difference in the interest paid to the British financiers and that earned from the investment in the Indian railways) will not give such financiers indirect benefit by facilities in encouraging foreign trade over railways they control. Even in times of stress and tightness of money market in India, if money has to

be found, outside of India, it would be much preferable for the Government, to borrow such money direct provided that it means no surrender of any part of control to them who lend the money. It should be a pure and simple loan, and there should be no payment of an eventual premium or of a share of the surplus profits.

HIGH SALARY FOR RAILWAY OFFICIALS.

In our issue of 21st October, we dealt with the question of Railway Budget, and some of the disadvantages of a separate Railway Budget were noted therein; amongst others it was pointed out that if the Member in charge of Communications submitted the railway budget direct, and that if it was exempted from the criticism of the Financial Department, and, further, in the event of money earned by railways being available to be spent on railways alone there would be very little chance for economy.

Another important factor, in connection with the Budget, that cannot be overlooked is the question of salaries paid or to be paid, in the future, to high railway officials. In all the departments of the Government, there is the tendency for the higher officials to demand bigger salaries, and this increases the cost of running the Government, and, it is feared that from the railways, in the future, such demands will be on a far greater scale. It has been observed by some that owing to the salaries of the Agents of the big railways and of the members of the Railway Board being the same in many cases, and in others only Rs. 500 per mensem more, there is no inducement for the former to take up the appointments on the Board, with the result that first class men are not obtainable but it will be seen soon that the high salaries were due to company management. It has also been argued that as railways could not give attractive salaries Mr. Hindlay, the agent of the East Indian Railway, left for the Calcutta Port Trust and Major Hepper, the agent of the Great Indian Peninsular Railway, for another Trust in Bombay. In the case of Mr. Hindlay, the East Indian Railway Company

made a mistake either in not binding him down to an agreement or in not adhering strictly to it, and in the case of Major Hepper his time on the G. I. P. Ry. was nearly over. Men intended for appointments as General Traffic Managers or Agents should give such agreements as will not enable them to make convenience of railways and the object in getting the posts to make them mere stepping stones. The case of high salaries paid to general managers and other officials of the English Railways, and of the Argentine and the American lines may be put forward in favour of an argument to raise salaries of railway officials in India. A few remarks are necessary to be made on this point.

It is an admitted fact that Railway Engineers, Railway Traffic Officers, and Railway Auditors need not be imported railway men at all. The best traffic managers of India have been men, who never received any training on any railway but the Indian railways, such as Messrs. Muirhead, Col. Huddleston, Sir William Dring, Mr. Rumboll and others, and all of them rose to the top of their profession, *viz.*, to the posts of Agents. Similarly of the capable engineers, educated and trained in India, there were men like Mr. Rala Ram, Mr. Hogan, and, others more or equally capable, and, the Indian Finance Department Accounts Officers can hold their own with any one trained in Railway or other accounts outside India. Therefore, if the desire really is for the Indian railways to be really indianised, which can be easily done—there is no need to import men from England or to compare salaries of English railway men with the Indian railway men. Col. Huddleston remarked in writing, not very long ago, that so far as Traffic training was concerned there was absolutely no need to train men in England, and Col. Huddleston ought to know what he says. He was the General Traffic Manager of the E. I. Railway for years and also acted as Agent. It is also to be particularly noted that men, who made their name in Railway transportation, during the last great war, and were on the top jobs, were men like Sir Eric Geddes, Sir Phillip Sydney Nash, Sir V. Murray, Sir H. Freeland, Mr. Colvin, Mr. Sheridan, and others—all Indian railway men. It is not denied that there is nothing to be learnt from the English or the American railways, but it is to be admitted that railway

conditions vary very greatly between India and other countries and that those who have to work on Indian Railways, receive their training better in India. In the same way, as English Railway men can teach something to our men, the latter can also show something to the former. There is possibly yet only one department in which officers may have to be imported. It is the Locomotive Department, but with every contract placed by the Indian Railways for engines and machines etc., it should be specified that a certain number of Indians should receive training in the works of the Engine Builders in England. This will gradually indianise that Department too. The English steel trade and the engine builders earn large profit by the renewals on and fresh constructions of railways in India and if one can read between the lines he will see from the recent speech of Mr. Lloyd George on un-employment in Great Britain that there is some connection between assisting towards solving the problem of un-employment in England and the Indian Railway extensions and their equipment and renewals. The only point however, in this respect is that who is there to see that in booking orders for railway materials in England Indian interests are considered first and that only such goods, as are really necessary are ordered and, that orders are not placed merely to find work for England rather than in Indian interests. If goods of good quality can be had from elsewhere at a cheaper price than from England, it would be to India's interest to get those goods from that place which is most suitable. But will this be done or allowed? Then again, if English capitalists, manufacturers, and workmen want orders from India they must reciprocate and must not grudge training Indians as Locomotive builders more freely. However, we must now come back to the point at issue, that is, to the question of salaries to be paid to high officials on railways.

The salary of the Member for Communications will probably be the same as of the other Members of the Viceroy's Executive Council. If this is so, it cannot be (at least it should not be) that the Railway Chief Commissioner or the Railway Commissioners or the Railway Agents and General Managers should get higher salaries than the Member for Communications.

The salaries of the railway officials should relatively and gradually become lower. It may be argued that such reasons are not put forward as grounds for lower salaries on English railways or on American railways for their higher officials, or in other words, it may be said because in England the Government officials accept lower salaries the Railway officials are not paid lower salaries but get much higher wages. It may be so. But the point is that we should not recruit men, nor is there any necessity for recruiting men, from English or American Railways for our railways in any of the departments but the Locomotive Department. It is mainly the question of the salaries of the Agents and of the Traffic Managers and of the Traffic, Transportation and Engineering Staff that are at issue. Because the General Managers of some of the English Railways get fourteen thousand pounds per annum it is no argument that high salaries should be paid to the railway Agents in India and to their officials. One of the reasons why there is very great objection to Company management of Indian State Railways is that in the past we have seen that the companies first paid higher salaries than the State Railways paid for identically similar services and similar and equally responsible posts. At one time, the salary of the N. W. Ry. Manager was far less than the salary paid by the E. I. Ry. Company or the G. I. P. Ry. Company to their Agents at the same time, but, gradually, the salaries on Indian State Railways also went up high, simply and solely because the Companies' lines paid higher salaries. In England and in America, the Government have absolutely no stake in railways, which are the properties of the shareholders, and this being so it does not matter what salaries the English or American railwaymen get, but in India, even if the railways were handed over to the companies of Indian domicile, the ownership and the great bulk of the capital will yet be that of the Government, that is, of the people, and, as guardians of the public purse, the Government should see that much money is not spent in paying high salaries. India should not be sacrificed under the name of efficiency, which can be attained without there being the necessity to pay enormous sums in high

salaries to high railway officials, who are not men of superior calibre to those in other Government departments.

At one time agents of railways did look forward to the appointments as Members of the Railway Board, but the Company lines agitated for high salaries for their Agents, General Traffic Managers and other heads of departments and the Government yielded at the time, apparently because the requests came from the Company worked State lines, little thinking at the time, that eventually similar demands would come from their own officials, both on State-worked State-Railways and on the Board.

For all these and other reasons it is very essential that the Railway Budget should be subject to criticism by and control of some one other than the Member in charge of Railways and the Finance Member should pass the Budget, before it comes for discussion and vote in the Legislative Assembly and the State Council.

APPENDIX

Lord Meston and his admirers and friends amongst Indian railway directors and managers, and a few amongst us, and, the Anglo-Indian community, who are in favour of Company Management of Indian Railways, are but voicing the confirmed views of the Government and of the British traders. The whole question came before the Imperial Legislative Council in April 1915, and every Indian member was in favour of State Management. It will be interesting to note what the old Editor of the *Bengalee* Mr. Surendra Nath Banerji (Sir Surendranath now) had to say in the matter in the said Council.

"Year after year the Government is becoming more and more national, year after year our voice is becoming more and more potent ; therefore within a measureable distance of time State Management will mean management of railways by the people and through the representatives of the people. That is what State Management will ultimately imply. But perhaps it may be said that I am looking ahead. Let me confine my vision nearer home. At present State Management means a management more responsible to public opinion than Company Management can ever be. State Management means a management which pays greater attention to the requirements of the people than to the requirements of £. s. d."

The *Bengalee* has been good enough to suggest that the *Patrika* is co-operating with the Government organs viz. *The Times of India* and *The Pioneer* in pressing for State Management of Indian Railways. But *The Bengalee* will do well to study the question more closely, and, it will then find that the *Patrika*, though it may be incidentally saying the same thing as these papers, is going directly against the views of the GOVERNMENT in the matter and is only voicing the popular Indian views. Lord Meston in supporting Company Management is simply repeating what the Government and the Anglo-Indian community and the British traders and the railway companies have always supported, viz. Company Management.

The Indians have all along asked for State Management. When the Government saw that their attempts to get the Indian public bodies into giving their opinions in favour of Company Management had failed they thought of domiciled Indian Companies ; and they sent out their Circular Letter No. 188-F16 dated, Simla, 5th April, 1916 and, in the note, which accompanied this letter, attempts were made to dwell largely on the advantages of company managed lines. This is what the Government said therein in introducing the subject :—

"A third alternative has been suggested to the Government of India, namely, neither to retain the existing system in tact nor to have recourse to State Management, but to have an Indian Company with a Board of Directors in India. The proposed Board, it is suggested, would include, as the Home Boards do at present, a Government Director with a power to veto ; for the rest of the Board there would be the commercial community, both European and Indian, in Calcutta and Cawnpore on which to draw."

Cawnpore and Calcutta contain a very large portion of the European Commercial Community. Even the Agent of one of the biggest company managed lines in India had to admit that the grounds set forth, in the aforesaid circular, by the Government of India, Railway Department, were narrow. He had to say that "the question of State or Company management was one of State policy and must be decided on general, political, and financial considerations but not upon everyday experience of those commercially interested." So it will be seen that in siding with the Company Management on commercial grounds alone the *Bengalee* and the *Anglo-Indian Journals* of Calcutta are siding with the avowed views of the Government and of the British traders. It is a pity that the *Bengalee* should have at this last and critical moment thrown its lot with the *Anglo-Indian journals* of Calcutta when the sense of justice has at last induced even the *Pioneer* and the *Times of India* to recognise the rights of the Indians to have state management of Indian Railways. Lord Meston's views need not surprise us. There is nothing new in them, for he simply reiterates what the Government of India have all along said in the past and will

perhaps advocate it yet but we also know the Government of India at least in the past voiced the views of the Anglo-Indian community, and this Mr. Marshal Reid of one of the European Chambers plainly gave out when he said "we have always had our way with the Government." Sir Ibrahim Rahimutulla pointed this out when replying to the arguments of the Government and of the Anglo-Indian Community in connection with the resolution that he moved on the very question of State Management of Indian railways in the Imperial Legislative Council in April 1915. He said as follows :—

I will frankly confess that I never expected the support of the representatives of Chambers of Commerce for the very lucid reason which the Hon'ble Mr. Marshall Reid gave. He said "it will take time, but we will have our way in the matter of the Muttrā-Aligarh Section as we have always had our way, with Government." Sir, we cannot expect support from contented and self-satisfied people. I have brought forward this resolution in the interests of the Indian tax-payers and I think the general consensus of non-official opinion in this Council must have convinced Government that they regard it as a matter of great importance that the management of railways should vest in the State.

And the Indian non-official members did unanimously ask for State Management. Therefore, Lord Meston though he may be one of the "truest friends of India", he is, in this instance, going against the popular Indian public opinion. He may be a great financial expert on Indian questions, but we have seen that his recommendations in respect of allotment of finances for Bengal left nothing else for the ministers of Bengal to do but to set out on a begging mission to Simla, with the results we know.

"Sir Henry Burt" or "Sir R. N. Mukherji" group whatever you may call it, want to keep State Management of railways in India only as an ideal. As each contract expires, it is to be renewed every time or a new Company formed for what they might call "Short periods." This is a very nice way indeed of dealing with India and her aspirations and real wants. On the plea of experiment "State Management" is to be delayed

and delayed till it is never to be realised fully and completely ; on the otherhand, a great attempt may be made to convert even the Oudh and Rohilkhand State Railway into a so-called Company line and to include it in the E. I. Ry. Company.

Lord Meston and friends object to "nationalization of Indian Railways" but are not the Indian Railways to all intents and purposes nationalised already so far as the ownership is concerned ; but inspite of nationalization India is denied the full benefits of it. Then why confuse people by saying that there are great objections to "Nationalization" and why bring in the words "Private enterprise." It is surely very queer sort of "Private enterprise" that does not use any enterprise at all to provide the whole capital and takes not the slightest risk but expects the Government to find the great bulk of the capital, and, also to take the responsibility for any loss, even in respect of the very small portion of the capital, which the companies, or the so-called private enterprise, want to find. Where does private enterprise come in at all? Let the supporters of Company management use the proper words and adhere to whole truth. Instead of private enterprise we see only a government within Government, sometimes very powerful, especially in going against the interests of Indian industries, even the Government that creates it and gives it all the money and land is unable to interfere in such cases, although it interferes in many others.

The cry of Lord Meston's admirers and freinds is said to be raised on behalf of the Indian traders, merchants and the cultivators. Do not the Indian merchants of Bombay and Calcutta and of other places count? What have the Indian Merchants Chamber and Bureau of Bombay and the Marwari Chamber of Calcutta or the Indian Mining Federation said? Have not they asked for State Management in the strongest terms possible? Do not the representatives of these great bodies contain a large portion of the Indian merchants who use the East Indian, the Great Indian Peninsula and the Bombay Baroda and Central Indian Railways. No, the vpoice of the European Chambers and of the European Mining Association must count. Have not the great bulk of the Indian public and

of the Indian bodies, barring a few rare exceptions, taking the country as a whole, voted against Company Management in their evidence before the Railway Committee? Is not the firm of the only one Indian member of the Committee, out of three, who has sided with Company management, is more European than Indian in its character.

Poor Indian Agriculturist! His name is made use of by those, who oppose the popular Indian public opinion. The poor Indian cultivator tills the land but even hardly gets the wages of a labourer to enable him to make both ends meet, far less to make a saving. He is no partner in making the best out of his productions; e.g., wheat, oilseeds, etc. That is left to be made by those who are mostly outside of India and want India to be used for their manufactured articles and for the productions of their raw materials, and in this respect the Indian Railways have assisted always. Let us see what was plainly admitted in one of the publications of the East India association in England entitled "More Truths about India" in which it was stated as follows:—

"The retention of India, and of a contented India is essential to the well-being of the British Empire as a whole. The sea borne trade of India is the largest within the Empire, save only that of the United Kingdom. India "sends far more food and raw materials to this country than any of the Dominions. She purchases far more British produce and manufactures than any of the Dominions, and her needs make her the mainstay of the cotton mills of Lancashire."

"The United Kingdom enjoys 63 per cent. of the value of imports to India."

It is on behalf of these people in Great Britain that Company Management of Indian Railways is wanted.

Lord Morley admitted that the interest taken by the British traders in Indian railways was great, in one of his Budget speeches in the House of Commons. We have already said why. And the late Mr. Gokhale in one his Budget speeches said as follows:—

My Lord, I have so far tried to show (1) that the huge surpluses of the last four years are in reality only

currency surpluses, (2) that the taxation of the country is maintained at an unjustifiably high level and ought to be reduced, and (3), that India is not only poor, very poor country, but that its poverty is growing....
The English mercantile classes have been conciliated by the Government undertaking construction of railways on a large scale.....a policy which, whatever its advantages has helped to destroy more and more the few struggling non-agricultural industries that the country possessed and throw a steadily increasing number on the single precarious resource of agriculture. And this railway expansion has gone on while irrigation, in which the country is deeply interested has been neglected.

We know how far the good of Indian agriculturists is really sought by those, who find it convenient for their own purpose, to use the name of the poor Indian agriculturist when they find it necessary to oppose the popular Indian opinion in their just demands.

As to adding to the burdens of what is called an already overburdened Government by direct management of railway, by the State, it is to be observed that as far as actual management of railways is concerned the work of the Government will be the same as it is now, the railway Agents will continue to do that. In regard to direction and control the Government have now to exercise a very great deal of control over company worked state lines in matters of sanctioning new works, expenditure, finance, general rules, safety of the public etc. etc. But whereas, at the present moment, this work is hindered and delayed owing to controversy between the Government of India and the companies, and, a great deal of time, energy and correspondence is wasted as the inevitable result of dual control and conflict between the interests of those of the Government and of the Companies, all this will be entirely obviated by direct State management. Moreover, no responsible Government should dread or shirk a task, which is essential to the economic and industrial growth of the country it governs. Prince Bismark insisted that the German Government should undertake the

management of State railways because he considered that "State railways serve chiefly the public interests of traffic.....and in all events they promote only public interests" and he would not have private railways as in his opinion they would not use the privilege of monopoly granted by the Government in all interests of the people.

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