



Dhananjay Rao Gadgil Library



GIPE-PUNE-063020



Proceedings of the Road-Rail Conference

Held in Simla on the 24th, 25th and 26th of April 1933

**DELHI:
MANAGER OF PUBLICATIONS,
1933**

**Government of India Publications are obtainable from the Manager of Publications,
Civil Lines, Old Delhi, and from the following Agents:—**

EUROPE.

**OFFICE OF THE HIGH COMMISSIONER FOR INDIA, India House, Aldwych, LONDON, W. C. 2. And at all Bookellers,
INDIA AND CEYLON: Provincial Book Depôts.**

MADRAS:—Superintendent, Government Press, Mount Road, Madras.
BOMBAY:—Superintendent, Government Printing and Stationery, Queen's Road, Bombay.
SIND:—Library attached to the Office of the Commissioner in Sind, Karachi.
BENGAL:—Bengal Secretariat Book Dep't, Writers' Buildings, Room No. 1, Ground Floor, Calcutta.
UNITED PROVINCES OF AGRA AND OUDH:—Superintendent of Government Press, United Provinces of Agra and Oudh, Allahabad.
PUNJAB:—Superintendent, Government Printing, Punjab, Lahore.
BURMA:—Superintendent, Government Printing, Burma, Rangoon.
CENTRAL PROVINCES AND BEHAR:—Superintendent, Government Printing, Central Provinces, Nagpur.
ASSAM:—Superintendent, Assam Secretariat Press, Shillong.
BIHAR AND ORISSA:—Superintendent, Government Printing, Bihar and Orissa, P. O. Gulsarbagh, Patna.
NORTH-WEST FRONTIER PROVINCE:—Manager, Government Printing and Stationery, Peshawar.

Thacker, Spink & Co., Ltd., Calcutta and Simla.
W. Newman & Co., Ltd., Calcutta.
S. K. Lahiri & Co., Calcutta.
The Indian School Supply Depot, 309, Bow Bazar Street, Calcutta.
Butterworth & Co. (India), Ltd., Calcutta.
M. C. Barcar & Sons, 15, College Square, Calcutta.
Standard Literature Company, Limited, Calcutta.
Association Press, Calcutta.
Chokerverty, Chatterjee & Co., Ltd., 15, College Square, Calcutta.
The Book Company, Calcutta.
James Murray & Co., 12, Government Place, Calcutta.
(For Meteorological Publications only.)
Ray Chaudhury & Co., 68-5, Ashutosh Mukherji Road, Calcutta.
Scientific Publishing Co., 9, Taitola Lane, Calcutta.
Chatterjee & Co., 3-1, Bacharam Chatterjee Lane, Calcutta.
Standard Law Book Society, 5, Hastings Street, Calcutta.
The Hindu Library, 3, Nandalal Mullick Lane, Calcutta.
Kamala Book Depot, Ltd., 15, College Square, Calcutta.
The Pioneer Book Supply Co., 20, Shib Narain Dass Lane, Calcutta.
P. C. Sarkar & Co., 2, Shama Charan De Street, Calcutta.
*Bengal Flying Club, Dum Dum Cantt.
Kali Charan & Co., Municipal Market, Calcutta.
N. M. Roy Chowdhury & Co., 11, College Sq., Calcutta.
Grentha Mandir, Cuttack.
S. C. Basak, Esq., Proprietor, Albert Library, Dacca.
Higginbotham, Madras.
Kochouse & Sons, Madras.
G. A. Natesan & Co., Publishers, George Town, Madras.
Y. Varadachary & Co., Madras.
City Book Co., Madras.
Law Publishing Co., Mysapore, Madras.
The Booklover's Resort, Taikad, Trivandrum, South India.
E. M.opalakrishna Kona, Pudukmandapam, Madras.
Central Book Depot, Madras.
Vijapur & Co., Vizagapatam.
Thacker & Co., Ltd., Bombay.
D. B. Taraporevala, Sons & Co., Bombay.
Ram Chandra Govind & Sons, Kalbadevi Road, Bombay.
N. M. Tripathi & Co., Booksellers, Princess Street, Kalbadevi Road, Bombay.
New and Secondhand Bookshop, Kalbadevi Road, Bombay.
J. M. Pandia & Co., Bombay.
A. H. Wheeler & Co., Ananabad, Calcutta and Bombay.
Bombay Book Depot, Girgaon, Bombay.
Bennett, Coleman & Co., Ltd., The Times of India Press, Bombay.
The Popular Book Depot, Bombay.
Lawrence & Mayo, Ltd., Bombay.
The Manager, Oriental Book Supplying Agency, 15, Shukrawar, Poona City.
Rama Krishna Bros., Opposite Vishrambag, Poona City.
S. P. Bookstall, 21, Budhwar, Poona.
The International Book Service, Poona, 4, Mangaldas & Sons, Bookellers and Publishers, Bhaga Talao, Surat.
The Standard Book and Stationery Co., 32-33, Arbab Road, Peshawar.
The Students Own Book Depot, Dharwar.
Shri Shankar Karnataka Pustaka Bhandara, Malamuddi, Dharwar.
The English Book Dep't, Ferozapore.

Frontier Book & Stationery Co., Rawalpindi.
*Hosenbhoy Karimji & Sons, Karachi.
The English Bookstall, Karachi.
Rose & Co., Karachi.
Keale & Co., Karachi.
Ism Chauder & Sons, Ambala, Kasauli.
The Standard Bookstall, Quetta and Lahore.
U. P. Malhotra & Co., Quetta.
J. Ray & Sons, 43, K. & L. Edwards Road, Rawalpindi, Murree and Lahore.
The Standard Book Depot, Lahore, Nainital, Meerpoorie, Dalhousie, Ambala Cantonment and Delhi.
The North India Christian Tract and Book Society, 18, Clive Road, Allahabad.
Ram Narain Lal, Kates, Allahabad.
"The Leader", Allahabad.
The Indian Army Book Depot, Dayalbagh, Agra.
The English Book Depot, Taj Road, Agra.
Gaya Prasad & Sons, Agra.
Narain & Co., Meston Road, Cawnpore.
The Indian Army Book Depot, Jullundur City—Daryaganj, Delhi.
Manager, Newal Mishra Press, Lucknow.
The Upper India Publishing House, Ltd., Literature Palace, Ammuddaula Park, Lucknow.
Rai Sahib M. Gulab Singh & Sons, Mehd-i-Am Press, Lahore and Allahabad.
Rama Krishna & Sons, Booksellers, Anarhatti, Lahore.
Students Popular Depot, Anarhatti, Lahore.
The Proprietor, Punjab Sanskrit Book Depot, Saini-nitha Street, Lahore.
The Insurance Publicity Co., Ltd., Lahore.
The Punjab Religious Book Society, Lahore.
The Commercial Book Co., Lahore.
The University Book Agency, Kachari Bazaar, Lahore.
Manager of the Imperial Book Depot, 63, Chandni Chowk Street, Delhi.
J. M. Jaina & Bros., Delhi.
Fono Book Agency, New Delhi and Simla.
Oxford Book and Stationery Company, Delhi, Lahore, Simla, Meerut and Calcutta.
Mohanal Dasabbai Shah, Rajkot.
Supta, American Baptist Mission Press, Rangoon.
Burma Book Club, Ltd., Rangoon.
S. C. Talukdar, Proprietor, Students & Co., Quosh Bazar.
The Manager, The Indian Book Shop, Benares City.
Nandkishore & Bros., Chowk, Benares City.
The Srivilliputtur Co-operative Trading Union, Ltd. Srivilliputtur (S. I. S.).
Raghunath Prasad & Sons, Patna City.
The Students' Emporium, Patna.
K. L. Mathar & Bros., Guzri, Patna City.
Kamala Book Stores, Bankipora, Patna.
G. Basarjes & Sons, Banohi.
M. C. Kothari, Raipura Road, Baroda.
B. Parikh & Co., Baroda.
The Hyderabad Book Depot, Chadergha, Hyderabad (Deccan).
S. Krishnaswamy & Co., Teppakkulam P. O., Trichinopoly Fort.
Standard Book and Map Agency, Book Sellers and Publishers, Ballygunge.
Karnataka Publishing House, Bangalore City.
Eheema Sons, Fort, Bangalore City.
Superintendent, Bangalore Press, Lake View, Mysore Road, Bangalore City.

AGENT IN PALESTINE:—Steinatzky, Jerusalem.

*Agents for publications on aviation only.

**PROCEEDINGS OF THE ROAD-RAIL CONFERENCE HELD IN
SIMLA ON THE 24TH, 25TH AND 26TH OF APRIL 1933.**

The Road-Rail Conference assembled in the Legislative Assembly Chamber at Simla at 12 noon, on Monday, the 24th April 1933. The following were present :—

GOVERNMENT OF INDIA.

Members of Conference.

- The Hon'ble Sir FRANK NOYCE, KT., C.S.I., C.B.E., I.C.S., Hon'ble Member for Industries and Labour, *Chairman.*
- The Hon'ble Sir GEORGE SCHUSTER, K.C.S.I., K.C.M.G., C.B.E., Hon'ble Finance Member.
- The Hon'ble Sir JOSEPH BHOSE, K.C.S.I., K.C.I.E., C.B.E., I.C.S., Hon'ble Member for Commerce and Railways.
- The Hon'ble Sir GUTHRIE RUSSELL, Chief Commissioner of Railways.
- Mr. B. C. BURT, C.I.E., M.B.E., I.A.S., Imperial Council of Agricultural Research.

ADVISERS.

Industries and Labour Department.

- The Hon'ble Mr. J. A. SHILLIDY, C.S.I., I.C.S.
- Mr. K. G. MITCHELL, Road Engineer with the Government of India.

Finance Department.

- The Hon'ble Mr. J. B. TAYLOR, C.I.E., I.C.S.

Home Department.

- Mr. T. SLOAN, C.I.E., I.C.S.

Army Department.

- Colonel B. J. LANG, C.B., C.M.G., D.S.O.

Railway Board.

- Mr. C. P. COLVIN, O.B.E., Member, Railway Board.
- Mr. P. R. RAU, Financial Commissioner, Railways.
- Mr. A. F. HARVEY, Director, Civil Engineering, Railway Board.
- Mr. N. D. CALDER, Director of Traffic, Railway Board.
- Mr. L. H. KIRKNESS, D.S.O., O.B.E., V.D., Secretary, Railway Board.

Class I Railways.

- Mr. H. A. M. HANNAY, Agent, East Indian Railway.
- Mr. J. C. HIGHET, F. C. H., Agent, North Western Railway.
- Mr. C. A. MUIRHEAD, Agent, South Indian Railway.

Mr. R. L. BLISS, Agent, Assam Bengal Railway.

Major J. W. GORDON, Manager, Jodhpur Railway.

Mr. J. H. F. RAPER, Chief Traffic Manager, Great Indian Peninsula Railway.

Mr. P. H. YELD, Traffic Manager, Eastern Bengal Railway.

Mr. R. T. POWER, Traffic Manager, Burma Railways.

Mr. H. P. BALL, General Traffic Manager, Bombay, Baroda and Central India Railway.

Mr. R. A. LEAKEY, Commercial Traffic Manager, Bengal Nagpur Railway.

Colonel R. H. STALLARD, O.B.E., R.E., Senior Deputy Agent, Madras and Southern Mahratta Railway.

Standing Committee on Roads.

The Hon'ble Mr. V. V. KALIKAR.

Rao Bahadur S. R. PANDIT, M.L.A.

Mr. N. R. GUNJAL, M.L.A.

Central Advisory Council for Railways.

The Hon'ble Mr. S. C. GHOSH MAULIK.

Mr. MUHAMMAD MUAZZIM SAHEB BAHADUR, M.L.A.

LOCAL GOVERNMENTS.

Madras.

Representative.—Mr. E. CONRAN SMITH, C.I.E., I.C.S., Secretary, Local Self Government Department.

Adviser.—Rao Bahadur T. K. T. VIRARAGHAVACHARIAR.

Bombay.

Representative.—Mr. P. L. BOWERS, C.I.E., M.C., Chief Engineer and Joint Secretary, Public Works Department.

Adviser.—Mr. J. L. GRANT, I.S.E.

Bengal.

Representative.—The Hon'ble Mr. BIJOY PRASAD SINGH ROY, Minister for Local Self Government.

Adviser.—Mr. W. J. KERR, Chief Engineer.

United Provinces.

Representative.—The Hon'ble Nawab Sir MOHAMMAD YUSUF, Kt., Minister for Local Self Government.

Advisers.—

Rai Bahadur CHUTTAN LALL, I.S.E.

Mr. H. J. FRAMPTON, M.C., I.C.S.

Punjab.

Representative.—The Hon'ble Sir JOGENDRA SINGH, K.T., Minister for Agriculture.

Advisers.—

Mr. F. H. PUCKLE, C.I.E., I.C.S., Secretary, Finance Department.

Mr. D. MACFARLANE, Chief Engineer and Secretary, Public Works Department.

Burma.

Representative.—Mr. O. H. TEULON, Deputy Chief Engineer, Buildings and Roads Branch.

Bihar and Orissa.

Representative.—Mr. H. A. GUBBAY, C.I.E., Chief Engineer and Secretary, Public Works Department.

Adviser.—Mr. G. E. OWEN, I.C.S., Secretary, Local Self Government Department.

Central Provinces.

Representative. The Hon'ble Dr. P. S. DESHMUKH, M.A. (Edin.), D. Phil. (Oxon.), Barrister-at-Law, Minister for Education.

Advisers.—

Mr. N. J. ROUGHTON, C.I.E., I.C.S., Commissioner, Nagpur Division.

Mr. H. A. HYDE, M.C., Chief Engineer and Secretary to Government.

Assam.

Representative.—The Hon'ble Mr. A. J. LAINÉ, C.I.E., I.C.S., Member in Charge, Public Works Department.

Adviser.—Mr. E. P. BURKE, Chief Engineer and Secretary, Public Works Department.

North-West Frontier Province.

Representative.—Mr. J. S. THOMSON, I.C.S., Revenue Commissioner.

Adviser.—Captain STUART, R. E.

LIGHT RAILWAYS.

Representative.—Mr. E. C. REID, of Messrs. Killick Nixon & Co.

Adviser.—Mr. R. C. LOWNDES.

*Indian Roads and Transport Development Association.**Representatives.*—

The Hon'ble Mr. E. MILLER, J. P.

Mr. H. E. ORMEROD, J. P.

Mr. NUR MAHOMED CHINYOY.

Advisers.—

Lt.-Colonel H. C. SMITH, O.B.E., M.C.

Mr. G. U. POTTINGER.

*Inland Steamer Companies.**Representative.*—Mr. C. R. SUMNER, M.L.C.*Member.*—Mr. F. A. HAMILTON, C.I.E., Inspector General of Police,
Mysore.*Adviser.*—Mr. H. RANGACHAR, M.A.

 His Excellency the Viceroy delivered the following address :—

GENTLEMEN,—

It gives me very great pleasure to welcome you all here today for a discussion of those important and difficult questions upon which my Government desire to have your advice and help.

The questions to be laid before you are increasingly claiming the attention of the people of all the countries of the world. The Road-Rail problem is one of the growing pains of civilisation, and if we look back upon the tremendous progress which has taken place during the present century in the electrical and mechanical devices that science has placed at the disposal of men—a progress and a rate of change which, I think I may truly say, have exceeded that during all previous recorded history—our wonder should rather be at the amazing capacity of man to adjust himself to these new conditions, and not that the adjustment is accompanied by temporary dislocations such as are represented by the complex questions now before you.

We in the Government of India are anxious to approach these discussions with you with an entirely open mind, and I am sure I may ask you, gentlemen who are present here, to approach them in the same spirit. It is becoming more and more apparent that it is impossible to develop this country fully unless we bring all roads to a higher standard and thus improve the facilities for easy access of all producers to markets and to railways. In order that such schemes should be developed on proper lines before further considerable expenditure is incurred on either Railways or Roads, it is to my mind absolutely essential that we should get together and, if possible, adopt some co-ordinated scheme. It is because the Government of India are convinced that not only is this desirable but urgently necessary that you have been invited to meet us here today.

I am not going to attempt to express any opinion upon the merits of the various differences of view, but in the welter of this controversy there are certain outstanding facts that cannot be challenged. It is a fact that between seven and eight hundred crores of the tax-payer's money are invested in Railways in India. It is a fact that the rate structure of Railways is an interdependent and complex entity in which the receipts from certain classes of traffic cannot be suddenly curtailed without causing some reaction upon the rates levied upon others. It is a fact that in a country of vast distances such

as India the economic prosperity of its peoples is bound up with cheap rates for the transport of agricultural produce, coal and other traffic, commonly described as low-grade traffic. It is also a fact that the convenience, elasticity and economic advantage of motor transport are very real; that motor transport has already substantially altered and improved the conditions of life in many parts of the country: and that it is of great potential value in advancing the material, social and political progress of the population.

The whole of this problem has for some years past been exercising the peoples and the press of the whole world, and we have made it our business to collect such material as we can and to place the position clearly before you. In England, a Royal Commission on Transport was followed by a special Committee representative of both Railway and Road transport interests, and presided over by Sir Arthur Salter, with regard to whose report, copies of which have been supplied to you, there is still considerable diversity of opinion. In certain other countries various steps have been taken to deal with the problem, and we have furnished you with a summary of the information in our possession upon the nature of the problems that have arisen in different countries and the steps taken or contemplated to meet them.

Here in India the Road-Rail problem is comparatively new and its difficulties less developed. Consequently we appear to have an opportunity for timely adjustment which many other countries have not and therefore to profit by the experience of others. We have a great Railway system and a considerable mileage of excellent Roads. But nearly one half of our Railways have metalled roads parallel to them, while at the same time there are large areas, distant from Railways, very inadequately served by roads, and so deprived not only of all that good roads mean to agriculture, but also it would seem of the possibilities of securing the advantages of modern transport; for there is a limit to the good roads this country can afford. It is possible that the various authorities in India may have been spending money on duplication of facilities which might perhaps with greater advantage have been spent otherwise. This is a question which you will doubtless consider.

Such perhaps are some of the salient features of the position, and in these circumstances we have, with the help and co-operation of Local Governments, instituted an enquiry into the readily ascertainable facts and opinions bearing upon these questions. The results of that enquiry have been embodied in the Report which has been available to you for some three months.

Finally, after a preliminary examination of all this material, we have set out the various questions which appear to arise, in the form of certain resolutions which will be discussed by you at this Conference, this being in our judgment the best means of obtaining a general exchange of views on these various problems. These resolutions have been framed to afford a basis of discussion, they do not purport to represent our views.

Thus we have placed before you the material which we have been able to assemble, and we have set down the issues which appear to arise. We await the results of these discussions and the elucidation of the various points of view—our purpose being to secure agreement and co-operation as to principles before deciding upon the next forward step.

We are upon the eve of constitutional changes which are designed to give increased power and discretion to Local Governments, who will be enabled to pursue their several ways for the material and social advancement of their great territories. But here, upon the eve of these changes, we find ourselves face to face with problems which it may not be possible to resolve solely by local action and within local discretion. To discover the best solution of these problems is a matter of national importance, and many of them transcend local boundaries. To our successors in the Federal Government and Legislature will fall the task not only of administering the great Federal Railway system, but of dealing with those aspects of these questions which affect the Central Government. Upon the representatives of Local Governments will fall the task of developing the Road system of India and controlling and regulating motor transport within autonomous Federal Units. It may be that your discussions will show that close contact and co-operation will be needed between your successors and ours, and, if that be the case, let us not too jealously delineate our prospective independence, but let us leave to our successors when they take over their duties a working and a workable agreement founded on a common policy and a co-operative course of action.

Gentlemen, that is all I have to say this morning. I now leave you to your labours and I trust that your discussions will prove of the greatest advantage to this country and its peoples.

His Excellency the Viceroy then left the Chamber.

Chairman.—Before we take up the resolutions I should like to say a few words about the procedure I propose to adopt. The object of this Conference is to enable us to have a full and frank exchange of views upon these very important and complicated questions. We have explained to you in our letter our reasons for proposing procedure by way of resolutions. Briefly our idea has been that in no other way can reasonable progress be made in these discussions, and if I have to conduct the business of this Conference in a somewhat formal manner, I think you will agree that this also is necessary if we are to make substantial progress. The procedure which I would propose is, therefore, that I should lay each resolution before you in turn and state generally the attitude of the Government of India towards it. My Hon'ble colleagues, Sir George Schuster and Sir Joseph Bore will then supplement what I have said with anything that they think has been omitted. The Chief Commissioner of Railways, Sir Guthrie Russell, will then state the effect upon the railways of any particular proposal and will be followed by the representatives of the Light Railways, the Inland Steamer Companies and the Indian Roads and Transport Development Association. I will then call upon the representative of each Local Government in turn to state his point of view and upon such of the members of the Standing Committee for Roads and the Central Advisory Council for Railways as may wish to express their views. We will then see how far it is possible to say that the Conference is provisionally of this or that opinion. I do not wish to restrict you to one speech on each resolution, because after each of you has made his opening statement we want to have an exchange of views, but I shall have to guard against the Conference breaking up into conversational groups, and in the subsequent discussion I shall have to insist on more or less formal procedure by calling upon each member who indicates that he wishes to add anything to what he has already said.

We have decided that it will not be suitable or in accordance with your wishes to admit the Press to report our proceedings. Considerable interest is being evinced in this conference and arrangements will be made to issue to the Press each day a summary of the matters discussed. But for a frank and free discussion we will none of us want to be trammelled by thoughts of how we may be reported, nor do we want it published abroad that we have come to certain definite decisions, as that is not our object.

As regards the representation of various interests on this Conference, you will admit I think that, for a deliberative body, it has already grown to somewhat formidable dimensions, and you will understand our anxiety to limit our invitations as far as possible. Nevertheless, we wish we had found it possible to arrange for the direct representation of the owners and operators of motor transport and in particular of rural buses. Our difficulty however has been that these important interests do not appear to be as yet sufficiently organised, and that such organisations as exist appear to be upon a provincial or even more local basis, and clearly there would be difficulty in picking upon one or other of these as fully representative for the purpose of a conference of this nature.

The time for consultation with these bodies will come when Local Governments have to take into consideration any specific proposals which may arise as a result of our deliberations here, and when that time comes doubtless the claims of really representative bodies to be heard will not be overlooked. I mention this point because I do not want it thought that we have forgotten these important interests.

The Government of Mysore have recently carried out an exhaustive enquiry into these matters and have reached certain conclusions somewhat similar to those set out in the report of our own enquiry. They suggested therefore that the views of their experts might be of help to us, while our discussions would be of great interest to them. While this Conference is concerned solely with British India we heartily welcome their co-operation and are very glad to see Mr. Hamilton, Inspector General of Police, Mysore, and his adviser here today. I hope they will be able to help us with their experience and opinions.

I would reiterate that this is a preliminary Conference and that we want a free exchange of views to guide the Government of India in approaching local Governments with specific suggestions later on. I do not want the formality of the proceedings in any way to stifle discussion, but I think we shall all get along better if we have an agreed procedure and understand what that procedure is. If this method of conducting these discussions meets with the approval of the Conference, I will now take up the first resolution, and would only ask you to remember that, as our Reporters are not accustomed to reporting some of you, it would help them if you do not speak too quickly.

It has been suggested to me that we might have a sub-committee of this conference to go through the matter which is communicated to the press every day. If that suggestion commends itself to you, I would suggest the Honourable Sir Guthrie Russell, the Honourable Mr. E. Miller, and, if he would like to serve, the Honourable Mr. B. P. Singh Roy. I think we might add the Honourable Mr. S. C. Ghosh Maulik as representing the legislature. I think the

Committee is sufficiently large for this purpose. If there is any other representative who would like to be represented on the Committee, I should like to have further suggestions.

(No further suggestions were made.)

We will take it then that the Honourable Sir Guthrie Russell, the Honourable Mr. E. Miller, the Honourable Mr. B. P. Singh Roy and the Honourable Mr. Ghosh Maulik will form the Committee.

(The First Resolution was then taken up.)

The Resolution for discussion was as follows :—

Resolution No. 1.—

This Conference considers it desirable that measures should be concerted—

- (a) for the prevention of further wasteful competition between railway and road transport ;
- (b) for the development of rural motor transport complementary with railways ; and
- (c) for the development of the road system in harmony with the objectives defined under (a) and (b), upon a comprehensive and more uniform plan than at present exists.

Chairman.—This resolution covers, I think, the main outlines of the problems before us. Those that follow are designed to fill in the details. On this resolution therefore I would like to review the position as we see it and to draw your attention to certain aspects that seem to us to be important. You, on your part, will doubtless tell us how, in the main, the problem presents itself to you.

As an abstract proposition it might be said that the first consideration in approaching these questions should be something like this :—

What system of transport will, for a given set of conditions, prove most beneficial to the industries of the country, including the greatest—agriculture—and make for the economic, social and political advancement of the population ? If we were at the beginning of roads and railways, we might be able to find a solution in the answer to this abstract question. But we have a great railway property and a large system of roads, and we cannot proceed far on abstract considerations. The circumstances being what they are, a definite answer to such an abstract question will not help us. We could not, having regard to the experience of India and of other countries, say, that for all conditions railways stand unchallenged, nor could we say that roads can take the place of railways, the latter to that extent being regarded as obsolescent and to be dispensed with as soon as possible. What is now wanted is the best distribution of the nation's traffic between the two systems in the interests of the nation as a whole, and some arrangement whereby there can be a gradual passing of certain traffic from the railways to the roads if economic forces are to produce that result. A rapid transition involving the virtual destruction of the large State or private capital invested in railways would be a financial disaster of the first magnitude, while a general enhancement of railway freights on that traffic for which the

road provides no alternative would be a grave agricultural and industrial handicap.

But it is as well to get the correct perspective and to realise that we are now facing no new problem such as has never before arisen. Those of you who have studied the final report of the Royal Commission on Transport in England will recollect the historical review which showed how in the past one form of transport has succeeded another, the more efficient without compunction taking to itself the traffic of the less. I do not propose here to attempt a similar review for India ; it is sufficient to point out that in general roads preceded railways ; that the latter were often built parallel to the roads, and that they doubtless took much traffic from the roads while at the same time creating much entirely new traffic. Railways have now been in existence in the world for about 100 years ; road motor transport for 30 years ; and the more recent commercial aviation for about 15 years. The railways now in turn find themselves in danger and they are not unnaturally protesting. But to their protests their competitors reply that they are suffering the fate of their predecessors, and that the more efficient and economical form of transport must eventually prevail.

So might one side of the question be presented, and yet the case, so baldly stated, is manifestly unfair. The railways do not ask that they should be protected at all costs. They claim and fairly claim that, if they are to meet competition, they should be allowed to do so on fair terms. Having been granted a monopoly of a certain route (a monopoly against other railways, their only effective competitor heretofore) railways were in the public interests subjected to control. Their passenger rates were subjected to a statutory maximum, their freight rates were controlled by many rules, they were bound to carry practically any traffic that offered at rates prescribed by law, while the growth of trade unions tied their hands in the matter of wages and prevented them in effect from employing that staff which was in strict accordance with the requirements of their business. When they had an effective monopoly, they were not allowed to extract the utmost out of it, but that control and those disabilities, perhaps justifiably imposed when a monopoly was being enjoyed, are now continued when that monopoly is seriously challenged and a competitive form of transport is permitted to operate on parallel routes, picking and choosing what it will carry and when, without any control and without those disabilities, even while offering as effective a competition as would another railway. Railways may claim and may fairly claim that, in a country of immense distances such as India, they are not only under an obligation to carry, but it is still essential in the public interests that they should carry, long distance and heavy traffic which, with their complicated rate structure, they cannot continue to do at the same charge if the balance of that structure is violently disturbed by the removal of certain classes of traffic and those classes only which it suits their new rivals to carry. It is also alleged that, while railways have to provide their permanent way, their competitors use one supplied from public revenues. Against this it is strongly contended that in some countries at least motor transport produces in taxation more than enough to meet the road bill. In British India at the present time it is believed to be paying more than half of the total current bill (Rs. 360 lakhs out of Rs. 609·5 lakhs). At the same time it is pointed out that motor transport is paying to this extent although it is not the sole user

of the road and that in India as much if not more damage is done to the roads by other forms of transport. But it is not necessary to examine the merits of this controversy further at this stage, because the material necessary for an absolute determination is not complete and we on our part would require a much closer examination before accepting any figure as final.

I hope it will be agreed that I have at least tried to state both sides of this vexed controversy as fairly, if necessarily briefly as possible ; and that it will only be by a full understanding and appreciation of the various points of views that we shall be able to reach a solution which will make for that mutual co-operation between all concerned upon which, we are convinced the best interests of the country will depend. In any event we are concerned not so much with the absolute facts of the present as with a proper policy for the future.

Thus one step at least suggests itself. Whatever else may be desirable or necessary let us at least make the conditions of competition even. At the same time let us remember that the contest is not a straightforward issue. It is not the whole business of railways which is at present being challenged or is likely to be challenged. It will for many years be a contest in which motor transport will endeavour to take from the railways that business which is best suited to it and leave to the railways that business which offers it no attraction, and, in any fair contest, the remaining obligations of the railways, which constitute a national necessity must be taken into account. The conditions of India are very different to those with which the Salter Committee was faced. That Committee in effect recommended a fair field and no favour. The Royal Commission on Transport had failed to provide a solution. The Salter Committee contented itself with seeking to impose on that form of motor transport which is the real competitor of railways a more proper share for the maintenance of roads, and conditions of operation; not dissimilar to those applied to railways. But it was presented with a set of conditions in which the challenge of motor transport is more nearly to all classes of railway business, and not merely an attempt to get the cream.

It is, however, not only in respect of the relative desire of motor transport to invade all railway business that conditions in India differ from those with which the Salter Committee was faced, and there is added reason why the same course may not suffice here. In England there can be few roads which cannot carry motor transport, with varying degrees of efficiency, it is true, and yet with sufficient efficiency to meet reasonable requirements. But in India there are many miles of roads, and indeed the greater proportion, on which motor transport is a practical impossibility. And while this remains so, there are many parts of India which are denied either a railway or the more efficient modern road transport. It would appear that to remedy this defect is India's first duty. Hitherto the bulk of road expenditure has been on roads of all-India and provincial importance. A better balanced programme of development seems to be required.

So we find the justification for the first resolution. Wasteful competition is to be avoided. Conditions where competition is inevitable and indeed

desirable should be made fair for the competitors, but since there is a field where development is urgently required and where little has been done and much remains to be done, our expenditure should be directed to remedy that defect first. Accordingly, bearing in mind the interests of India as a whole the public authorities concerned should concentrate their efforts on the development of the various forms of transport where they are most urgently required, namely, in the rural areas.

It has been felt, and I doubt if any one will dispute it, that the development of our roads has been a rather haphazard affair of the past. Perhaps this was inevitable with so many different authorities concerned whose efforts were aimed almost entirely to meet the immediate and varying needs of the moment between which there was no attempt at co-ordination. Some more comprehensive and uniform system of road development is urgently required.

There is, however, in India another and a vital consideration. Our railways are largely State property. Some eight hundred crores of the tax payer's money are invested in them. The responsibility for this great system is primarily ours but your interest in its efficiency and solvency is at least as great. The need of agriculture for cheap rates and fares is your concern as much as ours and your future resources will depend in no small measure upon the resources of the federal Government, which in turn will be largely dependent on railways receipts. If the rate structure of the railways is seriously disturbed by the transfer to the road of certain classes of traffic, it is the general public that will suffer. If the revenues of our railways are seriously affected by the same cause, it is upon your revenues that the loss may ultimately fall. I do not say that things have reached this pass or that these results are immediately threatened. We are, we believe, in time to prevent such catastrophes ; but that the danger is there will, I think, be denied by no one who has studied the conditions in other countries : and that there is an enormous field for the development of roads and road transport on a plan co-ordinated with our railways, will hardly be denied by anyone who has studied the conditions in India.

We believe that we have in India a golden opportunity of taking timely action so as to avoid, before it is too late, the disastrous position into which the transport system of some countries appears to have been allowed to drift. But we are also conscious that in India there may be certain difficulties in our way, which we trust are only superficial, but which may arise out of the present constitutional division of functions, which will perhaps be more clear-cut in the future. I have already emphasised our view that your interests and ours in the economic prosperity of the country and the solvency and efficiency of the railways are one and the same, and it should not be impossible to devise means whereby, although operating in separate constitutional spheres, you on your side and we on ours will be able to co-operate and to administer the transport system of the country as a co-ordinated whole. In this task we on our side in the administration of railways will be prepared, as the Honourable Sir Guthrie Russell will explain to you, to do everything in our power to co-operate with Local Governments. On the other side of the question we believe that you will concede that, if the transport system of the country is to be worked and developed as a co-ordinated whole, we are entitled to ask for your fullest co-operation

and consideration in the planning of your schemes of road development and in the control of motor transport. If we can approach these various problems with these ideals and in this spirit, it is not too much to hope that our successors will be able to look back upon this Conference as marking a definite stage in the economic development of this country and a point after which the drift towards the chaos which is evidenced elsewhere, was definitely arrested.

The Hon'ble Sir Joseph Bore.—Mr. Chairman and Gentlemen, I have very little indeed to add to what has been said by the Chairman this morning. What little I say is merely in the hope that it may serve to enable the Conference to view the factors in this problem in proper perspective. The first question of importance which I would ask the Conference to consider is whether within any period of time which we can reasonably look forward to motor transport is likely to become an adequate substitute for the Railways. My own mind is perfectly clear upon that issue and I think, at any rate I venture to hope, that you will all agree that the answer to this question must be in the negative. If that is so, the next question that seems to me of importance is this. Can private or should private motor transport be allowed freely and without control of any sort to appropriate to itself the most paying and the most easily workable portion of the traffic which is now handled by the Railways? Before giving an answer to this question the Conference will have to balance very carefully the resulting gains and losses to the community. It is perfectly true that motor transport may within limited ranges and in certain circumstances be able to afford a cheaper and more convenient method of carriage. Against that advantage you will have to place certain disadvantages. If motor transport is allowed to take the cream of the traffic, I venture to submit that it will be extremely difficult for the Railways to live on the skimmed milk which remains. One of two things must inevitably happen. If the heavy and long-distance traffic which at the present moment it is only possible to carry cheaply because the Railways can make up for their losses on this traffic from the gains on the more paying traffic, if I say, this long-distance traffic is to be carried by the Railways in future without the possibility of their being able to make up for it on the more paying traffic, then, as I have said, one of two things must happen. Firstly, either the carriage of this traffic must be made more costly with, it may be, disastrous results to the community, or the Government, and through it the general tax-payer, will have to bear the resulting losses. I venture to submit for the consideration of this Conference that if those losses are to be borne by Government, the losses will ultimately fall far more heavily on the provinces than on the Centre. This, it seems to me, is the position in a nut-shell which I venture to place before the Conference for its consideration in so far as it concerns the railways of this country.

The Hon'ble Sir Guthrie Rossell.—Mr. Chairman and Gentlemen, before I take up Resolution No. 1 it may clarify the position if I state shortly the definite financial obligations of railways, which are incidentally the obligations of the State. These remarks will form a background to the railway picture not only for this Resolution but for the Resolutions to follow. The obligations I refer to are payment of working expenses, provision for depreciation, payment of

interest charges on the capital invested in railways by the State, payment of interest on the guaranteed capital of the Company-managed railways, and a contribution of one per cent. on the capital at charge to general revenues. In addition to these contractual obligations, if railways are to be run on commercial lines there should also be, year by year, some allocation to a reserve fund. Leaving this, however, out for the moment, in round figures we have to find, each year Rs. 50 crores for working expenses, Rs. 14 crores for depreciation, Rs. 33 crores for interest and Rs. 6 crores as contribution to general revenues; or a total of Rs. 103 crores. It is of course common knowledge that during the past two years we have made no contribution to general revenues, and that for the two years previous to this we only met our interest charges and contribution to general revenues by drawing on our reserve fund, which has now been entirely exhausted. For the past two years we have only been able to meet our interest charges by borrowing from the depreciation fund, and this after making every effort to cut down our working expenses to the minimum. The main reason for the present position is not, of course, motor competition: it is the world-wide depression, but we estimate that motor competition has contributed to this loss to the extent of between $1\frac{1}{2}$ and 2 crores, and there is no doubt that if something is not now done this loss will increase very considerably as time goes on.

I think we can safely assume that if or when normal conditions return railways will be in a position to meet all their obligations, unless of course motor competition makes further serious inroads into our earnings. So far our main loss from this competition has been in third class passenger traffic, which, as you all know, form the bulk of our passenger traffic, contributing no less than 89% of these earnings. But signs are not wanting that in certain parts of the country our goods traffic is also being diverted to the road. As is generally known, railway rates vary for different commodities; generally speaking, it may be said that the lighter and more valuable commodities pay higher rates than the heavy commodities such as coal, iron ore, manganese, food grains, etc. For such commodities, if they are to move at all, low rates are essential. In fact, it is necessary to carry a great deal of such traffic at a little over the actual cost of transport, and the rates charged do not cover the overhead charges. So far, the goods traffic we have lost to the roads has all been the higher rated traffic; the traffic on which we count to help to pay the overhead charges on the low rated traffic. Further inroads into this traffic will place railways in an even more serious position than they are at present. The low paying traffic—and this is the traffic which is of vital importance to the country, in fact, it may be said to be the life blood of the country—must, so far as we can see, be carried by rail; at least I have not seen any signs of an alternative transport system which could absorb this traffic, and all countries which have tackled the road rail problem have arrived at the same conclusion. I think, therefore, it may be taken as axiomatic that railways must remain for the present and that their existence is essential if trade and industry are to develop on normal lines. That railways are necessary to meet the needs of passenger traffic is equally true. For example, take the city of Bombay. Every day, year in, year out, about one hundred thousand passengers travel to and from the stations of that city. What would be the state of the roads and streets if these passengers had all to travel by motor bus?

Also I do not think that anyone would dispute that if railways are to remain they must be made to pay their way. If railways lose their highly rated traffic, how are they going to meet their obligations? It may be possible to increase certain goods rates, but I am personally of opinion, and I believe that this opinion is shared by the railway representatives here to-day, that at present with the low commodity price prevailing no general increase in rates and fares is possible without doing serious damage to all forms of business, and I am quite certain that no one who has the interests of the country at heart would advocate such a step. In fact any considerable general increase would almost certainly bring immediately into operation the law of diminishing returns. The alternative to an increase in rates and fares is to reduce these with the object of increasing the movement of traffic. This question is being examined in detail at the present moment, and if our examination shows that there are possibilities of increasing our earnings by such action, we shall not hesitate to take it, but here again it is only in the low paid traffic that we could expect any large increase in volume, the traffic which, as I have already explained, even at present just covers the bare cost of transport.

Frankly I can see no hope of either of these measures meeting our needs if our best highly paying traffic is to be allowed to go to the road. It may be argued, and I think there would be considerable strength in the argument, that for certain classes of such traffic the most advantageous mode of transport is road motor transport, but I feel convinced that these limited advantages would be far outweighed by a bankrupt railway system which had become a burden on the country, because if railways do not pay their own way the only way to meet their obligations, which are the obligations of the State, would be by further taxation with its reflection on trade and industry. In fact, it appears to me that the prosperity of the country is bound up with the prosperity of the railways, and in arguing the case for railways I am not arguing only the case of the Central Government, but that of the Provincial Governments, and indeed that of the country at large.

There may come a time when some other form of transport will better meet all the needs of the country and at the same time be able to take charge of the railway debt. When that time comes then we may abandon railways. But as I see at present neither India, nor, so far as I know any other country, is in a position to afford the luxury of dual forms of transport antagonistic to and in competition with each other.

How then is the situation to be met in the best interests of the country, and what are these interests? I would place in the forefront of these, cheap transport run on economic lines, not cheap transport obtained by cut-throat competition. The terms of Resolution 1 suggest a method of attaining this object. In India to-day there are about 13,000 miles of motorable roads in the close vicinity of railways, on a considerable proportion of which intensive competition between the motor interests and the railways is taking place. The Mitchell-Kirkness Report shows that in many cases motor services are being run at rates which are certainly uneconomic. Are railways to regain the traffic on these routes by the quotation of rates which will not cover their working expenses? It must be remembered that railways have certain statutory obligations. The more important of these are (1) the maintenance

of their track and rolling stock to a certain standard, the track and rolling stock being subject to statutory inspection ; (2) compliance with an elaborate system of working rules devised to ensure safety which involve an expensive system of signalling, restriction as to speed and loads of trains, provision of costly automatic braking gear, and highly trained staff ; (3) the quotation of schedule fares and freight rates within certain prescribed limits ; (4) limitation of the hours of work of employees to comply with certain maxima ; (5) the observance of schedule time tables for passenger services, the compliance with each of which costs money.

These restrictions do not apply to road services. Railways are therefore at a serious disadvantage when competing with road motors. Again, Railways are entirely responsible for the original cost of and cost of upkeep of their track and if public motor services are to be on an equal footing, they should meet their fair share of the cost and maintenance of the roads over which they operate. In the Mitchell-Kirkness Report it is suggested that in India motor services do so, but if we argue on the lines of the Salter Committee Report they probably do not. I admit that conditions in India are not at present comparable with conditions at Home, but before I can agree that motor services are meeting their fair share of the costs of roads and their upkeep I consider a further detailed examination will be necessary. What the railways claim, and have claimed in other countries, is fair play, and if they are to be subject to certain restrictions, the majority of which are restrictions imposed for the safety of the travelling public, road motor services should be subject to, if not the same, somewhat similar restrictions. This question was examined by the Salter Committee in their report on the road-rail problem in the United Kingdom. The conclusion arrived at was that to the extent to which a service, whether by road or rail, must be regarded as partaking of the character of a common carrier service, the necessity for some public safeguards arises. I shall deal, when speaking on Resolution No. 2, with the regulations which the railways of India consider would be reasonable in respect of road motor services, the object being to place railway and road transport on a more equal footing, which will have the effect of avoiding wasteful competition.

Now we come to clause (b) of the Resolution. Perhaps when a country has money to burn, there may be grounds for building up different forms of transport in competition with each other ; but even so, I consider this would only be justifiable if the form of transport in existence is not capable of meeting the needs of the country, or if the new forms have overwhelming advantages over the old. But surely in times such as these the correct and most economic procedure is to devote the limited amount of money available to opening out new areas which at present have no form of modern transport at all. How can this be done ? Only by close co-operation between the railways and the road interests, and I can assure this Conference that I can promise on behalf of the railways the fullest co-operation. I am quite prepared to undertake before any new railway construction is undertaken to consult the Provincial Governments concerned, and if they consider that the needs of the country can better be met by road transport I would give very great weight to this opinion and normally it would carry the day, except, of course, in such cases as the building of a chord line to reduce railway mileage and so save railway working expenses, or say in the case of a line for heavy mineral traffic which could

obviously not be developed by road transport. But if it was finally decided that a railway is essential for the needs of the country, I would certainly ask the Provincial Government concerned not to parallel that railway by a motorable road and thus facilitate competition with the railway.

Finally we have clause (c) of the Resolution. I feel very strongly that this is a step in the right direction and I can assure Provincial Governments if such a course is finally decided upon, that the Railway Board and the Railways concerned will unhesitatingly give their help. As you know we have a very large number of projects for railways which have been held in abeyance, either for lack of funds or because prospects were not sufficiently favourable. I am prepared to place at the disposal of Provincial Governments all the information we have collected for these projects. This information should enable them to come to a decision as to whether the traffic offering justifies the expenditure of money on the construction of roads and the development of these parts of the country. If a co-ordinated transport system is to be built up, I am prepared to assist by giving the services of railway staff to help on the good work, because not only will the development of such a system be for the benefit of the country as a whole, but it will certainly bring more traffic to railways and place us in a better position than we are at present.

Mr. E. C. Reid.—Whilst I have the privilege of representing the interest of the Branch Line and Light Railways in India at this important Conference, I would like to preface the remarks I may make by explaining at this stage that, in view of the very serious decline in traffic and decrease in earnings which has already occurred and is growing worse in the case of almost all such Railways, on behalf of the Managing Agents having their offices in Calcutta, Karachi and Bombay a request was put forward that a representative from each of those centres should be permitted to attend the Conference. Unfortunately the Government of India was unable to comply with this request. Whilst therefore I have the authority of all the Managing Agents to represent them here, and I have received from them certain general opinions on the draft Resolutions as circulated, the views I may express must necessarily be based more on what comes within my immediate experience as they affect the 7 Railways which come under my Firm's Agency in Bombay.

Though I do not wish to occupy more time than is required, I think it is necessary to bring to the notice of this Conference that at the time when Light Railways Companies were floated it was the policy of the Government of India to encourage the construction of such Lines by the grant of certain terms, Government itself being unable to furnish the necessary Capital. The main terms of the Agreements were that Government guaranteed a minimum return on the Capital or alternatively undertook that the Lines should receive out of the earnings of the Main Line from traffic contributed by the Branch, such a sum, known as a Rebate, as would make up the total earnings of the Branch to a given sum, while the Branch in most cases shared with the Main Line any profits exceeding the guaranteed minimum, namely, 5 per cent. on the share capital. Further, under the terms of the agreements there was also included a purchase clause permitting the Government of India to purchase the line at the expiry of thirty years or at subsequent intervals of ten years. The price

payable on purchase being a minimum of 100 per cent. of the capital expenditure on the line at the time of purchase.

The Prospectus of all companies formed for the purpose of providing capital for feeder lines, embodying the above terms, had to be submitted to and receive the approval of the Government of India before issue. Consequently it is submitted that in subscribing towards the capital of feeder railways the public had good reason to look upon their capital as being safe with a five per cent. dividend more or less assured. From figures I have been able to collect the amount of share capital which has been subscribed under these terms exceeds nine crores of rupees, and in addition debentures have been raised to the extent of about one and a third crores.

I need hardly say that Government are especially interested in the welfare of the Branch Line Railways, as apart from the loss of confidence of the investing public in enterprises which have the backing of Government, they are also financially concerned with the amount of surplus profits they receive or the amount of rebate or guarantee which they may have to pay. I feel, therefore, that in urging the special interests of the Branch Line Railways on behalf of their respective shareholders, can justifiably mention the importance of the subject from the view point too of Government's financial interests which if adversely effected must of necessity react on the tax-payers of this country.

As an example I might mention the case of one Branch Line Railway where although Rs. 2,35,000 was paid to Government in 1925 by way of Surplus Profits; for the half-year ended 30th September 1931 a sum of no less than Rs. 1,10,000 had to be paid by Government to the Company in Rebate.

With regard to the loss in the case of feeder Railways which may be attributable to motor competition, I have a statement of the results for the last few years of several Light Railways. From this it will be seen that the number of passengers carried has decreased as much in some cases as 54 per cent. in the last seven years. It may be argued that the more recent fall in traffic is largely due to trade stagnation, but in Messrs. Kirkness and Mitchell's Report the loss by motor competition in the case of one feeder Railway was estimated to amount, as you may remember, to as much as 40 per cent.; and, though that estimate was quoted with reserve, it showed that light feeder railways are especially susceptible to this form of competition.

I further submit that when trade conditions show some sign of a permanent improvement, the number of motors and lorries on the road will tend to increase, and it is therefore of paramount importance that the position now be reviewed so that a measure of agreement on broad lines may be reached whereby the expansion of road transport can be effected in such a manner that the interests of the Railways are not subjected to what might in certain respects be termed unfair competition, and that the development of communications generally in India may proceed on economic lines.

I would like to take this opportunity of correcting any impression there may be that those interested directly in feeder Railways are unduly antagonistic towards the development of road-motor transport. Such is certainly not the case. On the contrary it is considered that there is plenty of scope for the natural expansion of such transport but without infringing on the areas

now served by Railways. Such expansion and consequent opening up of new districts should be all to the benefit of the country.

Under present conditions Railways are handicapped chiefly due to compliance with the strict rules and regulations embodied in the Indian Railway Act in regard to the comfort and safe transport of passengers, and in having to maintain their rolling stock and permanent way up to a high state of efficiency. Railways have no option but to carry all passengers and goods at published rates between maximum and minimum limits. In several districts Octroi and Town Duty is imposed by Local bodies on rail-borne merchandise and not upon similar merchandise conveyed by road. It seems only right, and this is most important from our point of view, that when motors act as public carriers they should be liable to similar burdens and control.

Dealing with Resolution No. 1 as regards (a), I think it goes without saying that measures should be taken for the prevention of further wasteful competition between railways and road transport, and that the latter should be developed complementary to Railways. In view of the necessity of development of communications in the Lloyd Barrage area and the possible clashing of road and rail interests, the Agents of two Light Railways in that area are much concerned to note from the Report of Messrs. Mitchell and Kirkness that they advocate construction of a road from Khadro to Nawabshah. It is contended that the Mirpurkhas-Khadro Feeder Railway should be extended to its natural terminus, the town of Nawabshah, and that, as a general policy roads should not be built linking up the present railhead of any Branch line with its natural terminus, but rather that the railways should be permitted to extend thereto.

With regard to Resolution No. 1 (b), I quite agree that the development of rural transport complementary with Railways is desirable. I would go further and say that I consider that motor transport on parallel and competitive roads in addition to control should be limited by the number of licences which might be granted, and that such motor transport should be encouraged as much as possible on feeder and undeveloped roads by the grant of reduced license fees, subsidies or otherwise. This would have several benefits for all concerned. It would :—

- (a) Feed the Railways.
- (b) Give an incentive to motors to open undeveloped routes.
- (c) Tend to promote sound motor transport companies which would not only benefit motor concerns, but also give Railways more reliable administrations with whom to make mutual arrangements for the interchange of traffic.
- (d) It would in short promote the rational opening up of the country.

With regard to Resolution No. 1 (c), I certainly consider the development of the road system upon a comprehensive and more uniform plan is desirable. I am strongly of opinion that this development should follow the lines of improving those feeder roads which bring traffic to the railways and constructing new roads in undeveloped tracts, rather than in the construction of trunk roads at the present juncture.

Mr. C. R. Sumner.—I have no remarks to make on this Resolution.

The Hon'ble Mr. E. Miller.—I feel sure that the intention underlying this resolution will commend itself to all present, but it seems to my Association that any decisions that may be arrived at under it are so closely connected with and dependent upon Resolution No. 8 that it is difficult to discuss the matter in detail at this early stage in the proceedings.

It also appears to my Association that if this Resolution and the next one are read in conjunction with each other, they appear to have been framed mainly with the object of checking wasteful competition in one direction only and that is by imposing restrictions on motor transport. Before wasteful competition can be admitted it is necessary that a strict examination of the facts of each individual case be made. This point will be dealt with in detail by my colleague Mr. Ormerod when he speaks on Resolution No. 2.

We should have preferred to have considered the broader issue first as to the best means of providing the country with adequate communications embracing Roads, Railways, Waterways and Airways, with a well balanced policy which would ensure that wasteful competition between all forms of transport would be obviated as far as possible.

It seems to my Association that it will be impossible to deal adequately with this subject of wasteful competition between Railway and Road transport until a policy has been laid down dealing with communications as a whole but in the meantime we can accept the principle, which I hope Resolution No. 1 seeks to lay down. It seems to my Association however that what requires to be brought out is just exactly what comes under wasteful competition. I take it that it is not the intention that it should be only from the railway standpoint; it must be examined from all angles including consideration of what is uneconomical from the point of view of the public.

In order to ensure that this shall receive careful and thorough examination from all points of view it is necessary that some co-ordinated bodies such as Boards of Communications should be established both at the centre and in the provinces, and unless this principle is agreed to, my Association do not accept this Resolution as it stands. My Association therefore would like to submit the following addition to this Resolution :

After "This Conference considers it desirable that measures should be concerted", the following to be added :—

"by the formation of constituted bodies having authoritative powers."

Clauses (b) and (c) are urgently desirable but they are largely dependent on Resolution No. 8 and I think they must be referred to again when we come to discuss that Resolution.

In the meantime I should like to make this point, that if development of rural roads is to come within the scope of a co-ordinated all-India scheme, then if this is to be carried out efficiently it will entail the transfer of district roads back to a higher and more central provincial authority than at present. We must look ahead and in these days of modern transport, modern methods of road construction must be adopted, some of which are so highly technical that it is unlikely that the lesser bodies such as District Boards, etc., will have Engineers in their service, with the requisite knowledge, and until this is

obtained, the work should be controlled, by the Public Works Department or whatever similar higher authority exists.

(The Conference adjourned until 2-30-P.M.)

2-30-P.M., the Honourable Sir Frank Noyce, presiding.

After the adjournment.

Chairman.—I will ask Mr. Conran Smith to give the Conference the views of the Government of Madras on Resolution No. 1.

Mr. Conran Smith.—I should say at the outset that Madras is somewhat differently situated from some other Provinces as regards the problems which this Conference is considering for the reason that in Madras the major portion of our roads are maintained by local bodies, partly with Government assistance in the shape of grants and partly from the income derived from taxation of motor vehicles and district board license fees and from their general revenues. It would not be possible therefore for the Government of Madras to agree to restriction on road traffic in the interest purely of railways when such restriction would lead to curtailment of the revenue of local bodies available for upkeep of roads.

Having said that I may say that in so far as Resolution No. 1 states in general terms certain desirable objects I consider it may be accepted. But I would add that not only should wasteful competition ; between road transport and railways be restricted but all wasteful competition ; e.g., between rival lines of buses. We may agree therefore that some form of restriction on competition is essential, but it should be in the interests of passenger traffic generally and not of railways only.

We must recognise the cogency of the arguments which can be advanced to prove the claim of the railway to protection in the interest of the country as a whole and the difficulties with which they have to contend. But it must be recognised also that the interests of the travelling public have to be considered ; and these interests the resolutions in effect almost entirely ignore.

It has been said that the cream of the traffic is likely to be filched from the Railways but I may perhaps be forgiven if I say that in Madras at any rate there has been a feeling in the past that the travelling public has received often only sour-milk. I would venture to suggest therefore that to some extent solution of the problem lies in the offer to the public of improved facilities for travel by the Railways. I say this with less hesitation because I am aware that the railways have themselves recognised the necessity for such a course of action and are already taking steps to meet the wishes of the travelling public as regards timings, connections and frequency of service.

As a further step towards the elimination of wasteful competition it is possible that more might be done in the way of business arrangements between the railways and the larger bus companies.

Finally I would suggest for the consideration of this conference that the two problems of rail and road competition as regards passenger and goods traffic should be treated separately since, although I consider interference with passenger traffic in the interests purely of railways is undesirable, it might

be possible to impose restrictions on the carriage of goods by road both in the interests of the roads themselves and of railways. I make this suggestion for what it is worth, and perhaps succeeding speakers will offer their views.

As regards (b) of the Resolution, I think there will be general agreement that it is acceptable with the possible elimination of the word 'motor' before transport since there are other forms of transport, e.g., waterways and country carts in areas where they alone can operate.

As regards (c) of the Resolution it must be admitted that there has been in the past no really comprehensive programme for road development in many parts of India, and that some uniformity in the future is desirable.

Mr. P. L. Bowers.—The views of the Bombay Government are generally the same as those of the Government of Madras. I would, however, point out that as the majority of roads in the Bombay Presidency which compete seriously with Railways, are roads which in the opinion of the Bombay Government, should be federal roads, the responsibility for which should rest with the Federal Government, it will be for that Government to determine what constitutes wasteful competition between traffic on Railways and Federal Roads.

The Hon'ble Mr. B. P. Singh Roy.—On behalf of the Government of Bengal, I am inclined to speak almost in the same strain as the representative of the Government of Madras. At the outset I may say that I welcome the underlying principle of this Resolution but at the same time I must make it clear that while the Government of Bengal are in favour of giving proper protection to railways on the grounds stated by His Excellency and by you, Sir, this morning, we feel that the interests of motor transport, specially the passenger services, should also be sufficiently safeguarded, so that no provision should be introduced in the interest of railways which would ultimately affect the motor transport, because motor transport offers distinct facilities to the public and here public opinion and the opinion of the Government of Bengal tally entirely.

I am glad to note what the Honourable Sir Guthrie Russell has said about exploring the avenues for improving the railway service by reducing the rates or by offering better facilities wherever possible. I think that should be done. While it is very desirable that all unfair competition between rail and motor should be reduced or eliminated entirely, if possible, I am not inclined to accept the view that railway fares are at present wholly economic and that question therefore requires very careful examination. As regards (b) about the development of rural motor transport complementary to railways, I may point out that though we feel that the improvement of rural roads is very important from the point of view of general development of roads in the provinces, this should not be done at the sacrifice of the trunk roads, because that will not help the all-round development of roads which the Committee stresses so much. The Honourable Mr. Miller in his closing lines observed that the local bodies, viz., the district boards, have not got proper agencies to supervise the work of improvement and so the improvement of rural roads should be done by the P. W. D. That is a proposal which I cannot accept. Improvement of rural roads is the concern of local bodies and it must be left to them. The Public Works Department cannot take upon itself the responsibility which is now being

discharged, and, I should say, very satisfactorily discharged, by the district boards. I may conclude by saying that I accept the principle which underlies this Resolution but I would also repeat that the interest of motor transport should be sufficiently safeguarded, not only in the interest of the individuals who have invested very large sums of money in motor transport but also in the interest of general passenger traffic.

The Hon'ble Nawab Sir Muhammad Yusuf.—Sir, before I make a few observations with regard to the Resolution we are discussing I should certainly like to make a few preliminary remarks with reference to the speeches delivered by the Chairman and the Hon'ble Sir Joseph Bhore in which they have very definitely emphasised the interest that the provinces have in the matter of the finances of the Government of India. We are fully alive to the fact that the fall of the revenue in the Railway Department is increasing and the depreciation fund has also been depleted. And if that state of things does continue the burden will ultimately fall on the tax-payers. And there cannot be two opinions on the subject. I am in entire agreement with the Chairman and the Hon'ble Sir Joseph Bhore that it cannot be a matter of indifference to the provinces that the revenue should continue to fall from this source, because after all we must not lose sight of the fact that we have often to turn to the Government of India for advances of loans. And bearing this fact in mind we cannot ignore the fact that if the fall in revenue continues in this department and consequently the general finances of the Government of India are in any way impaired, they will not be in a position to help us with loans at a low rate of interest. And we cannot possibly allow a general fall in the revenue of this department or in other departments with which we are probably not concerned, but we may be concerned to this extent that if there is a general fall in the revenue of different departments, the credit of the Government of India is likely to be affected and consequently, though in an indirect manner, the provinces are bound to be affected.

Having said this much with reference to the matters referred to by the two Honourable Members, I now turn to the Resolution we are discussing. The Resolution as it stands is worded in a manner which may create a certain amount of suspicion in the minds of those who are not prepared to look into this Resolution more carefully. The wording is that "this Conference considers it desirable that measures should be concerted" etc. By whom should the measures be concerted? Should the measure be concerted by the Government of India or should the measure be concerted by the provinces.

Chairman.—We come to the question of machinery in Resolution No. 8.

The Hon'ble Nawab Sir Muhammad Yusuf.—I must say that is so and that is why the Hon'ble Mr. Miller said that Resolution No. 8 is very relevant to this Resolution and probably that should have been discussed first. However, I should like to make it clear that any such activity must necessarily remain with the Local Governments. And while we do feel that it is our primary duty to help the Government of India and give it our fullest co-operation with a view to have a comprehensive system of roads, yet it will have to be admitted that under the new conditions that will prevail after the new reforms this activity must necessarily remain with the Local Governments, because

roads are a transferred subject while Railways are a central subject. However, I should not be misunderstood that I am against the spirit of the Resolutions. I should like here also to emphasise that as the wording of the Resolution stands it does give undoubtedly a great weightage to the problem of the fall of income of the Railways and ignores other aspects of the problem, namely, the provincial interest, the interest of the motor industry and the interests of the public. These are matters which must be very carefully borne in mind while dealing with this important matter, namely, the question of helping as far as possible the Railways to maintain their revenue at least up to the limit which was attained hitherto.

With regard to (b), I must say that so far as the province of the United Provinces is concerned, and probably in other provinces also, the development of rural motor transport roads must remain with the Local Governments. The local roads in my province are maintained not by the Local Government but by the local bodies, and they come in here also. Any large scheme of development of roads does call for a huge amount which we must have at our disposal to give effect to it, and for that I see a very remote possibility. At present we find it hard to maintain our provincial roads or to recondition them, and I do not think that in the near future we are likely to have a large sum of money to embark upon any scheme which could be regarded as appreciably large. Yet I can certainly say this that if ever we undertake any such scheme we shall bear in mind the fact that we do not allow unnecessary competition between the Roads and the Railways, as far as possible, and that we shall be ever ready to consult the Railways so far as their interests are concerned.

Now with regard to (c) I may say that here again I am in agreement with the general principle and I do feel that a comprehensive scheme should be evolved by which there may be a general improvement in communications. But I doubt very much if we can maintain any uniformity. It is just possible that the Government of India may put forward certain suggestions to the Local Governments and the Local Governments may carefully bear in mind certain basic principles in dealing with this question ; but yet it will be difficult for the Local Governments under the new conditions to abdicate their primary functions and relegate their powers to the Central Government or to any Central Board that may be created here at the centre. The question of the development of roads in each province must be a matter which should be dealt with by the province only because they are in a position to know exactly the local conditions prevailing, and they are in a better position to prepare a programme than any central agency that may be created by the Central Government. When I say this I should not again be misunderstood to mean that if any solution does emanate from the Central Government, that will not be paid due heed to ; but at the same time we cannot accept the position that whatever opinion is given by the Central Government we must necessarily accept and follow. I may here point out another aspect of the question which is exercising our minds in our province. We find that if we are to add to our expenditure in the direction of metalling and making of new roads, then we must necessarily be prepared to maintain those roads. We find it hard to maintain the roads that we have got in our province at present and it is not possible for us to incur further liability in the direction of maintaining roads

while we have not adequate funds at our disposal from our own revenue. Repairs must necessarily be the first charge on the revenue that may be spent in the provinces on the roads, and as long as we have no adequate funds even for the repairs, the question of new roads does not arise at all. So the Railways need not be nervous about it at all. In this connection I may also point out that in my province it is not that the roads have been following the Railways but more often the Railways have been following the roads. And if there has been any competition at all it has been with the roads and not with the Railways. Here probably it would not be out of place also to emphasise another point and that is this that we find that the Central Road Board of the Government of India is not a body which is likely to help the provinces very much, and as soon as the reforms are introduced it must be put an end to. Because, if the Government of India still continues to derive revenue from the petrol tax, then it must make a block grant to the Provincial Government and it must leave it to the Provincial Government to prepare its own programme according to its own experience and knowledge of the province and may deal with the problem according to the conditions prevailing in the province rather than be dictated by a central body that may be far removed from the provinces. The ideal thing probably from a purely provincial point of view would be that there should not be any revenue from the petrol tax and it should be left to the provinces to raise a sufficient amount for the purpose of developing the roads through licensing fees, annual registration fees and provincial taxation. But I am sure it is an impossible ideal and is not likely to be accepted by the Central Government, and we are willing to submit ourselves to the position that the revenue may continue to be raised by the petrol tax. But we must get our adequate share from it in the shape, as I have said, of a block grant to the provinces, and it should be left entirely to the provinces to deal with this sum as they like. In these days of financial stringency, as I have already pointed out, we find it difficult to maintain the roads and there is no reason why this amount should not be diverted for the purpose of maintaining the roads temporarily. In view of these facts, I am bound to say that it is for the Local Government mainly to deal with this problem of development of roads, bearing in mind no doubt the interests of the railways, while not losing sight of the fact that we cannot kill the motor industry and must necessarily bear in mind that the fact that above all we must all serve the interests of the public. From these points of view I am sorry that as the Resolution is worded it is not possible for me to accept it, though, as I have already said, I accept the spirit of the Resolution and our province will only be too glad to give the fullest co-operation and help that the Government of India may seek in the direction of solving the general problem of development of roads and also in avoiding undesirable competition with the railway which is undoubtedly affecting the revenue of the railway.

The Hon'ble Sir Jogendra Singh.—Sir, I need hardly say that what representatives of other Provinces have already said is more or less the view we hold. I wish particularly to associate myself with what the Honourable Mr. Miller said regarding this Resolution. I might at the outset say, that it is not possible to accept the Resolution till it is fully explained. In the meanwhile all that we can say is that we fully sympathise with the underlying

principle of this Resolution. Railways are a national asset and as such it is as much the concern of the provinces as of the Central Government to maintain them and to improve them. But our complaint in the provinces has been that the railways have never taken us into their confidence and they take a detached view of our transport problems which we from time to time present to them. It is quite possible that they may be able to convert us to their view if they took us more into their confidence or we may be able to convert them to our view, because the object of both railway and motor service is the same to serve the public and to facilitate the movement of commodities.

The transport problem has two aspects, financial as affecting the central and provincial revenues, and facilities of transport and competitive rates as affecting the public. The Honourable Sir Guthrie Russell in his speech explained the financial liabilities of the railways. The Mitchell-Kirkness Report has mentioned the revenue which motor traffic is already contributing both to the central and to provincial exchequers amounting to 830 lakhs; of this 430 lakhs goes to the Centre and the remainder to the Provinces. It has to be shown that any restriction on motor traffic will bring in the same amount of revenue both to the provinces and to the Central Government. In restricting motor traffic instead of earning more revenue it is quite possible that we may be losing a direct source of revenue from which both the provinces, and the Central Government get a definite amount of income. Then again, Sir, it seems to have been accepted that the competition between railways and motors is inevitably wasteful. I think we need a little more definition of the word "wasteful" and "unfair competition". No one has so far attempted to define what is really wasteful competition and how this wasteful competition can be prevented by purely restricting motor traffic. Sir Guthrie Russell pointed out that in the matter of railways rules of inspections were in force. So far as we in the Punjab are concerned, Sir, we have motor rules, and as regards inspection a quarterly inspection of public motor vehicles registered in the Punjab is now standardised and is fairly efficient. The organisation for this has been working for less than a year and sufficient time has not elapsed to make it satisfactory and uniform, but none the less it controls motor traffic in the interests of the travelling public. The extent of overloading again is somewhat overstated. There undoubtedly is a considerable amount of overloading, but this offence is being heavily prosecuted and penalised. If the Hon'ble Sir Guthrie Russell would care to inquire, he would find that the provinces are now enforcing rules and regulations in the interests of the travelling public, and therefore motor traffic is not entirely left to work itself. In any decision that is reached we must not ignore the primary interest of the producer and the travelling public.

As to the roads having been built haphazard, my friend from the United Provinces pointed out that most of the railways have followed the roads that had already been built and I think it would be interesting if anyone could point out if the grand trunk road from Calcutta to Peshawar could have been built in any other way and left any of the towns that have been connected unconnected. In the Punjab, Sir, we have a road reclassification scheme and this scheme considered the needs of the whole province. I do not know whether other provinces have such a classification scheme, but we have this

classification scheme and it was framed by Mr. Mitchell himself. There can be no question that co-ordination between roads and railways can be to the advantage of the provinces, we in the Punjab consider it desirable that any new schemes of roads and railways should be jointly considered. In the Punjab we have a Communication Board and on that Board we have two representatives of the railways and all Road programmes come before the Board. We are, therefore, in sympathy with (b) and (c). As for (a) I think we have an open mind and I am not at present either prepared to oppose it or to accept it. It depends on the discussions that take place in this Conference, whether the verdict that motor traffic is wasteful is proved and whether it is in the interests of the travelling public and the agriculturists generally to restrict motor traffic. My province wishes to keep its discretion entirely unfettered in this matter and I thought I might make our position clear.

Mr. O. H. Teulon.—Mr. Chariman and Gentlemen, the Government of Burma are in general sympathy with the principles underlying the Resolution, but they reserve an open mind on the matter.

Mr. H. A. Gubbay.—Sir, Bihar and Orissa entirely associate themselves with the views expressed by the representative of the Punjab. As regards Resolution (b) the view is that there is ample scope for new roads to open up country not yet reached by railways. In accepting that principle Bihar and Orissa enquire, when traffic on such roads has developed to such an extent as to make a branch railway line a business proposition, whether the railway authorities would be agreeable to recompense adequately the Local Government or the local authority who constructed that road?

Chairman.—I do not think that the railway authorities would come in at all in that case.

Mr. H. A. Gubbay.—As regards the Honourable Mr. Miller's proposition that district board roads should be converted to P. W. D. roads, Bihar and Orissa cannot accept that proposition.

The Hon'ble Dr. P. S. Deshmukh.—1. (a) The Central Provinces Government is aware that there is considerable competition between road and rail transport some of which can be described as wasteful; but does not agree with the method suggested in the report for dealing with it. The report in our opinion does little more than suggest that motor transport should be driven off the roads or prohibited the use of roads, and ignores constitutional difficulties. Road being a provincial subject and railways Central (or Federal under the new scheme) Provincial Governments cannot be expected to prohibit the use of their roads to motor transport nor could the necessary support be obtained either in the old or new Councils. The problem of road *versus* rail competition is world wide, and we are not aware of any other country which has tackled the question on the lines suggested in the report.

1. (b) If this means the linking up of the important villages with the trunk roads and the railway stations this is entirely a question of funds. If the Railway administration co-operates and is prepared to bear a part of the cost of a well thought out scheme for the purpose, this Government would accept the suggestion. It is believed that this will in the end lead to increased use of the railway both for travelling and the transport of goods (see paragraph 5 of the

report) we don't think this can be left to the local Bodies as is suggested by my friend from Bengal.

Part 1 (c) as it stands is not so objectionable to this Government as the original 1 (c).

The Resolution No. 1 should therefore run :—

“ This Conference thinks that efforts should be made to prevent or minimise any further extension of railways which is likely to lead to wasteful competition with road transport and that measures should be concerted to develop rural transport by linking up important villages with railway and existing road connections on a comprehensive and on uniform basis ”.

It will therefore be clear that I do not accept the amendment suggested by the Hon'ble Mr. Miller, although I associate myself with some of the remarks that he and my Hon'ble friend from the Punjab made.

The Hon'ble Mr. B. P. Singh Roy.—On a point of personal explanation, Sir, I do not think that the Hon'ble Minister from the Central Provinces has really understood what I said. I never said what he attributed to me.

The Hon'ble Mr. A. J. Lainé.—Mr. Chairman and gentlemen, so far as the wording of the Resolution before us is concerned, we in Assam have no objection to raise to it in principle, provided such measures are restricted to areas where the prevalence of wasteful competition has been established and are directed merely to a reduction to a minimum of its wasteful element and not to the complete elimination of all competition.

One difficulty however which must be confronted is who is to decide whether in any area wasteful competition, or if so what degree of wasteful competition, prevails and with reference to what standard is such wastefulness to be gauged. Obviously, competition cannot *a priori* be classed as wasteful merely because it happens to compete with existing railway facilities. So far as Assam is concerned, we claim that to all intents and purposes there is no such wasteful competition at all. For every hundred miles of railway we have not more than four miles of parallel metalled roads, and these roads, or most of them, were in existence long before the railway came. In one case which I could quote, motor buses and lorries did not begin to ply on this parallel road until the local railway administration had imposed what was locally considered to be unnecessarily high rates, and I am fairly certain that if these railway freights were reduced that particular element of competition would cease.

Any measures which are likely to be taken under part (a) of the Resolution will no doubt require some form of legislative sanction, and it will presumably be for the Central and Provincial Governments, respectively to legislate on subjects falling within their respective constitutional spheres. It is not, we hope, contemplated that compulsion or semi-compulsion should be applied on provincial Governments to legislate on, or to take other measures for, the regulation of motor vehicular traffic on certain lines, possibly to our detriment, merely because the interests of central department may be indirectly affected by the development of such traffic.

The Resolution, however, is in many ways, very vague and until some indication is given of the precise measures which are contemplated and until some proof is forthcoming of actual wastefulness it is difficult for us to express a final opinion.

With regard to part (b) there can be no objection, but we cannot do much in this direction beyond improving our communications up to a standard of efficiency which will render motor transport on them a feasible proposition. After such improvement, which is after all a question of funds, motor traffic, both public and private, will inevitably expand, but the rate and degree of expansion will be determined by the laws of supply and demand and must be left to private enterprise. We can increase facilities for traffic but we cannot actually create it by artificial measures.

With regard to (c), this also is undoubtedly very desirable in principle, and, so far as its provincial aspect is concerned, this is exactly what we have been doing in Assam for years through our own Provincial Road Board. Our Provincial Road Board and the Government in the P. W. D. in Assam are of course primarily concerned with our main communication arteries, but it must not be forgotten that outside, and connecting with, these main arteries we have a multiplicity of minor internal communications under the control of local bodies, which local bodies in Assam are co-terminous with our civil sub-divisions and not with our districts. Some of these minor communications are motorable, though in varying degrees dependent chiefly on the season of the year, but in any comprehensive communications scheme they must eventually find a place, but they must of course await their turn. The Assam Government have hitherto given these Boards substantial assistance towards the upkeep of these internal minor communications, but have recently, owing to the existing financial stringency, been compelled to substantially reduce these grants-in-aid. These local bodies' own funds are limited and they cannot hope to make themselves much progress unaided. In any case it will always be difficult for these numerous local bodies with a staff of meagre qualifications to formulate any co-ordinated schemes of their own or to carry them out if and when formulated. It is possible therefore that the increased co-ordination at which we are aiming will involve the gradual provincialisation of many of these minor internal communications and I am not at all sure that the Assam Legislative Council will look with favour on any policy tending towards a further centralisation of control.

Mr. J. S. Thomson.—Mr. Chairman and Gentlemen, as far as the North-West Frontier Province Government is concerned, I think I may say that they will agree in principle to this Resolution. The first part is perhaps in our case one which need not concern us very much. We have already got, according to the Report, metalled roads alongside no less than 94 per cent. of our railway mileage. This result has been achieved not through lack of forethought about the possibilities of competition but for reasons connected with the nature of the province which are principally of a strategic nature. It is therefore clear that in so far as further wasteful competition means further building of roads and railways on parallel lines there is no scope for further "advance" in that matter. For the rest, the question of how the existing competition is to be minimised is one which I understand will come up in subsequent Resolutions.

At the same time, as previous speakers have said, I think it will be very difficult to do much to deny roads to motor transport except in so far as there is room for improvement in safeguarding the safety and the comfort of passengers. The mere fact that the provincial Government undertook to make that improvement would of course impose a certain number of extra disabilities on motor transport which would be of advantage to the railways as well as to the general public. Apart from that, I think that parts (b) and (c),—certainly part (b)—are unexceptionable. As a matter of fact, the amounts that we have received from the Road Fund have been for the most part spent on communications which will connect up rural areas with the railways, and I think there is scope for further progress on those lines, but much will depend on the amount of money that we receive from the Road Fund.

As regards part (c), I do not think that there is any intention that there should be a sort of super-Communications Board in the Central Government which would compel provinces to adopt a policy which they do not wish to adopt. And as long as there is no intention of setting up any body of the kind, I do not think that the N. W. F. P. Government would have the slightest objection to considering the interests of the railway or of any one else when considering their road policy. Subject, therefore, to what I have said, I think that the N. W. F. P. Government would accept the principles which are enunciated in this Resolution.

The Hon'ble Mr. V. V. Kalikar.—I agree with my Hon'ble friend Sir Guthrie Russell that there is competition between railway and motor transport, but I do not agree with him that the competition is a wasteful competition. If he means by wasteful competition that the railway earnings have fallen on account of motor transport, I submit that it is not due only to motor transport that the railway earnings have gone down but it is also on account of the trade depression. So far as motor transport in my province is concerned, I may say that the motor transport has created new traffic for passengers which in fact the railways could not afford for the use of the public. I fully agree with the remarks made by the Minister of my province that if it is the intention of this Resolution to restrict or drive out motor transport from roads we entirely disagree with it. In fact, in my own province the agriculturists have benefited more by motor transport than by railways. So far as (b) is concerned I fully endorse the remarks of the Hon'ble Minister of my province*, but I further submit that if it is possible to construct new roads, if it is possible to connect villages with the new roads, and if it is possible to connect these villages by constructing new roads with the railway stations, I agree, but in fact it is a question of funds. I believe the Central Provinces Government has got already a programme of road development and that programme is still waiting because they have got no funds. So far as part (c) is concerned, if it is the intention to set up a machinery, I believe we have already got a machinery in our province to look after the construction of new roads and proposals for opening new roads in those parts where there are no railways and no roads. I believe the present Standing Committee of the Central Government for Roads is quite sufficient to look after these things, and if this Board is maintained and funds are available the present Standing Committee can make various proposals for constructing roads. So far as I see from the remarks made by the representatives from

* The Central Provinces.

the various provinces, they are against restricting motor transport or roads. So, if funds are made available to them they will in fact construct new roads and give an impetus to the motor transport which is really more useful to the public than the railways. I therefore state that the remarks made by the Local Government of the C. P. are more in the interests of the public and therefore I support those remarks.

Mr. S. R. Pandit.—I have no remarks to offer.

Mr. Mohammad Muazzam Saheb Bahadur.—I am afraid the Resolution is a bit premature. So far as the report of Messrs. Mitchell and Kirkness goes, there is nothing to indicate what exactly is the loss sustained by each of the railways, whether State-managed or Company-managed.

Chairman.—There is a full statement. I can give you the page.

Mr. Muazzam Saheb Bahadur.—Some figures have been given, which the authors of the report themselves say cannot be very accurate. My contention is that they are not even approximate, because the figures have been arrived at without regard to the days of economic depression. My contention is that we can arrive at accurate figures if we pass this present economic depression of if we go back to the figures prior to this depression and show that railways have been losing so much year after year owing to this bus competition. Unfortunately for me, wherever I turn to, I find that the figures which have been quoted relate either to 1932 or 1931. My own opinion is that we can arrive at a correct basis of the loss sustained by the railways owing to this road motor competition if we eliminate the effects of the present economic depression. Therefore looked at from that point of view, the Resolution is premature but now I shall deal with the Resolution itself. Here, I should certainly associate myself entirely with every word which has fallen from the Bombay representative, Mr. Miller. I do think that there are a number of defects now existing in the railways which can be remedied and which will go a great way in making up a big percentage of the loss which they allege they have been suffering. I do not for a moment contend that there is some margin of loss, but I do say this, that the margin has been greatly exaggerated. Taking part (a) of the Resolution—prevention of further wasteful competition, I agree with the Hon'ble Member from Assam when he said that he was not sure what the word 'wasteful' meant. I am exactly of the same opinion and I should not wonder if that Resolution would convey the very same meaning even though we delete the word 'wasteful' from the Resolution. The remedy lies as I said in making the railway services more attractive than they are. One must admit that public interest demands healthy competition. One is always against a monopoly or a semi monopoly. If the aim of the Government of India is to benefit the public in general by granting to them more facilities and cheaper fares, then I should wholeheartedly endorse every word of that Resolution but if the idea is that railways should not suffer any loss by reason of the bus competition, that the railways would benefit by elimination of that competition, that this ultimately is a benefit to the State and every citizen of the State, then I contend that this is a one sided view. Why should we not look at the other aspect of this question. Crores of rupees of the citizen's money have been invested in the purchase of motor buses and motor lorries and if

we create a monopoly in the exclusive interest of the railways, the effect of that monopoly will be to crush the motor transport industry. I should say that unless very strong safeguards are affixed to the powers which the controlling authorities are likely to have in the future, the fate of the private bus owners and the lorry owners who unfortunately in this country are unable to form a huge combine as they have done in other countries, their interests would be altogether wiped out. If the Government of India in collaboration with the Local Governments is desirous of protecting the interests of Company-managed and State-managed railways, they should not crush these private bus owners but protect their interests side by side with the railways, whether by agreement entered into with the bus owners or in any other way. Then I should certainly not oppose part (a) of this Resolution but if the idea is that ultimately the railways are to have a monopoly, so that they can fix their rates in respect of passenger traffic and goods traffic, then the effect will be one that will be baneful to the nation and to every citizen. If the necessary safeguards are placed to obviate such an effect, then I have not the least objection to part (a) of the Resolution.

Another thing which strikes me in this connection is this. If the railways had come to appreciate the losses which they have been suffering during all these years of motor bus competition at least for the last 15 years, how is it that the State-managed railways who have always enjoyed the right of running buses independently of the legislatures by applying to the Governor General in Council for the issue of the necessary licence, which is a very formal matter, have been looking on all these years without doing the best they could under the circumstances. How is it that they are bringing in legislation now to give powers to the Company-managed railways to get on with this experiment initially. I cannot see what the reason for that is. If the State-managed railways suffered losses in common with Company-managed lines, they can take the remedy which is already in their hands, which is only a formal matter of applying to the Governor General in Council.

Then, Sir, in applying this principle of nationalisation of railways, it is illogical that a railway company should start a business side by side, which has the direct effect of reducing the railway earnings. If I carry on a business which is my main business, certainly it would not be to my interest to carry on another business which reduces the earnings of my main business unless it be my idea that I should improve my side line to an extent that it absorbs the main business, so that I do not want to have anything to do with the main business. On broad principles, that is another serious objection. As I find that railways in other countries like Germany, England, the United States and so on, have adopted some kind of legislation in the conditions in which they were placed by reason of the motor bus competition, I should certainly concede that something of that type should be done in this country but with the safeguards and the amendments which Mr. Miller has proposed. As regards part (b) of the Resolution, I think, as Mr. Conran Smith suggested, the word 'motor' may be omitted. Then part (c) of the Resolution is so comprehensive that it may turn out to be dangerous in its application. These are all the remarks that I wish to make.

The Hon'ble Mr. Ghosh Maulik.—I have nothing to add.

Mr. Hamilton.—I must first thank you for enabling me to become a member of this Committee and I hope in return the report of the Mysore Motor Transport Committee will prove in some way helpful to the labours of this conference. I do not want to traverse material which will probably arise in the subsequent Resolutions. I take it however that the present Resolution is merely an indication that problems have arisen and that remedies are required. By no means all the problems have been stated as for instance the one raised by Mr. Conran Smith regarding the competition between rival bus companies, which in my experience has been the chief drawback to motor transport. As regards part (b) I may put forward a suggestion which has arisen elsewhere regarding road development. I think that in certain provinces there are railway cess funds and it has now been suggested that the railway cess funds should be utilised for the development of roads instead of for the development of railways. That is one point on which I feel some concern namely, that of securing uniformity of practice in and complete reciprocity between the various provinces.

The Hon'ble Mr. Kalikar.—Mr. Gunjal wants to address the Conference in Hindi.

Chairman.—There are very few of us who know Hindi and I think it would delay the proceedings of the Conference. If Mr. Gunjal will be good enough to put his points in writing, I will have a translation incorporated in the proceedings.

Mr. H. E. Ormerod.—In the speeches made by the Hon'ble Sir Joseph Bhole and the Hon'ble Sir Guthrie Russell, the speakers did not stress, as we hoped they would, that railways were seriously considering what steps they should take to improve their service to the public with a view to regaining the traffic they say they have lost. On the contrary one gained the impression that they hold that the only solution to their problem lies in having measures introduced which will restrict motor transport.

My Association holds the opinion that railways should explore every avenue of increasing their services to the public before they ask for restriction to be placed on motor transport and in this connection they draw attention to the policy of the L. M. S. Railway in England which is advertised in the English Press under the heading "We want to make the service better still".

The Times of India recently reproduced this L. M. S. advertisement in the issue of their paper, dated April 22nd, a copy of which has, I understand been sent to all members attending this Conference.

My Association would like to see this excellent example of the L. M. S. copied in this country as the first step towards correcting the situation the railways complain of.

Chairman.—Gentlemen, I am sure you will not expect me to make an effort to sum up the various points in the speeches which have been made this afternoon or to comment on them at any length. As I explained at the outset, it is not our intention that there should be any voting on these Resolutions and therefore it is not necessary for me to put the amendments which have been moved on them to you formally. In order to refresh your memories I may, however, state what those amendments are. Mr. Miller has move

that after "This Conference considers it desirable that measures should be concerted" the following should be added: "by the formation of constituted bodies having authoritative powers" and that at the end of (c) the following should be added:

"which for greater efficiency may entail the transfer of certain provincial and inter-district roads to a more central provincial authority than at present, thereby ensuring that the best technical advice would be available".

The Central Provinces have a drastic amendment. For 1 (a) and (b) they wish to substitute:

"This Conference thinks that efforts should be made to prevent or minimise any further extension of railways which is likely to lead to wasteful competition with road transport, and that measures should be concerted to develop rural transport by linking up important villages with railway stations and existing road connections".

They suggest also that 1 (c) should be omitted.

Mr. Conran Smith had a minor amendment suggesting that in 1 (b) in the words "for the development of rural motor transport complementary with the railways" the word "motor" should be omitted. Gentlemen, although I am not putting any of these amendments formally to the vote, I think we can accept without hesitation that small amendment. We are, I am sure, all anxious to see rural transport complementary with railways developed in whatever form it may take. As I said, I do not propose to comment at any length on the speeches that have been made on the Resolution. I think I can say without hesitation that the principal Resolution has been generally accepted. There have naturally been a few caveats and these will, of course, be taken into most careful consideration not only by us, but, I am sure by all those who will in due course have to consider the proceedings of this Conference.

The Hon'ble Nawab Sir Mohammad Yusuf.—Sir, I understand that you mean to say that the spirit of the Resolution has been accepted and not the Resolution as it is worded because we have not accepted the wording of the Resolution as it stands.

The Hon'ble Mr. Miller.—I want to make that clear also.

The Hon'ble Sir Jogendra Singh.—I also want that to be made clear. We have not accepted the Resolution. I do not accept part (1) of the Resolution.

Chairman.—I was quite aware of that and it was for that reason that I said that various caveats have been entered. But I am quite willing that an endeavour should be made to find a formula which will, I hope, meet the views of all those who have spoken this afternoon. It may take a little time to work that out and I suggest that we leave it till to-morrow or the day after.

The Hon'ble Nawab Sir Mohammad Yusuf.—Am I to understand that amendments will be framed on which we may be all agreed and that we will

put our heads together and suggest amendments which may be acceptable all provinces? Is that the idea?

Chairman.—That was not quite my idea. My idea is that we should through what has been said this afternoon and extract the greatest measure of agreement out of it and place the result before the Conference either to-morrow or on the last day when we have discussed all the Resolutions. We can then go through them and see whether we cannot strike the great common measure of agreement and place it before you. As I was careful to explain this morning, we are not here to formulate any final conclusion but it would, I think, be a help if we can get agreement as far as possible.

There is just one point to which I should like to refer with reference to what fell from the Hon'ble Mr. Miller this morning. His complaint was that we should have taken Resolution No. 8 first and dealt with the machinery before we came to the policy. That was not how it struck us in framing the Resolutions. We thought that if we did that, it would be a case of putting the cart before the horse and that what we should do was to determine the policy before we could decide on the machinery to deal with it. The Hon'ble Nawab Sir Muhammad Yusuf raised much the same point and I should like to assure him and all the representatives of the provinces at the outset that there is no question of compulsion as Mr. Laine seemed to fear. There is the difference in the world between co-operation and compulsion. We recognise fully, just as provincial representatives do, that roads are a provincial transferred subject and that the Government of India therefore cannot interfere in it. It is for that reason that we have asked you to come here to-day and we wish to secure your co-operation in helping us to deal with one of the biggest problems that faces India now. We can no more interfere with your roads than you can interfere with our railways. We want to work together in getting the greatest advantage from both. I do not think that I can take up your time longer by commenting on other speeches and I will therefore now proceed to deal with Resolution No. 2 on the paper.

The Hon'ble Sir Jogendra Singh.—May I seek a little information? There was much in what the Hon'ble Mr. Miller said about discussing Resolution No. 8 because the attitude of the provinces will depend on the machinery you wish to create and on the reciprocity between railways and roads. If there is going to be reciprocity the attitude of the provinces will be quite different and if the machinery is to be such that the provinces are to be called upon to restrict motor traffic in the interest of Railway without having any voice in the movement of their commodities on the railways, the attitude of the provinces will be quite otherwise.

Chairman.—I cannot help thinking that the position has been somewhat misunderstood. As I have said, we have brought the provinces in here to consult and to work out measures of co-operation. It does seem to me that we cannot decide on the machinery until we have surveyed the problems. The problems are stated in these first seven Resolutions. When we have come, as I hope we shall be able to come, to some measure of agreement in regard to all these problems, then that surely is the best time to discuss the question of the machinery that should be brought into existence to deal with the

It is no good discussing the machinery and leaving the question of what the machinery should work until afterwards. That is my feeling.

In order, as I said just now, to secure the greatest common measure of agreement, I would suggest, if I may, that the protagonists of the provincial point of view, you yourself Sir Jogendra, Mr. Roy, Mr. Kalikar, Mr. Miller, Sir Guthrie Russell and myself meet at 9-30 A.M. to-morrow and see if we cannot come to some wording of Resolution which might be more acceptable than the present. You accept the spirit of the Resolution, but you are not quite satisfied with the letter. We might meet in my room at Kennedy House, next door, at 9-30 A.M. to-morrow and come to an agreement.*

The Hon'ble Nawab Sir Mohammad Yusuf.—It is a very good suggestion, Sir.

Chairman.—I suggest the Hon'ble Sir Guthrie Russell, the Hon'ble Mr. Miller, the Hon'ble Mr. Kalikar, the Hon'ble Sir Jogendra Singh, the Hon'ble Nawab Sir Muhammad Yusuf, the Hon'ble Mr. Roy, the Hon'ble Dr. Deshmukh and the Hon'ble Mr. Lainé.

Chairman.—We come to Resolution No. 2. This is a rather lengthy Resolution and I am afraid I shall have to inflict a rather lengthy opening speech on you.

The Resolution for discussion was as follows :—

Resolution No. 2.

In order to check the development of further wasteful competition, this Conference considers that the following measures would be justifiable :—

- (a) The range of public service and goods motor transport in direct competition with railways should be limited to that within which it offers to the public a service substantially superior to that which the Railway can offer.
- (b) The control of public service and goods motor transport on parallel routes should be strengthened so that, in respect of external control, road and rail transport are on comparable terms.
- (c) On parallel routes, at least, the number of vehicles licensed to ply for hire should be restricted so as to prevent competition as between motor vehicles and with railways at below the economic rate of fare.

The Resolution which we have just discussed dealt with abstract questions of policy, and while there may be a difference of opinion as to the precise methods to be followed, I think we can say that upon the first part of that Resolution we are agreed that measures should be concerted for the prevention of further wasteful competition between road transport and railways though as I just now said, the spirit is agreed to but not the wording of the Resolution.

This Resolution deals with the practical steps which might be taken to that end. I need not read out the Resolution to you as you all have copies. The practical measures proposed are divided into three heads. Firstly, the range of commercial motor transport in competition with railways might be limited ; secondly, the control of commercial motor transport on roads parallel

*Resolution No. 1 was accepted in an amended form on the 25th April.

with railways should be such that competition with railways is fair and upon comparable terms of control ; and thirdly, the number of commercial vehicles on parallel routes might be limited so as to prevent uneconomic competition *inter se* and consequently with the railways. For facility of discussion and to save time I think we can discuss all three parts of this resolution together. If necessary, in order to arrive at the views of the Conference, we can, in the summing up, take each part separately.

In introducing the first resolution, I laid stress on the necessity of making the terms of what we may decide to be permissible and desirable competition as fair and as comparable as possible, and the first part of this resolution proposes to limit commercially operated motor transport in competition with railways to what in respect of range may be held to be its permissible or desirable field.

This limiting of the range of motor transport is commonly referred to as " zoning ", and has been discussed in paragraphs 31 and 36—39 of the Mitchell-Kirkness Report. The arguments in favour appear to be that it is, of course, only contemplated in cases of direct competition of motor transport with the railways ; that it has some rational economic basis, since for short journeys the cost and time of carriage to and from a railway station is eliminated by motor transport ; that, since the State provides both roads and the bulk of the railways, it should have the right to say what kind of traffic can be most economically carried by each in the general interests of the country, and not be forced to spend increasing sums on main roads parallel with railways when it has need for all the available money for complementary developments ; and finally, that, until economic conditions improve all-round, the State should be entitled, as trustee for the railways, to prevent further inroads into their revenues in fields which have not heretofore been attacked.

There are, of course, objections to this proposal. It will not, for instance, substantially reduce existing competition which is largely within the zone which might perhaps be generally prescribed. Within that zone, of 50 miles, the railways receive 37 per cent. of 3rd Class passenger earnings, and zoning would, therefore, leave open to attack from motor transport that very substantial part of their revenues on nearly one-half of the total mileage of railways in Governors' Provinces. It will also be urged that the objects of zoning could be evaded by through booking of passengers by a chain of buses ; that is at best a preventative of some development which cannot be foreseen, and that, in fact, it may be a restriction which would in effect be of little practical value.

Such appears to be a fair statement of the arguments on both sides, but I would add as relevant not only to this part of the resolution but to the whole that due regard must be had at all times to the obligations statutory and otherwise imposed upon railways which are not at present imposed upon motor transport. We await the expression of your views upon this part of the resolution.

The second and third parts of this resolution are inter-dependent. The second part proposes that the control of commercial motor transport on parallel roads should be comparable with that of railways, while the third

suggests limitation of numbers with the underlying idea that, so long as numbers and hence competition, are unrestricted, uneconomic competition between buses and hence with railways will continue and the economic condition of motor transport is likely to render adequate or comparable control very difficult.

There are however particularly in India, two radical differences between railways and their competitive motor transport which cannot be reconciled. Firstly, railways are under statutory obligation to carry practically any traffic which offers, but road transport is not, and we may recognise that at present it is not practicable to place any such obligation on it. Secondly, railways pay for their immovable track. Motor transport will at best contribute adequately for its use of roads. Further, while railways must stick to their track regardless of traffic, motors can abandon one route and seek another.

Having recognised these differences, we return to the proposition that the terms of competition should be made "as fair as possible". It may be that railways are over-controlled, and some tightening of statutory control over road transport may be accompanied by some relaxation in the case of railways. Trade Union control, for instance, to which I referred in my remarks on the first resolution, and which greatly affects railways, must be left to Trade Union development. It is not for Government to force the pace or to require the formation of Trade Unions among motor transport employees. This development will come as the necessity for it arises.

But the regulation of road transport might be tightened up in respect of the comfort, convenience and safety of passengers, prescription of rates of fare, liability to the public, and conditions of service, such as hours of work and so forth. The present disparities are discussed in paragraphs 18—22 of the Mitchell-Kirkness Report. It may be that in your opinion existing regulations are generally adequate, could they be properly enforced, which is not at present always the case; or that where they do not suffice they might be tightened up. Upon certain of the suggestions contained in the Report, as for instance that buses should be required to run to time-tables, there will doubtless be some divergence of view, but it will be time enough to take up these details when the principle of comparable terms of competition is accepted.

The final part of this resolution proposes limitation of numbers of buses on parallel routes.

So far as an unnecessary number of buses on any route means more wear and tear on the road than the traffic warrants or requires, this proposal follows from both of our main conclusions on the first Resolution. By restricting vehicles on roads parallel to railways, where motor transport at present concentrates because of the greater volume of traffic, we indirectly compel it to turn its attention to other areas at present denied motor transport, and to the extent that we ease the burden on main roads parallel with rail ways, Local Governments will have greater sums for the improvement and maintenance of rural roads in those areas. But this is not the principal object. At present an excessive number of buses does not generally mean proportionately excessive wear and tear. With frequent ruptures, it is

true, but on the whole with some consistency, bus owners organise " unions " and by rosters distribute the available business among themselves. Fares appear to be kept low, often below the economic level, by potential competition, and another result of the over-crowding of buses on busy routes is that with only partial employment, at these rates, owners appear to be operating on the verge of bankruptcy, cannot keep their vehicles up to reasonable standards, and are capable of any infringement that may bring in a small return. Thus the limitation of numbers to those which are considered sufficient to provide an adequate service while earning a reasonable return on the outlay, should constitute a concession that owners will hesitate to endanger by breaches of regulations, and would greatly facilitate the enforcement of reasonable regulations. But, as suggested in paragraph 24 of the Report, limitation of numbers may become a virtual monopoly in a closed ring and objection may be taken on these grounds.

Gentlemen, I have touched briefly on the arguments for and against zoning; I have stated the reasonable demand of the railways that such competition as is inevitable should be on a fair basis; and I have put before you certain arguments which have been advanced in favour of the restriction of the number of vehicles upon routes parallel with railways. Upon these questions we now desire your advice and a full expression of your opinion, and, as in the case of all other matters being discussed in this Conference we await the result of your discussions before arriving at any definite opinion to be laid before Local Governments.

The Hon'ble Sir Guthrie Russell.—Mr. Chairman and Gentlemen, in my remarks on Resolution No. 1, I have to a certain extent encroached on the terms of this Resolution, when I advocated that Road and Rail services should be placed on a comparable footing as regards two matters, namely, the incidence of the cost of the respective roads and the application to the two services of similar regulations as to safeguards and public convenience. I then explained the statutory and other obligations which were peculiar to Railways. I shall now detail what restrictions should, in the opinion of Railways, be placed on motor traffic. There is nothing new in these proposals. Generally speaking, it may be said that in all countries efforts have been made to see that the interests of their Railways are not adversely affected by motor competition, This is more particularly in the public interest when the Railways are owned by the State. In fact many other countries go much further than we propose. For example, certain countries have considered it necessary to enforce what is virtually a State monopoly. Whether such a course will become necessary in India is a matter for the future to decide, but meanwhile all that the Railways ask is that they should not be subjected to wasteful and unfair competition. The restrictions we propose are as follows:—

- (i) the range of public motor transport service should not be more than is economic and in the public interest;
- (ii) licensing authorities should limit the number of such services to comply with the above principle;
- (iii) proper maintenance of vehicles, especially as to safety;

- (iv) restriction of loading, whether of passengers or goods, to the certified number and weight;
- (v) control over fares and freight rates. The fares and rates chargeable to be available for inspection;
- (vi) observance of time-tables by regular services and adherence to specific routes and limits;
- (vii) licensing of drivers after test with regard to driving ability and physical fitness, including eyesight;
- (viii) reasonable hours of work;
- (ix) compulsory insurance against third party and passenger risks;
- (x) when a terminal or pilgrim tax is imposed on railway traffic a similar tax should be imposed on motor transport.

The first of the above restrictions covers in a large measure items (a) and (c) of Resolution No. 2 while the remaining suggested restrictions cover item (b) of the Resolution.

Mr. E. C. Reid.—I think that it must be admitted that it is in the best interests of the country to check the development of further wasteful competition. Where a Feeder Railway which has been constructed at considerable expense and is maintained to a high standard of efficiency serves a particular district or in other words provides a satisfactory means of transport for both passengers and goods to the main line, it is obviously uneconomic and a waste of the taxpayers' money to allow more than a limited number of public service and goods motor transport to ply on the roads which may run more or less parallel to the railways.

Apart from the important question of the need in the interests of safety, restrictions on the number of vehicles licensed to ply for hire should apply to all routes, the existing disregard by Licensing Authorities of the number of vehicles allowed to ply on many routes is doing incalculable damage to the interests of transport generally, it encourages a class of bus owner who is incapable of working out a sound scheme of service and who by haphazard methods must sooner or later get into the bankruptcy court. Buses should be licensed as first and/or 3rd class and maximum and minimum rates on the mileage basis prescribed for each class so as to establish the economic rate of fare and similar conditions should be prescribed governing freights on motor transport. The fares to be charged should be displayed prominently inside the bus. The fact must not be overlooked that it may suit a Railway Company to organise bus service to implement its service between certain points.

Mr. C. R. Summer.—I would like to say that I agree with what the previous speakers have said in this connection. It seems to me that we cannot keep too clearly in view the fact that we are considering measures in regard to what we may term a property worth something like 800 crores of rupees. Road competition is threatening that property to some extent already, and with the return to more normal times will undoubtedly increase to a very large extent. That competition is working on a very different basis to the railways which are threatened by it. Their overhead charges are in no way comparable and regulations at present hardly exist, and I suggest that all or very nearly all of the

restrictions which Sir Guthrie Russell has suggested as reasonable are in fact necessary.

Mr. H. E. Ormerod.—Sir, while my Association is in agreement with the principle involved in this resolution, it wishes to point out that although the development of motor transport has brought certain difficulties in its train, the general result has been beneficial to the country. Motor transport has opened up the country, assisted business, facilitated the marketing of goods, improved education by making it easier for people to go from one place to another, made it easier for professional men to attend their clients, and for people to get out of the cities into the open air. Also it has resulted in railway and other forms of transport increasing their services to the public in order to compete with it.

These are but a few of the benefits which motor transport has conferred upon this country, but they are quite enough to show that as a modern means of transport, its development needs to be encouraged and not to be checked by unwise measures of control and taxation.

So far it cannot be said that Government has done anything to help motor transport in India while it has done a great deal to help railways.

Referring to (a) under this resolution, it is obviously unfair to stipulate that motor transport should be substantially superior to what the railway can offer, and my Association wrote in some time ago drawing attention to this. It is disappointing to see that our amendment was not accepted, and I would press for its acceptance now.

My Association does not understand why Government wish to lay down that motor transport in competition with railways should be limited to that within which it offers to the public a service substantially superior to that which the railways can offer. Surely, Sir, you would not have India lag behind in reaping any benefit which new and up-to-date forms of transport may confer on her just because they are in competition with the Railways.

My Association recommends therefore that this resolution should be amended to read as follows :—

“The range of public service and goods motor transport in direct competition with railways should be limited to that within which it offers to the public a *service at least equal or superior to that which the railways can offer.*”

The Hon'ble Mr. E. Miller, speaking on resolution 1 (a) has said that before wasteful competition can be admitted it is necessary that a strict examination of the facts in each case should be made. The words “wasteful competition” used in the resolution under discussion is subject to many interpretations; a railway man's idea of what would form wasteful competition would as far as motor transport is concerned, be very different to that of people interested in operating motor transport, also it might be very different to the views held by the public.

In the circumstances, before we can subscribe to the suggestion that certain measures are necessary to check the development of wasteful competition, we must be assured that wasteful competition will be defined and controlled by

impartial bodies interested in developing all forms of transport on equal terms for the benefit of the country and its population.

Charges have been laid against motor transport of price cutting and unfair competition and operation on an uneconomical basis. When one considers however that according to the Mitchell-Kirkness Report the tax element on the buses in the Central Provinces varies between 21 and 23 per cent., and in Madras it rises to from 35 to 40 per cent. if it is assumed that the buses are operated so as just to cover the expenses of operation, these figures mean that in the Central Provinces each vehicle pays not less than 21 per cent. above its actual running costs in the form of taxation to Government which without this taxation would become profit; while in Madras the amount paid in taxation rises as high as 40 per cent.

In both cases, the whole of this difference which might otherwise go to the bus owner is appropriated by the Central or Provincial Governments in various forms of taxation over and above those which the community have to subscribe in other forms. It is understood that the railways complain that they are unable to compete with the motor industry on its alleged unremunerative routes, despite the fact that this form of transport is providing Government a revenue amounting to from 21 to 35% above its running costs.

This being the case it would appear to be impossible to apply the words "unfair competition" to an industry which is so heavily taxed, and whilst sporadic cases of uneconomical operation may occur it is preposterous to suggest that the whole of the 45,000 buses and lorries in India can possibly be operated permanently on an uneconomical basis. If railways are actually unable to compete with an industry which provides the Government with revenue from taxation which is 21 to 35% of its running costs, the evil to be remedied surely lies with the railways, and it would appear that a searching investigation should be made into the working of the Railways, particularly those lines for which Government stands guarantee in respect of dividends, before any measures are introduced to restrict motor services.

We would therefore suggest that the measures outlined in (a), (b) and (c) should be dealt with by Boards of Communications on the basis of what is being done in Great Britain, where in granting licenses to public service vehicles, Traffic Commissioners (in our case it would be Boards of Communications) have regard to:—

- (1) the suitability of the routes;
- (2) the extent to which traffic needs on proposed routes are already adequately served;
- (3) the extent to which the proposed service is necessary or desirable;
- (4) the needs of the area as a whole in relation to traffic; and
- (5) the co-ordination of all forms of passenger transport including transport by rail;

Boards of Communications should also be empowered, as Traffic Commissioners are in England, to prescribe certain conditions of licenses, for example,

1. Fares should not be unreasonable.
2. Rates of fare may be prescribed which will prevent wasteful competition with alternative forms of transport.

3. Copies of time tables and fare tables must be carried.

On the assumption that the formation of Boards of Communications will be agreed to for the purpose of dealing with these matters, we support the resolutions, subject to the following additions:—

To 2 (b), which reads as follows:—

“The control of public service and goods motor transport on parallel routes should be strengthened so that in respect of external control road and rail transport are of comparable terms.”

Add:—

“Such control taking the form of:—

- (1) enforcement of minimum and maximum seating accommodation
- (2) enforcement of strict driving tests;
- (3) compulsory insurance;
- (4) mechanical soundness;
- (5) enforcement of maximum weight.”

To 2 (c), which reads as follows:—

“On parallel routes at least, the number of vehicles licensed to ply for hire should be restricted so as to prevent competition as between motor vehicles and with railways at below the economic rate of fare.”

Add:—

“and in such cases where vehicles are driven off the roads as a result of the restrictions contemplated, they should be accommodated as far as possible on other routes, monopolies or semi-monopolies being given if necessary for a stated period of time to encourage the opening up of new services which without such encouragement would not be likely to come into being, subject of course to the vehicles to be accommodated being proved to be in a fit condition.”

Chairman.—Before I call on any other member of the Conference to speak it might facilitate further discussion if I say at once that my Hon'ble Colleague the Commerce Member, and the Chief Commissioner of Railways are quite prepared to accept the alteration of the words “substantially superior” into “at least equal to or superior”.

Mr. Conran Smith.—I may say, Sir, that I agree generally with what the last speaker has said, and the amendment which he has proposed is one which I think, subject to further examination, will be acceptable to the Madras Government so far as part (a) is concerned. The Government of Madras do not consider that the criterion implied in the words “a service substantially superior” is adequate, but as I understand from the Chairman that the Government of India have no objection to expanding it in the manner suggested, I think I can say that that would be acceptable to the Government of Madras. So far as control is concerned, the Government of Madras is of course agreeable to control of public service vehicles in the interests of the safety of the public, and here again I feel I can agree with what the last speaker has said. I also largely

agree with him as regards (c). I believe it is generally recognised that bus companies all over the world find it difficult to make bus-owning a paying proposition. What the reasons are I do not profess to know—I believe it is partly due to heavy running repairs—but I am told that it is very expensive to run a bus. I only mention this in order to emphasise the point that buses running at uneconomical fares are not likely to survive very long on the roads to compete with the Railway.

There was a reference made by Sir Guthrie Russell to the Pilgrim Tax as one of the factors operating unfairly against railways. I should like merely to say in that connection that the Government of Madras have made a proposal to the Government of India that Pilgrim Tax should be imposed both on railway and on bus transport on condition that the free zone of 30 miles is removed, and I suggest that that course will remove any injustice to the railways and equalise the burden on both forms of transport.

Mr. P. L. Bowers.—I am in general agreement with the remarks made by Mr. Ormerod and I think the Government of Bombay would agree to both of these proposed amendments. They are anxious to see that no existing bus-companies suffer by any form of control which is introduced and I think that if buses are driven off the roads owing to uneconomic competition they should in some way be compensated and given alternative routes.

The Honourable Mr. B. P. Singh Roy.—Having accepted the first resolution only in principle, I do not think you would expect me to support all the details which have been put in the second Resolution in a concrete form. But I agree generally to some form of control and I am inclined to accept those suggested by the representative of the Roads and Transport Association. With regard to the details of the Resolution in (a) the word 'superior' is very important and now its scope has been widened by the amendment which has been accepted by the Honourable Member; I think here 'superior' should mean not only superior with regard to fare but superior with regard to facilities and the convenience offered to the public. So long as it is understood that superior means also convenience and facility offered, I have no objection. With regard to (b) I must make it clear that local governments cannot agree to have two sets of rules and regulations for the two classes of roads, one set for roads running parallel to the railways and another for roads not running parallel to the railways. The same set of rules and regulations should be applicable to all classes of roads and the control should be left entirely to the local government. If it is agreed that the local government would decide what the form of control should be, I can accept the Resolution; but without committing myself to the details of the control that has been suggested, I accept generally the recommendations made by the representative of the Roads and Transport Development Association.

The Honourable Nawab Sir Muhammad Yusuf.—On behalf of the United Provinces I regret very much that I am not in a position to accept part (a) of this Resolution at all and I must oppose it. While I must make it perfectly clear at the very outset that I am not opposed to the railways getting a licence for running motor service on roads, they should certainly offer.....

Chairman.—May I point out that the question of the railway getting licence for operating motor service comes up under the next Resolution ! It does not come within the scope of this Resolution at all. It is a different question.

The Honourable Nawab Sir Muhammad Yusuf.—My point is that (b) and (c) fully cover the points that we do really feel it is necessary to cover and therefore with certain amendments probably this Resolution could be so improved that it may be generally acceptable to us all. In this connection I must say this, that we must have some controlling authority. I may point out that our Government appointed a Road traffic taxation inquiry committee. That went into this question thoroughly and they came to the conclusion that some authority must be created which must control motor transport but the question is to what extent that body should be empowered to control it and what should be the guiding principle by which this body should proceed to control it. From the point of view of our Government, it is absolutely necessary that we should lay down the basic principles on the lines of which this body should proceed to control and probably those basic principles will to a considerable extent serve the object of the railways. The first is an obvious one that we cannot allow the service to grow to such an extent as to play havoc with the roads, as we have to maintain these roads and the second is that we must derive the maximum of revenue from taxation from the motor transport, this being one of our potential sources of revenue in the provinces and the third is that from the point of view of the public we must see that the motor transport remains in the hands of those agencies which are in a position to maintain the service up to the standard which will safeguard the interests of the public from the point of view of safety and risk. These are the considerations that must necessarily be borne in mind while giving instructions to this authority that we may create with a view to control the motor transport but as I pointed out while discussing the first Resolution it is for the local government to look into these matters and it is the local government that should be in a position to decide these problems bearing in mind all the circumstances prevailing in different areas. However, as I have already said, there must be general agreement that some kind of authority is necessary in the provinces to exercise control over the motor traffic and with that view I am in entire agreement. Now, with regard to (c) also I should like to point out that the words 'economic rate of fare' seem to be the crux of the matter. Who is to be the judge of this economic rate, the railways or the public ? It is for the public to decide what is really the economic rate. I do not mean to be absolutely oblivious to the vital interests of the railways but in considering this problem we have to take into consideration various things, the interests of the railways, the interests of the public and the interests of the motor services. All these things will have to be taken into consideration before we can come to any useful decision acceptable to all concerned. I think, Sir, apart from the question of price, it will have to be admitted that somehow or other the motor transport service has made itself more popular with the rural public and they are taking to it more and more. It does not matter what the fare is. I feel there seems to be an inclination on the part of the people belonging to the rural areas to use more and more the motor buses because it serves their convenience. It also means more rapid service and also brings facilities to individuals who might like to travel short distances. It has

been pointed out that it will be better to zone the limit of these motor services but how would it serve our interests, because as far as I can make out, we would allow a motor service to work between one town and another and then we stop it there. Then some other company would probably come forward and take up that link to another district and so on and so forth. So the primary object that the railway may have in view, namely, that long distance competition should be avoided, cannot be achieved. However, there is no getting away from the fact that it is for the public to judge as to whether the price is a fair one and it is the public which is the best judge as to the standard of comfort and various other things. Government can do one thing only and that is to see that the service remains in the hands of such agencies as will maintain these vehicles up to a standard which will not involve risk to the public. That is about all that the Government can do, but while I say this I may also point out that we have been framing rules and regulations by which we practically meet many of the points raised by the Chief Commissioner for Railways. He has given a list of the things that we must see to with a view to avoid any undesirable competition between the railway and the motors and also with a view to make the service comparable. I am inclined to agree with him that it will be only fair when a pilgrim tax is levied on the railways, a similar tax should be imposed on motor transport. This is a point which could probably be accepted by the provincial Government but on the other hand we cannot ignore the fact that the competition will be there. One must face hard facts. The solution lies in the direction of making the railway journeys more attractive and that is the only way in which you can persuade the travelling public to use the railways more. It may probably be within the experience of the Honourable Chairman that the motor service between Delhi and Shahdara is attracting the public more than the railways in spite of the fact that the railway rates are very reasonable and very low indeed and such instances can be found elsewhere too. We must recognise any way that the motor transport is becoming more and more popular with the rural population. While I say this I am entirely in agreement with the general idea that the control must be exercised by a certain authority whose hands must be strengthened in the direction of laying down rules and regulations not only in the best interests of the railways but in the interests of the public and also in the interests of the motor transport services. These are all the points that I should like to mention in this connection, and I should like to repeat again that so far as the first part of the Resolution is concerned it is not acceptable to me. I may also point out that perhaps if we again look into this Resolution and redraft the whole thing it may be generally acceptable, at least it may be acceptable to me.

The Honourable Sir Jogendra Singh.—I am again worried by the word "wasteful". The railways in any case start with an advantage. They are able to raise their capital cheaper than any individual motor owner can. And in spite of this advantage it is a confession of failure that they have now to seek protection to earn a dividend on the capital that has been invested. There is an incident mentioned in the Mitchell-Kirkness report which affords a clue as to why the railways are losing. It is said that fruit from Peshawar is carried to Delhi by motor lorries. There must be something wrong somewhere, that this should happen. It is quite conceivable that so far as uneconomic running of motor lorry service is concerned it will die a natural death. It is not possible

for any individual to carry on a business which does not bring him some return. But in the case of the railways one feels doubtful whether, even if this Conference agrees to give them protection, they will be able to compete in a fair field which they claim.

Now regarding the points raised by the Chief Commissioner for Railways, the Punjab Government has very carefully considered these questions and we feel that though it may be desirable from the railway point of view to introduce a system of zoning the motor traffic, it is extremely doubtful if it is practicable or desirable in the interests of the country. Moreover, traffic on routes parallel to railways is not only competitive but helpful to the railways. It is considered that zoning even if possible would be of no practical benefit to the railways at present, in view of the fact that the bulk of the loss which they incur is now attributable to passengers using motor transport for short journeys. It must be realised that a trunk system of roads between big towns is essential and that in most cases these roads were in existence before the railways. We consider that in some cases it might be desirable to regulate rather than restrict motor traffic; but that regulations should be made primarily in the interest of the public and the maintenance of roads, and not with the object of assisting the finances of the railways. Each case requires consideration on its own merits. Regulation of traffic we consider desirable in the case of all roads and not only of those roads parallel to railways. Such control is necessary in the interests of the general public. But there is no reason why this should not be directly comparable with that of railways. Legislation for compulsory insurance against third party risks does not appear to be practicable at present owing to the prohibitive rates quoted by the insurance companies.

As regards the items mentioned by the Chief Commissioner in his note, as to (1) the public motor transport service must be economic and in the public interest. So far as licensing of motor cars is concerned it is already regulated by the rules and it is possible that motor traffic may be restricted according to the traffic that is available, and in some cases it has been done. As regards the proper maintenance of vehicles, specially prevention of over-loading that is also carried out. I think the Honourable the Chief Commissioner of Railways would find it useful to get the rules which the provincial Governments have framed and study them. He will find that most of these reforms have already been carried out except insurance. Therefore, so far as this Resolution is concerned, it is to be governed by the decision which we reach regarding Resolution 1(a). But we can assure the railway authorities that as far as it lies in the power of the provincial Governments to assist the railways without either penalising the motor service or the public, we shall be prepared to do it.

Mr. O. H. Teulon.—Mr. Chairman and Gentlemen, I am not authorised to express the views of the Government of Burma; but I am of opinion that the proposals made by the representative of the Indian Roads and Transport Development Association will be welcomed by Burma except as regards the establishment of monopolies.

Mr. H. A. Gubbay.—Sir, as regards (a) and (b) Bihar an Orissa's opinion is that any proposal to check competition which would involve taxing of motor services out of existence or force them to raise their prices to the level of railway

fares would not and could not be accepted by Bihar and Orissa. Taxation should in any case be limited to the estimated damage to the road caused by such services.

As regards part (c) which refers to parallel routes, the utmost control that Bihar and Orissa would be prepared to consider on parallel routes is that motor services should carry strictly local traffic only as opposed to through traffic.

The Hon'ble Dr. Deshmukh.—Sir, I may state at the outset that my Government is opposed to this Resolution. I would now offer certain comments on the different parts of the Resolution. (a) The Central Provinces Government does not accept this proposition. On any route there must be a section of the traffic for which road transport is substantially superior, for example, in the case of persons residing far from the station, and there is no justification for depriving them of facilities. In most cases road transport is quicker. In any case a formula of this nature is of little practical use as there will never be agreement as to what is substantially superior service. The Government of the Central Provinces does not agree that under the new constitution it would be possible for them to be subordinated to a central authority in this matter.

As regards 2(b), the practical result of this proposal would be to force up bus fares. The Central Provinces Government does not accept this as a legitimate proposition and is only prepared to stiffen up control if it is necessary to do so in the public interest. It would then be necessary to stiffen up control on all routes and not only on those which compete with railways. We do not think it would be practicable to fix and enforce minimum fares.

I will now come to the various points of unfairness of competition alleged by railways and summarised in paragraph 20 of the report. The first point is with regard to inspection. I might state for the information of this Conference that all public motor vehicles in the Central Provinces are inspected every three months and the Inspectors are appointed for every district. The inspection is considered adequate. About point (b), viz., that motor vehicles are systematically overcrowded, I may say that overcrowding, in our opinion, is not unknown on railways when they can get the passengers (laughter). It is not considered practicable to prevent overcrowding of buses in rural areas without a large increase in the inspecting staff. Point (c) is that whereas railways are restricted by many sections of the Railway Act, no corresponding obligations are placed on motor transport. Our comment on this point is that presumably the restrictions referred to are in the interests of public safety. Point (d) is that railways are required to follow certain hours of work while the busmen are not. It is not practicable to enforce hours of work for motor drivers unless there is a powerful trades union in favour of it. The next point is that the railway operating staff are carefully examined as to their capabilities and the drivers of motor vehicles are not so strictly examined. We think that although there is no medical examination of motor drivers, there is a real driving test and that should suffice for the time being. The next point is that accidents on railways are subjected to exhaustive inquiries but the same is not the case with regard to motor accidents. All motor accidents in our province are investigated. It would therefore be clear that so far as our province is concerned most of the suggestions are already given effect to, except probably one, namely,

insurance. We have grave doubts as to how far it would be practicable to enforce this under the present circumstances.

Now I come to part (c) of the Resolution. We cannot undertake to restrict the number of vehicles licensed to ply for hire on routes parallel to railways. It is likely to lead to overcrowding, and even if Government wanted or wished to do this, it is almost certain that their hands would be forced by the Legislative Council. It is denied that motor vehicles will run at below the economic fare. If they have done so it is because they were caught by the slump in the same way as many other trading concerns. Ultimately the economic laws must operate or they will go off the road. Our Government therefore opposes this Resolution.

Before I sit down I must answer one allegation that has been made by my friend, Mr. Ormerod, from Bombay about taxation in the Central Provinces being very heavy. I deny that accusation and if he refers to page 43 of the report he will find that the Central Provinces is not taxing the motor vehicles so much as many other provinces have done. The real heavy taxation is from the centre from which the provinces are not getting what they should get.

The Conference then adjourned till 10-30 a.m. on Tuesday, the 25th April 1933.

The Conference re-assembled at 10-30 a.m. on Tuesday the 25th April 1933 with the Honourable Sir Frank Noyce in the Chair.

Chairman.—As I indicated yesterday afternoon that we were proposing to do, we had a discussion this morning with all sections of opinion in this Conference and as a result of that discussion I have to put before you a revised draft of resolution No. 1, which I will now read.

“ This Conference is of opinion that, *in the general public interest*, the time has come for increased co-operation and a more intelligent co-ordination of effort between the various authorities and interests concerned, in the matter of :—

(a) future Railway development

and of

(b) the future development of road communications, whether used for motor transport or other purposes,

so as to secure a more comprehensive and uniform plan of general development than at present exists.

In areas where uneconomic competition between railway and road transport has been proved to exist, such increased co-operation and co-ordination may necessitate the adoption, *by mutual agreement*, of measures designed to reduce such uneconomic competition to the minimum compatible with the maintenance of healthy competition.

Any comprehensive or uniform plan of general development must sooner or later involve a gradual expansion of facilities for rural motor transport, complementary to the Railways and to other existing arterial forms of transport, but as internal district communications—apart from the main arteries—are largely controlled by local bodies, any intra-provincial co-ordination of effort must necessarily in the first instance be a matter for the local Governments and legislatures, who, in such matters, should consult, and to the best of their ability, co-operate with the Railway and other interests concerned.”

If any member of the Conference desires to offer any remarks on this revised resolution we shall be glad to hear them.

Do I take it that it may be regarded as expressing the sense of the Conference ? (Voices : “ Yes ”).

If that is so, I think it is a very satisfactory outcome of our labours this morning.

The Resolution as adopted by the Conference was as follows :—

RESOLUTION No. 1.

“ This Conference is of opinion that, *in the general public interest*, the time has come for increased co-operation and a more intelligent co-ordination of effort between the various authorities and interests concerned, in the matter of :—

(a) future Railway development

and of

(b) the future development of road communications, whether used for motor transport or other purposes,

so as to secure a more comprehensive and uniform plan of general development than at present exists.

In areas where uneconomic competition between railway and road transport has been proved to exist, such increased co-operation and co-ordination may necessitate the adoption, *by mutual agreement*, of measures designed to reduce such uneconomic competition to the minimum compatible with the maintenance of healthy competition.

Any comprehensive or uniform plan of general development must sooner or later involve a gradual expansion of facilities for rural motor transport, complementary to the Railways and to other existing arterial forms of transport, but as internal district communications—apart from the main arteries—are largely controlled by local bodies, any intra-provincial co-ordination of effort must necessarily in the first instance be a matter for the local Governments and legislatures, who, in such matters, should consult, and to the best of their ability, co-operate with the Railway and other interests concerned."

Chairman.—Before I go on to resolution No. 2, I may say that that also came under our consideration and we wish to place the following amended resolution before you :—

"In order to ensure increased co-operation and more intelligent coordination of effort between the various authorities concerned, this Conference considers that the following measures would be justifiable :—

- (a) The control of public service and goods motor transport should be regulated in the interests of public safety and convenience.
- (b) The number of vehicles licensed to ply for hire should be restricted so as to prevent such competition between all forms of transport as may be contrary to the public interest."

You will see that it has been shortened considerably and that (a) of our original resolution which dealt with the principle of zoning has been omitted in view of the fact that the principle of zoning does not seem to meet with very general agreement from provincial representatives. I think in the circumstances it would be better to start the discussion on resolution 2 again and I shall therefore ask Sir Guthrie Russell and others for their comments on the resolution as now revised. Perhaps I had better read it again. Unfortunately time has not permitted of our getting enough copies to place before you.

Chairman here read the revised resolution No. 2.

The Hon'ble Mr. A. J. Laine.—On a point of order, Sir. Is it intended that those who have not spoken on the original draft should be debarred from speaking on it ?

Chairman.—Not in the least. All I wish at present to do is to go the round again, and it will be entirely as you wish, whether you wish to speak on both this and the original resolution or not. The scope of your remarks will not be limited in any way.

The Hon'ble Mr. A. J. Laine.—My point is that the remarks made by members of other Governments will remain on record and it will appear as if representatives of one or two Governments either acquiesced in or had nothing to say on the wording of the original draft.

Chairman.—If that is your desire, I will call on you to speak now and will go round on the original draft and then if anybody wishes to add anything in reference to the new draft, he can do so.

Mr. H. E. Ormerod.—Could I ask for copies of the resolution to be given to us in the meanwhile ?

Chairman.—We will do our best.

Rao Bahadur S. R. Parnit.—Can it not be embodied in the proceedings that at this stage an amended resolution was put forward for the consideration of the members of this Conference ? That will avoid the necessity of honourable gentlemen speaking over again on the first resolution.

Chairman.—Certainly ; the remarks I have already made will be embodied *verbatim* in the proceedings and will therefore show what has happened.

The Hon'ble Mr. A. J. Laine.—Mr. Chairman and gentlemen, I must apologise at the outset for possibly repeating arguments that have already been used and duplicating views that have already been expressed. My excuse must be that at this end of the Chamber some of us find it difficult to hear all that is said, and that in any case as the Government of India desire to hear the separate views of the various Governments and Associations represented in this Conference, a certain amount of duplication is unavoidable.

So far as the second resolution, which is now under discussion, is concerned, I fear that the Resolution is one to which, in its present form the Assam Government are unable to accord their support. I must however make it clear that, just as the items on the Agenda before us have been styled as " suggested draft resolutions " so the views which I express on behalf of the Assam Government on this and other matters must at this stage be taken to be purely provisional.

With regard to the wording of the Resolution before us, there are several items which appear to us to be open to adverse criticism.

Whether, or not,—for instance,—public service and goods motor transport in any given area " offers to the public a service substantially superior to that which the Railways can offer " is an issue upon which it will be difficult to adjudicate. What is to be the criterion of superiority ? If the travelling and trading public deliberately prefer to patronize a motor service alternative, they are presumably convinced of its superiority from the point of view of their own needs, and they must surely be considered to be the best judges of their own interests. The type of accommodation provided by such motor service vehicles is no doubt usually inferior to that supplied by the Railways and the service is in many respects less reliable, but these disadvantages are offset by other factors—*e.g.*, directness of route, speed, frequency and convenience of timings, avoidance of unnecessary changes and handlings, etc.,—which are of sufficient importance to customers to tip the scale in favour of the motor route alternative. Railways were no doubt first in the field, but is that any reason

why, solely in their interests, we should impose a more or less one-sided limitation on motor vehicular activities in certain areas ?

Attempts in this direction, unless carried out with great circumspection, will, we fear, tend to impede private enterprise and in the long run to squeeze out healthy competition.

With regard to part (b) of this resolution there can be no objection, in the general public interest, to a tightening of control of public motor services more particularly of passenger services, but why only on parallel routes and not elsewhere ? In any case the criterion should be the public interest and convenience and not merely the interests of any rival Railway Administration that may be locally concerned.

But what precisely is meant by " external " control and who is to determine whether road and rail transport are being run on " comparable terms " ? Is this " external control ", which is contemplated, a control, external to the industry concerned, to be applied by the local Government within the province, or is it to be a form of control which will be not only external to the industry itself but also external to the province ; in other words, a form of control to be exercised by the Central Government or by the Railway Board or by some other agency on behalf of the Central Government ?

With regard to part (c) of this resolution, we would apply the same principle to the question of restriction of the number of vehicles plying on a parallel route. The scope of motor vehicular services plying on such roads should be determined by the general public demand for them, and not merely by the fact that a Railway Administration may be offering an alternative, and often a less convenient and popular, mode of transport.

Incidentally this sub-resolution contemplates the elimination of competition at rates of fare which are below the ' economic rate '. What precisely is meant by ' economic rate ' and how it is to be determined and by whom ? What may be an ' economic rate ' for a railway might—and probably would—be a very profitable rate for a private bus or taxi-owner or for a road carrying company, and, conversely, a bare economic rate for the latter would not be considered economic by a railway administration. It is in fact impossible to compare the ' economics ' of a wealthy railway corporation with those of a small bus company or of an individual public motor vehicle owner. It is of course true that railway companies are handicapped ' *ab initio* ' by having to meet heavy capital charges for the acquisition of land and the construction of a permanent way as compared with motor vehicle owners who are allowed to ply on roads constructed and maintained from public funds, but the best method of effecting some levelling up of conditions would appear to lie in the direction of a tightening up of general control over motor vehicles and, if necessary, of increasing motor taxation on uniform and general principles—as a ' *quid pro quo* ' for the public facilities enjoyed by them,—rather than in the direction of imposing discriminately restrictions of the nature apparently contemplated in this draft resolution.

Mr. J. S. Thomson.—Sir, I do not think in view of the new resolution that has been placed before the Conference that I have anything to add. But as I have the opportunity I should like to say that I think zoning would probably

be extremely difficult to work in practice and extremely easy to evade, and I doubt it if would benefit the railway companies very much. As regards the rest, while I should be prepared to agree that there is room for improvement in the control of traffic and that many of the proposals put forward by Sir Guthrie Russell are practicable, at the same time I think it would be very difficult to arrange these except on lines which Mr. Lainé has just enunciated, and any attempt to put the two forms of transport on an economic equality would be rather a clumsy way of nationalising transport as a whole and that I think is not at present practical politics. I will not delay the Conference any further in view of the new resolution that has been put forward.

Chairman.—Would any member of the Standing Committee on Roads like to speak ?

Members of the Committee.—No.

Chairman.—Any members of the Advisory Council for Railways ?

Members of the Advisory Council.—No.

Mr. Hamilton.—I think it would be best to restrict my statement to the amended resolution.

The Hon'ble Mr. Ghosh Maulik.—Before we proceed to the amended resolution may we have a copy of it ?

Chairman.—I had rather hoped that we might have copies by now, but I am sorry they are not ready. May I dictate the new resolution to the Conference ?

The Chairman dictated the revised resolution.

The Hon'ble Sir Guthrie Russell.—Sir, I am afraid I must keep an open mind as regards part (a) until such time as it is decided what machinery is going to be introduced for the control of motor transport and the purposes that such machinery is designed to achieve. The words " public safety and convenience " have a very wide meaning. If it is intended to place motor and railway services on a comparable footing the railways have no objection and will accept the amendment, but it entirely depends upon the interpretation of these words.

Mr. Reid.—I associate myself with the remarks of Sir Guthrie Russell.

Mr. Sumner.—I have no remarks to offer.

Mr. Ormerod.—We associate ourselves with Sir Guthrie Russell's remarks.

Mr. Conran Smith.—As far as Madras is concerned, I can accept the amended resolution. It is certainly harmless and I think, as far as Sir Guthrie Russell's remarks about public safety and convenience are concerned, that those are the words actually used in the English Act and I think that phraseology might be safely adopted by this Conference.

Mr. Bowers.—I agree.

The Hon'ble Mr. Bijoy Prosad Singh Roy.—I accept it.

The Hon'ble Nawab Sir Mohammad Yusuf.—I accept it.

The Hon'ble Sir Jogendra Singh.—I accept it except that I may point out that as regards zoning system we find it impracticable.

Mr. Teulon.—I accept.

Mr. Gubbay.—Accepted.

The Hon'ble Dr. P. S. Deshmukh.—I would be prepared to accept it on reconsideration provided the Local Governments will determine what is public convenience.

The Hon'ble Mr. A. J. Lainé.—I accept.

Mr. J. S. Thomson.—I accept.

Mr. S. R. Pandit.—I accept.

Mr. Muazzim Saheb.—I accept.

The Hon'ble Mr. Ghosh Maulik.—I accept it subject to the reservations mentioned by the Minister for the Central Provinces.

The Hon'ble Sir George Schuster.—I had intended to ask you to let me intervene in this debate today because after what was said yesterday I thought it would be valuable to emphasize the unity of the interests of the various authorities in this matter. But now, having devised a different form of Resolution, we seem to have reached an almost complete measure of unity, and either we have achieved a result which makes any remarks which I might have had to offer quite unnecessary, or else one is bound to suggest that we have not advanced very far in the matter at all and have arrived at a resolution which means very little indeed. I confess that when I find Mr. Ormerod associating himself with the remarks of Sir Guthrie Russell, I am so surprised that I almost begin to be suspicious. I had thought that I might intervene because of the three members of Government here I hold the portfolio which is perhaps the most impartial. Sir Frank Noyce may be said to represent roads; Sir Joseph Bhore speaks for the Railways; but I am merely concerned with maintaining the financial stability and credit of India with the least possible burden to the tax-paying public and I do want to put before you that financial side of the matter. I might before I come to that make a few of the remarks which I had intended to make about the unity of our interests. It seems to me that the over-riding value of a conference of this kind is to enable people to appreciate the points of view of the other side and though one hopes to approach practical conclusions, which can be worked out afterwards, we cannot go into very great detail in a meeting of this kind, and the main thing is, I think, to create a spirit of co-operation. We on the Government of India side fully recognise that we can only proceed by voluntary co-operation. We recognise fully the authority of the Provincial Governments in this matter. Some of the Provincial representatives have felt it necessary to speak rather in a defensive manner on that point; but I do want to make it clear that we fully recognise that the Provincial Governments have full responsibility and authority in their own field and that it is only by voluntary co-operation that we can arrive at the desired result. Now, in the opening remarks of most speakers, there has been a general recognition of this unity of interests, but, as the discussion has proceeded one seems to detect elements of conflict and controversy arising and there is some danger lest the apparent conflict between the railways and

roads on the one side or between the Central Government on the one side, and the Provincial Governments on the other or between financial considerations on the one side and the convenience of the public on the other, should blind our eyes to the real issue. I think that is quite unnecessary for I am sure that we all of us here have really one thing at heart and that is the interests of the public. I think that if we give each other credit for having the interest of the public at heart we shall get on very much better. I was reading this morning a leader in the Statesman which suggests that the Government of India have packed this conference and drafted the Resolutions solely in the interests of the railways. I hope you will not believe that that is true. Some people also seem to suggest that Sir Guthrie Russell is merely concerned with having an easy life, stopping all outside competition so that he may be able to rest in the full confidence that however uncomfortable the accommodation which he provides on the Railway the unfortunate public will have to travel by them because there is no alternative. I feel sure that really you will agree that that is not true. We also on our side do not imagine for a moment that the Provincial Governments are blind to the wider issues and are merely thinking of robbing the Central exchequer. And I may also say that we do not imagine that my friend, Mr. Miller, and his associates are merely thinking of selling petrol to the public and earning dividends for the companies which they represent. Perhaps my Honourable friend, Mr. Miller, is the most suspect of us all because we all know that he is connected with a very important private concern, but I believe that that private concern like all other great private organisations is wise enough to recognise that they can only profit if the public is prosperous, and therefore that their real interest is to promote the general prosperity of the country.

Now, when we go back to the interests of the public, there is one definite ground of divergence in our views to which I have already alluded. Some people have thought more in terms of the convenience of the travelling public whereas others—myself especially—have thought in terms of the financial interests involved. I can explain the point which I have in mind by taking a very simple illustration. Sir Jogendra Singh, who if I may say so always brings a philosophic mind to bear on these practical problems, said rather plaintively that he had difficulty in understanding the words “wasteful” and “uneconomic”. I will take a very elementary illustration or rather put the matter in an elementary way, and I must apologise for being so elementary. Let us take the case of two places which are linked by road and rail and suppose that there is a first stage where all the traffic between those two places is carried by the railways. Let us then suppose that a second stage develops where motor transport comes in and takes a certain amount of that traffic. Let us say that they take 2 crores of the gross receipts of the railways. Well, now, if the comfort and convenience of the people that use that motor transport is no greater than it was when they used the railways, then undoubtedly we have a case of uneconomic competition. The railways if they still have to maintain the same service are worse off by 2 crores and therefore the general revenues suffer and that gap has to be filled by increasing taxation. The public authorities who are responsible for the roads have to raise taxes in order to maintain those roads and their tax-payers are again worse off. As against that we have to take into account

the receipts from taxation on the motor transport ; but I do not think that any one has ever suggested that the receipts from taxation of motor transport at present exceed the actual cost of the upkeep of the roads. Therefore, even on the most favourable result, the public interests as a whole are worse off by 2 crores per annum. Of course, I shall be told that that is an impossible illustration. In fact it has already been pointed out by one speaker this morning that if the public use the motor transport in preference to the railways which they had used before, then they must be getting greater convenience. Otherwise they would not have made that choice. Now, that brings us to the essential point on which I want to lay emphasis. You have on the one side a loss to the public revenues. On the other side, you have the question of public convenience. Well, it may be a good thing in the general interests of the country that the public convenience should be attended to and that the public should get that benefit in the form of convenience. But they have to pay for it and that is the fact that must not be lost sight of. The net result is that the people who use the motor transport get the increased convenience, but, if you accept my illustration as a possible one, the general taxpaying public has to pay for it. Well now, in a country which is under a form of representative Government, the ultimate issue is one for public opinion to decide. We in the present constitution are in a slightly different position. We cannot go out and appeal to the country leaving the electors to pronounce a verdict on issues of this kind. We have to try and exercise our judgment as to what is in the best interests of the country and I do want to ask you not to lose sight of the financial aspects. It is quite right, I fully admit, to think in terms of convenience to the public but do not lose sight of the financial implications. After all, financial implications are felt much more universally by the public than the convenience of those who use the motor transport. I do not wish to suggest that there need necessarily be a great conflict in this matter. I believe myself that for the moment the position before us is one where that conflict need not arise at all ; but at the same time when we are discussing these propositions in general terms, I think it right to point out that the financial implications should not be lost sight of.

Now, I would just like to say one word more about the unity of interests between the Provincial Governments and the Central Government in this matter of financial implications. There has been in the course of the discussions up to this moment a very welcome recognition of the fact that the railways are a great national asset the prosperity of which no one can afford to ignore in this country, and several speakers went even further than that. Sir Muhammad Yusuf talking yesterday made, I thought, two very good points on this question of the unity of interests in the matter of finance between the Central Government and the Provincial Governments. He said in the first place that if the Central Government did badly out of the railways, they would have to increase their taxation and the tax-payers after all who have to pay the taxes both to the provinces and the Central Government are the same individuals so that, if we in the centre have to increase the burdens of taxation, that must react on the Provincial Governments. He made the second point that the Provincial Governments are very much interested in the credit of the Government of India because they rely on the Government of India to provide them with loan funds and therefore if the finances of the Central

Government are bad, credit goes down and the Provincial Governments will have to pay higher rates of interest for their money. But there is a third point now to which I wish to call particular attention and that is what the position will be under the new constitution. All of you know the federal financial plan which has been evolved in the course of the Round Table Conference discussions in London and which is now embodied in the White Paper. That plan contemplates that the Federal Government will surrender large shares of its present sources of revenue to the Provincial Governments. It has to give up half of the jute tax to Bengal and the other provinces that grow jute, and eventually it has to give up a very substantial share of income-tax to the Provincial Governments. Now it is quite obvious that the power to carry out this plan will depend entirely on the margin of revenue which the Federal Government has available. At present we have no margin of revenue available even with the very high rates of taxation, emergency rates of taxation which now prevail. If there is to be a margin in the future that can only be created by an increase in economic prosperity and therefore the provinces are essentially interested in the prosperity of the Federal Government. They have in fact become "deferred shareholders" in the Central Government undertaking, and their only chance of getting a dividend on these deferred shares is for the Central Government to prosper. Now, it is well known to everybody that the Railways are one of the most important parts in that Central financial undertaking. The Railways have to pay us something like 33 crores a year in interest, and in all the forecasts which have been made of Federal finance, forecasts which have created the expectation that it will be possible for the Central Government to hand over revenues to the provinces, allowance has been made for a continuance of the Railway contribution of something like 6 crores. Therefore, in the way of interest and contribution we are expecting to get something like 39 crores from the Railways. That is a very big sum, and it is one of the biggest factors of the whole of the Central Government finance. Therefore, if the Railways do not prosper, if the Railways really go the way that Railways have gone in other countries, I do not see the slightest chance in the visible future of the Federal Government being able to carry out that Federal financial plan. I think it is important that you should bear those considerations in mind. However much you may desire to promote the convenience of the public who wish to travel by motor transport, you have to consider whether a country like India, which is, in spite of the enormous wealth of the country in the aggregate, a country of very poor people, can afford those luxuries and conveniences which other countries with which comparisons are made have been able to afford. We must look at the matter in a realistic way having regard to the conditions in India; and therefore, speaking, as I must, as one who looks upon everything from the point of view of its effect on public finances—meaning by that Central and Provincial finance as well—I must take this line that the encouragement of the development of motor transport and the construction of roads ought primarily to be looked at from the point of view of whether it is going to increase the economic productivity of the country: That is an aspect of the matter which I thought it important at this stage to put before you. (Applause.)

Chairman.—Gentlemen, I am sure we are all greatly indebted to Sir George Schuster for bringing out the true implications, which I hope will be

accepted by all here, of the words "public safety, and convenience" and "public interest". I do not think I need add anything to what he has said. The Resolution as now drafted has commanded general assent. Before passing on to Resolution No. 3 I think I may take it that the principle is now generally accepted.

The Resolution as adopted by the Conference was as follows :—

RESOLUTION No. 2.

"In order to ensure increased co-operation and more intelligent co-ordination of effort between the various authorities concerned, this Conference considers that the following measures would be justifiable :—

- (a) The control of public service and goods motor transport should be regulated in the interests of public safety and convenience.
- (b) The number of vehicles licensed to ply for hire should be restricted so as to prevent such competition between all forms of transport as may be contrary to the public interest."

Chairman.—I will now pass on to Resolution No. 3.

The Resolution for discussion was as follows :—

RESOLUTION No. 3.

"This Conference considers that the statutory provisions which at present limit the operation of motor services by certain railways should be repealed."

Chairman.—You will have observed from the latest copies of the resolution, which were supplied to you on your arrival in Simla, that we have modified the terms of this Resolution very substantially but, in case any of you have not got the latest papers with you, I will read out the revised resolution. It is as follows :—

"This Conference considers that the statutory provisions which at present limit the operation of motor services by certain railways should be repealed."

After consideration of the resolution as first drafted, we are of the opinion that it went perhaps somewhat further than was necessary. It is our hope, and the hope of the railways, that steps may be taken as outlined in the previous resolution which will before long result in motor transport, at least where in direct competition with railways, being subjected to a reasonable measure of control comparable with that of railways. If that is to be the case, then for the present at least we are not convinced that it is necessary as was suggested in the earlier draft to give the railways concerned any form of monopoly. For the present, therefore, where it may be decided that a railway should be allowed to operate the road motor transport, we believe that it should do so in all respects on terms of equality with the existing concerns.

This resolution, therefore, is merely intended to elicit the opinion of those present as to whether such statutory embargo as exists upon certain classes of railways operating road motor transport parallel with themselves should be removed. And, as you are all aware, there is no such embargo upon State railways. Upon the merits or otherwise of the operation of parallel road

services by railways, I do not propose to express any opinion. The arguments for and against have been set out in the Mitchell-Kirkness report, and we are here to hear your views.

The Hon'ble Sir Guthrie Russell.—Mr. Chairman and Gentlemen, in speaking on this resolution it will, perhaps, be as well for me to explain briefly the existing legal position and why it is considered desirable to alter it. At present State-managed Railways, which now form the bulk of the Railways in India, are not legally debarred from operating motor transport. Such restrictions, as there are, only apply to the systems worked by Guaranteed Companies and by Domiciled Companies, which can only operate road motor services provided such services are run in conjunction with the Railway service; that is, passengers or goods carried in such road motor services must be carried for part of the journey on the Railway as well. This restriction prevents Light Railways from effectively engaging in road motor services to meet their competitors on the road because they cannot run motor buses from any point to any point along the roads running parallel with their lines, as some of them wish to do.

The Legislature has recently been considering a suitable amendment to Section 51(e) of the present Indian Railways Act which governs certain Domiciled Companies in this matter and the Clause in the British Statute by which Guaranteed Lines are restricted will require a similar amendment by an Act of Parliament.

I may say that the Light Railways, many of which are Guaranteed Lines, have been proportionately far more seriously hit by road motor competition than the major railway systems and they have been pressing for many years past for the removal of the present restrictions. The position would appear to be that if the present motor competition is allowed to continue unchecked, and Light Railway Administrations are not allowed to respond by putting their own motor vehicles on the road freely, where they want to do so, there is a danger of their becoming a burden to the community, for they cannot subsist on goods traffic alone.

I do not think it is necessary for me to say more on this resolution, as the Light Railways have their own representatives at this Conference and they are better able to describe their present position in this respect than I am.

Mr. Reid.—I approve of this Resolution. The advantage of Railways running their own motor services must necessarily vary in different cases. The Managing Agents of Light Railways in Calcutta are particularly desirous of their Railways being able to run their own motor services.

Two of the reasons why this right is required are :—

- (1) In cases where Railway stations are a short distance out from the centre of towns, if Railways do not meet this position by inaugurating their own bus service, others will do so. Outside buses would probably endeavour to retain the passengers and carry them for uneconomical long distances. Whereas Railway motor services, while catering for the public's local requirements would also make arrangements for through traffic by offering a combined bus and rail service.

- (2) In considering the extension of a Branch railway, the immediate construction thereof may not be justified. If, however, the Railway by running its own motor services is able to develop the traffic in the extended area, this traffic is thereby secured to the Railway in anticipation of the extension of its line becoming justified.

Mr. Sumner.—Sir, if it can be proved that the repeal of statutory provisions, as proposed in this Resolution, will give the Railways concerned any definite measure of protection against the attrition of their revenue resulting from the growing competition of road transport, I feel that we must give this resolution our sympathetic consideration. It seems to me that the cumulative effect of road competition offers every prospect of the all-important difference arising between profitable and unprofitable railway working.

But I doubt whether the members of this Conference will be prepared to concur in the repeal *en bloc* of the statutory provisions, and the select Committee's report on the Bill amending the Railway Act certainly was not prepared to do so. Nor do I think that unless the Railway road services are conducted on a system which, according to Railway working traditions, attains only a very low standard of regulations, control, and efficiency, the services will be not able to hold their own against outside competition.

The Railways' services would presumably be bound by time tables, the drivers would be men of proved capacity and care, their wages fixed by the Railways' fixed scale of pay, with provident Fund and other liabilities arising, to which the outside services are, at any rate at present, not liable.

As a small instance of the effects of such competitive conditions, the Calcutta Tramways endeavoured to meet road competition on its own ground, and if I recollect aright they lost nearly £40,000 before they withdrew their buses from the road.

In short, I think it doubtful whether the Railway road services will be able to do more than perhaps pay their way, and I do not see that that is going to help the net position to any appreciable extent. To my mind, Sir, the solution lies more in the direction of legislation tightening up the standard of efficiency of the road services which are entering the field.

The Hon'ble Mr. Miller.—My colleague, Mr. Chinoy will speak, on this resolution.

Mr. Nur Mchamed Chinoy.—Sir, in speaking on this resolution which deals with the repeal of the statutory provisions at present limiting the operation of motor services by certain railways, my Association understands that the reason why these railways now desire to have the right to operate motor bus services is because privately owned bus services operated on parallel routes offer greater advantages to the public than the railways, which has resulted in traffic hitherto considered to be their right and privilege being diverted from them. If this is the case, I would ask is it possible, if this resolution is admitted, for the railways to derive any financial advantage by operating motor transport, unless the public are called upon to pay increased rates for these services, or on the other hand unless the railways are granted monopolies which will ultimately tend to drive traffic back to the railways. In neither case is it to the advantage of the public, whose interest it is the desire of my Association to protect.

If the introduction of this proposed legislation is with the intention to save the railways from losses in which the tax-payer has particular interest, it appears a moot question whether the capital invested in the railways is entitled to any preferential protection, any more than the crores of rupees invested in motor transport which gives employment to more than three lakhs of Indians as wage-earners. This is a very important point which in the opinion of my Association should be given very careful consideration.

The resolution, it would appear, is an admission to a large extent of the backward condition in which railways have maintained their lines, and it is this fact that is responsible for their inability to compete with motor transport. I cannot find any implication in this resolution that improvements in rail facilities are contemplated or considered desirable, but only a determination to consider how rural transport services and buses can be curtailed in order to divert traffic to the railways. The railways in an attempt to justify their inability to compete with road transport have claimed that buses are operated uneconomically and further that they do not contribute their share towards road costs, while the railways have to assume responsibility for their tracks, and this statement is made despite the fact that buses are subject to exorbitant taxation by several different authorities including Central and Provincial Governments.

We maintain that the expenditure on road development and maintenance in India is more than covered by the amount of Rs. 8,30,00,000 paid in taxation by road transport as stated in the General Section of the Mitchell-Kirkness Report on page 44, and that if motor transport was taxed on a more equitable basis, no charge could be made that they are being operated uneconomically. If in spite of this imposition on road transport, railways are unable to hold their own, it would appear that they have outlived their usefulness, in so far as it concerns their service to the public in that locality. On the other hand, my Association realises there may be special instances where certain railways have road services running parallel to them with which they are unable to compete on economic grounds, in which cases they may require some special concession to be granted to them in the form of a monopoly to operate bus transport, although they should be given the privilege only after a thorough examination of the economic facts of both forms of transport have been made. In the case of certain light railways where motor transport definitely gives the public better transport facilities, it may be necessary for companies operating light railways to agree to dismantle the railways on consideration that they are given monopolies on those particular routes in compensation thereof.

The examination in question, however, should be carried out by competent independent authorities such as the proposed Provincial and Central Boards of Communications, and it should be only with their consent in each case that any concessions should be granted to railways to operate bus transport. There are also cases where the railways have projects for railway extension, and my Association considers that if they are prepared to undertake construction or reconstruction of a road in its place and maintain it, consideration may be given to the granting of certain favoured conditions such as a monopoly or semi-monopoly, for the operation of bus services over this particular route, for a certain period commensurate with their expenditure. Such monopolies

however should, in the opinion of my Association, be granted subject to the proviso that the principle of granting monopolies to other interests under similar conditions is also provided for. In no case, however, should railways of any class whatever, be granted the right to operate motor bus services unless a thorough examination has been made by the proposed District, Divisional and Provincial Boards of Communications into the cost of operation of the particular section of the railway, as well as the cost of motor transport in that area, such recommendations being based on the provision of the best form of transport for the public's needs.

To ensure that the public are provided with the most economical form of transport, in such cases where railways are authorised to operate motor transport, it must be on the understanding that no preferential treatment is granted, and in particular they should not enjoy any exemption from taxation or from the licensing regulations, to which private transport are subject.

Unless precautions are taken to protect the private owners and the public from indiscriminate operation of bus services by railways, my Association cannot agree to the repeal of the statutory provisions in question.

I am, therefore, to suggest to this Conference that this resolution be amended as follows :—

“ This Conference considers that the statutory provisions which at present limit the operation of motor services by certain railways should be repealed, subject to the following conditions :—

- (1) The repeal of the statutory provisions shall not be operative until the proposed Boards of Communications are introduced.
- (2) Subject to the condition that the principle of granting monopolies is not confined to railways only, but open to other interests under similar conditions, monopolies may be granted to railways operating motor transport, in the following cases :—
 - (a) Where a railway agrees to substitute its railway service with a modern service of motor transport, a monopoly in compensation may be granted for a certain number of years.
 - (b) Where a railway is prepared to forego a railway extension project which is under consideration in favour of the construction or reconstruction of a road as an all-weather communication and maintain it, they may be granted certain favoured conditions for operating a bus service over this particular route.

(N.B.—By favoured conditions is meant a monopoly or semi-monopoly for a certain period commensurate with their expenditure on the road.)
- (3) That before permission is granted to any railway to operate motor transport services, the opinion of the proposed District, Divisional and Provincial Boards of Communications must have been sought and the matter placed before the Central Board of Communications for their final approval.

- (4) That no favoured conditions should be granted to railways in the form of exemption from taxation or from licensing regulations to which other forms of private transport are subject."

In making these recommendations, my Association is fully aware that the amendment of the Railway Act has been under consideration for about two years and that the Hon'ble Member for Commerce stated that no final decision would be taken prior to the issue of the Mitchell-Kirkness Report. It would appear to be a coincidence, therefore, that it should have come up for discussion at the recent session of the Legislative Assembly, and my Association feel, therefore, that there was no desire on the part of Government to push through this Bill prior to full consideration having been given to the recommendations on this subject in the Mitchell-Kirkness Report.

Chairman.—I think Mr. Chinoy's speech was written with reference to our original resolution and not with reference to the one as at present drafted.

The Hon'ble Mr. E. Miller.—We are still of the opinion mentioned in that speech.

Chairman.—I think it might assist further discussion of this resolution if I were to read to the Conference the Bill which was recently before the Legislative Assembly as it emerged from the Select Committee. A considerable number of points raised in Mr. Chinoy's speech have been met by the Bill as it emerged from the Select Committee. The Bill consists of only one clause and therefore will not take very long to read. Sir Guthrie Russell has explained that company-managed Railways are not included in this Bill because they are governed by an Act of Parliament.

[As amended by the Select Committee].

[Words printed in italics indicate the amendments suggested by the Committee.]

A

BILL

Further to amend the Indian Railways Act, 1890, for a certain purpose.

WHEREAS it is expedient further to amend the Indian Railways Act, **IX of 1890**, 1890, for the purpose hereinafter appearing: It is hereby enacted as follows:—

1. This Act may be called the Indian Railways (Amendment) Act
Short title. 1933.
2. After section 51 of the Indian Railways Act, 1890, the following section **IX of 1890**.
Insertion of new section shall be inserted, namely —
51A in Act IX of 1890.

"51 A. (1) Any railway company, not being a company for which the
Additional power to Statutes 42 and 43 Vic., Chap. 41,
provide and maintain provides, may frame a scheme for the
transport services. provision and maintenance of a motor
transport or air-craft service for passengers, animals or goods with
a terminus at or near a station on the railway owned or managed
by such company.

- (2) *The scheme shall be submitted to the Governor General in Council, who, after consultation with the Local Government or Local Governments concerned, may sanction it, subject to such modifications and conditions as he may prescribe.*
- (3) *The scheme shall be published in the Gazette of India and thereupon the railway company shall, subject to sub-section (4), have the power to provide and maintain a service in accordance therewith.*
- (4) *In respect of any service provided and maintained by any railway company under this section,—*
 - (a) *the company shall be deemed not to be a railway administration for the purposes of this Act or of any other enactment affecting railways, and no property used exclusively for purposes of the service shall be deemed to be included in the railway or its rolling stock; and*
 - (b) *all enactments and rules for the time being in force relating to motor vehicles, aircraft and roads shall apply accordingly.*
- (5) *The Governor General in Council, after consultation with the Local Government or Local Governments concerned, may, by notification in the Gazette of India, after giving to the railway company six months' notice of his intention so to do, withdraw his sanction to any scheme sanctioned under sub-section (2) or may modify the scheme or impose further conditions on it."*

I would remind the Conference again of one sentence in my opening remarks, "For the present, therefore, where it may be decided that a railway should be allowed to operate the road motor transport, we believe that it should do so in all respects on terms of equality with the existing concerns".

Mr. Conran Smith.—**Mr. Chairman,** in your speech and in your subsequent remarks just now you have shown that this resolution as amended and the Bill as it has emerged from the Select Committee satisfy the conditions on which the Madras Government could, I think, accept this draft resolution. The last speaker has made some reference to monopolies, but I take it that that is now excluded from the present resolution, because the Madras Government would not, of course, favour monopolies in any form except for very restricted periods and under restricted conditions. I should like to add that in Madras we have several railways owned by district boards and managed by companies and I am not clear whether they will be affected by the present Bill. I presume that they would be in the same position as the company-owned lines which manage them. As to whether it would pay the railways to run a fleet of buses, that of course is another point. Subject to the restrictions under which the railways have to work, as pointed out by Mr. Sumner, I would like to add with reference to the statement that at Calcutta they ran their buses for a certain period and then took them off the roads and lost thousands of pounds, that the Madras Electric Tramway Company only suffered a less loss because I think they took their buses off the roads sooner. (Laughter.) Having said that, I must confess that I have felt a sense of mystification ever since I first started to consider the problems which the Conference is now dealing with, because it appears to be the general opinion, as I stated yesterday, that bus companies

except when it is the case of a single bus run by a man whose brother is the conductor and both of whom generally sleep in the bus that bus companies otherwise do not make a profit and are not an economic proposition. That being so, I repeat I feel some sense of mystification as to why it is that bus companies are a serious menace to railways or will continue to be. That, however, is a matter upon which presumably the experts will have their views, and I do not propose to say any more about it. But subject to what I have already said as regards the conditions which you have enunciated, the Madras Government is willing to accept this resolution.

Mr. Bowers.—Mr. Chairman and Gentlemen, now that the resolution omits all reference to monopolies and on the understanding that it is not proposed to grant monopolies to railways except under certain conditions, for instance, where they construct and maintain a feeder line from a large town to a station and open a new service on that line, I may say that the Government of Bombay agree that the statutory provision should be amended.

The Hon'ble Mr. Bijoy Prasad Singh Roy.—I am in complete agreement with my friend from Madras. I am also very doubtful whether it will be paying to the railways to run buses because the bus service must not only be self-supporting but also earn additional income to compensate the loss on the Railways. That is a very doubtful proposition, but that is for experts to find out. You have clearly stated that only on terms of equality with existing concerns permission should be granted, and this point of unfair competition is fully provided for in the Bill, as it has emerged from the Select Committee. The Government of Bengal would accord their support to the resolution as now modified. At the same time I would like to stress the point that it is on that condition and that condition alone, that the Government of Bengal would support the proposal for amendment of the statute. We do not want to introduce conditions of uneven competition, and it is only to do away with conditions of uneven competition that we agree to this amendment.

The Hon'ble Nawab Sir Mohammad Yusuf.—Sir, I entirely associate myself with this previous speakers on behalf of the provinces. It is only right that this statutory provision should be done away with and that the disability that is imposed upon the railways should disappear. The only thing that we must very carefully bear in mind is that we cannot contemplate to give monopolies to the railways. It will not be in the interests of the public and it cannot possibly be in the interests of the provincial Governments. I am glad that in his speech the Chairman has made it clear that so far as the State railways are concerned, in fact he is probably speaking on behalf of other railways also, it is not contemplated that monopolies should be given to the railways. As has been pointed out by my Honourable friend the Minister for Bengal, if it is proposed to give a fair and even competition it will be acceptable to us, but uneven competition we cannot contemplate with equanimity. With these remarks I support this resolution.

The Hon'ble Sir Jogendra Singh.—Sir, it has been made quite clear that it is not the aim to give the railways any monopolies or to put them in any preferential position in relation to motor traffic and that the local Governments will continue to enjoy full authority in this matter as now. On these grounds I support this resolution.

Mr. Teulon.—Mr. Chairman and Gentlemen, in Burma the railway is a State Railway. I, therefore, think that I may say that the Government of Burma is officially not interested in the resolution.

Mr. Gubbay.—Bihar and Orissa associate themselves with the remarks made by the Punjab.

The Hon'ble Dr. P. S. Deshmukh.—The C. P. Government have no objection to the statutory provisions preventing the operation of motor buses by railway companies being removed.

The Hon'ble Mr. A. J. Laine.—We see no objection whatsoever to railway companies being allowed to run alternative or ancillary motor services and any statutory provision which at present limits their discretion in that direction should in our opinion be repealed. So far as Assam is concerned we doubt whether there is much scope for such ancillary services, but that is a matter for the railways themselves to decide. We would give them a fair field but no favour.

Mr. J. S. Thomson.—The N. W. F. P. Government is not concerned.

The Hon'ble Mr. Kalikar.—We, members of the Indian Legislature do not want to offer any remarks now as the Bill will come before us and we shall have an occasion to discuss it.

Mr. N. R. Gunjal.—I support Mr. Kalikar.

Chairman.—Is that also the opinion of the Central Advisory Council for Railways?

Members of the Central Advisory Council.—Yes.

Mr. Hamilton.—No remarks.

The Hon'ble Mr. E. Miller.—I should like to say that under the conditions described by my Honourable friend, Mr. Chinoy, my Association is prepared to offer monopolies on the lines indicated. The Hon'ble Sir Frank Noyce is under a wrong impression when he thinks that Mr. Chinoy's speech was prepared before the Government resolution was amended. The speech was prepared yesterday.

Chairman.—I should like to apologise for my incorrect impression. As Mr. Chinoy dealt so fully with the resolution at such short notice, I naturally thought that he was dealing with the original one and not the very brief one which is now before the Conference.

The general sense of the Conference is undoubtedly in favour of the resolution as we have now drafted it. I need hardly say that the proposals of Mr. Miller's Association will be carefully considered in due course in connection with the whole proceedings of the Conference. I do not think I need go further than that at the moment.

The Resolution as adopted by the Conference was as follows :—

RESOLUTION No. 3.

“ **This Conference considers that the statutory provisions which at present limit the operation of motor services by certain railways should be repealed.** ”

Chairman.—We now pass on to Resolution No. 4.

The Resolution for discussion was as follows :—

RESOLUTION No. 4.

“ **This Conference recommends that the present regulations regarding public service and goods motor transport should be reviewed with the object of amending them so as to afford every encouragement to the development of rural services, by the granting of monopolies for limited periods or otherwise.** ”

Chairman.—Gentlemen, this resolution suggests the possibility of encouraging motor transport in rural areas and on perhaps rather indifferent rural feeder roads by certain special arrangements in respect of its control, that is, by the granting of monopolies or otherwise.

I may say at once that this is a matter which is primarily the concern of Local Governments, the control of motor vehicles being a provincial reserved subject, but as it is a question to which some attention has been directed in the Mitchell-Kirkness Report, and as we are all interested to see the development of motor transport complementary to railways, it is a question upon which an exchange of views may with advantage take place in this Conference. The reason for the grant of monopolies on any particular route can be put very briefly. There are large areas which still require to be served by the more modern forms of transport. Transport naturally tends to congregate where traffic is most abundant. On the other hand, we wish to encourage it to ply on other routes and to call forth the traffic that is latent merely in the absence of some efficient form of transport. But in many cases this will in a sense be pioneer work. Some encouragement must be given for the development of routes on which investment in motor transport must be regarded as a kind of speculation. Therefore a monopoly of the route may be granted for a term of years, so that a company which has faced a loss over the first few years may not suddenly find itself confronted with opposition as soon as some profit seems to be in sight from competitors who have not had to undergo the expenditure during the lean years of experiment. To a monopoly would be attached conditions to prevent mere exploitation of the public.

To this argument there are many obvious objections. Is it necessary to give any encouragement for the development of routes? Where there is suitable traffic and roads are fit for motor transport, will not motor transport ply there in any event? If there is not suitable traffic, is it necessary to give protection to develop or entice traffic which is content with other transport as sufficient for its needs? It is clear that if monopolies are to be granted they would have to be strictly controlled in order to prevent their being abused.

This is a question which will have to be placed before Local Governments for their very careful consideration. At this stage, therefore, I do not wish to

express any opinion upon the merits of the proposals, but we would welcome the views of this Conference which will eventually be communicated to Local Governments.

I may mention at the outset that we have an amendment proposed by the Government of Bengal. The Resolution as amended will read thus :—

“ This Conference recommends that the present regulations regarding public service and goods motor transport should be reviewed with the object of amending them so as to afford every encouragement to the development of rural services even to the extent in exceptional cases of granting monopolies for a limited period.”

The Hon'ble Sir Guthrie Russell.—Mr. Chairman and Gentlemen, all I have to say on this resolution is that it is supported by the Railways in so far as the policy set forth in it will encourage road motor services radiating and acting as feeders to railways, but it appears to me that if such monopolies are granted they will require to be very strictly controlled.

Mr. E. C. Reid.—I agree with the principle of this Resolution for the reasons I gave in my speech on Resolution No. 1(b).

Mr. C. R. Sumner.—I am not in agreement with the proposal to give monopolies as they are a dangerous expedient and do not tend to satisfactory service.

Mr. Nur Mahomed Chinoy.—Sir, in speaking on this resolution which recommends the revision of the present regulations regarding public service and goods motor transport so as to afford encouragement to the development of rural services by the granting of monopolies for limited periods or otherwise, I am to state that my Association is fully in sympathy with the development of road motor transport in rural areas and the need for some special concession to motor bus owners to encourage them to run bus services on the less remunerative routes.

No section of the public has benefited or will benefit from the development of motor transport in India more than those living in rural areas. The motor vehicle tends to banish the isolation to which the ryot has been condemned through lack of transport and communications, and brings him in closer touch with the larger centres where the speedier, cheaper and more convenient transport places him within economic range of many markets and so enables him to take advantage of better market prices.

The development of motor transport which until recently has been to a large extent uncontrolled has resulted in buses operating in increasing numbers on the more lucrative routes leaving other routes, where remunerative operation is less secure (unless some form of protection is granted) devoid of any motor transport facilities.

The over-crowding of buses on certain routes has led to cut-throat competition which in turn has caused buses to be driven at speeds resulting in danger to the public, so that some additional control in certain cases is necessary. If this indiscriminate operation is allowed to continue, there is little inducement for any individual or company to endeavour to open up and develop new routes or build up a business thereon because as soon as he has done so, pro-

bably at some little initial outlay, a swarm of private buses may descend upon him and deprive him of the fruits of his enterprise.

My Association, therefore, realises that it may be necessary to introduce certain restrictions on motor transport on these over-crowded routes which will result in a number of surplus buses being thrown off the road, and in such cases my Association is in agreement that monopolies or semi-monopolies should be granted to these particular bus owners for the operation of buses on routes which would otherwise through the risk of competition be deprived of a motor transport service.

My Association is, therefore, in agreement with the resolution and the granting of monopolies and semi-monopolies to bus owners in the circumstances I have mentioned, which should be subject to the consent of the proposed Boards of Communications. We, therefore, propose that this resolution should be amended as follows :—

“ The Conference recommends that the present regulations regarding public service and goods motor transport should be reviewed by the proposed Boards of Communications with the object of amending them so as to afford every encouragement to the development of *new* rural services by the granting of monopolies for limited periods or otherwise. ”

Mr. Conran Smith.—There cannot possibly be two opinions about the desirability of developing the means of transport in rural areas and in so far as this cannot be done without the grant of restricted monopolies, I think such monopolies could be granted, but I venture to think that at any rate so far as Madras is concerned our experience has been that where roads are made motorable the bus follows and that the means to be taken in order to encourage rural transport is not really the granting of monopolies but the opening up of roads. There are at present in the Madras Presidency large areas in the hinterland in certain districts which are badly served by rural communications and where few buses run but the report made by the officer specially appointed by the Madras Government in connection with the inquiry of Messrs. Mitchell and Kirkness shows that where buses do not ply the roads are either very bad or not in such a condition as would make the plying of motor buses a remunerative concern. But as I said at the outset, I welcome the development of rural communications and if that can only be done by the grant of restricted monopolies, then this Resolution may be considered acceptable. I would like to repeat, perhaps unnecessarily in view of the Chairman's speech,—that such monopolies should be granted and controlled by a provincial board of communications if there were one and by the Local Government.

Mr. P. L. Bowers.—I agree with the views expressed by the Madras representative.

The Hon'ble Mr. Bijoy Prasad Singh Roy.—May I move my amendment with your permission ?

Chairman.—We are not putting the Resolution or the amendment to the vote. All that we are doing now is to ascertain the views of the Conference. I do not think there is very much difference between the Resolution and the amended form.

The Hon'ble Mr. Bijoy Prasad Singh Roy.—On principle, we are against monopoly, and I think that is also the general opinion of the Conference. In exceptional circumstances, the granting of monopolies may be necessary for the improvement of roads and I wanted to make it clear through my amendment. That is my whole object in moving this amendment and if that is the general opinion I think the Resolution might be modified according to my view. If that is done, I have nothing more to add. I agree generally with what the representative of Madras has said. We are against all monopolies, but for the improvement of rural roads it may be necessary to grant monopoly or semi-monopoly under certain exceptional circumstances but generally monopolies should not be granted and should be discouraged because they are liable to abuse and whether a monopoly should be granted or not should be left entirely to the Local Government, who will act on the advice of the Provincial Road Committee.

The Hon'ble Nawab Sir Muhammad Yusuf.—I may say that I am in agreement with the provincial representatives who have so far spoken. I am glad you have made it perfectly clear at the outset that this is a matter entirely for the Local Governments and that the Local Governments will make the rules and regulations. That dispels the suspicion which was in our minds that probably the control will be by some central authority. Now, we find that it is absolutely clear that it is for the Local Government to look into these rules having regard to the best interests of the development of rural roads. With regard to the question of monopoly a general monopoly will be undesirable in the public interest but in special cases we may give monopolies in the public interest itself with a view to maintaining our roads up to a proper standard. Qualified monopolies may certainly be given so that the roads may be kept up to an efficient standard and that will go a long way to help the interests of the railway as well. With these remarks I generally support the Resolution.

The Hon'ble Sir Jogendra Singh.—In connection with the establishment of monopolies it is the considered opinion of the Punjab Government that we cannot accept monopolies as a general principle of policy but restriction of licenses may bring out semi-monopolies. Even now, the District Magistrate who issues the licenses gives protection in some cases with a view to improve the road and add to the resources of District Boards. As you have made it abundantly clear that the matter will be left to the Provinces, the matter will receive our best attention.

I do not, however, see how this is going to help the Railways. It has very often happened that when a road has been made, a motor service has been immediately started and has taken up all the traffic.....

Chairman.—This Conference is not entirely in the interest of the Railways. (Laughter.)

The Hon'ble Sir Jogendra Singh.—I see! It is not fully realised that most of the traffic taken up by motors is that traffic which was carried by bullock carts and tongas. If the railways were to study the real problem which confronts the agriculturists, and be of help to the producer they can secure real

good business. If the Railways were to provide facilities for storing agricultural produce, I have no doubt they could hold a monopoly so far as goods traffic is concerned. What happens at present is that a man who has to sell his produce brings it to the market and sells it and the merchant who buys it, uses the cheapest and the most convenient form of transport. If the Railways gave facilities for storing, agriculturist will be able to store his produce, raise the money he needs and sell it when the market is favourable, and the railways will retain the monopoly of transport. I thought I might make this suggestion for the consideration of the railways. Another suggestion that I might make is that unless they can provide door to door service they cannot secure the traffic which at present goes to the motors. They may be able to invent some kind of inter-changeable rim, which would permit a motor coach to be taken from the railroad to the road to make it available, for door to door service. They may also introduce motors using heavy oil on branch lines, where there is not enough traffic to feed a regular service. So far as this Resolution is concerned we are opposed to any monopolies but so far as the improvement of rural roads is concerned by restricting traffic, it is already engaging the attention of the Punjab Government.

Mr. Teulon.—Sir, so far as I am aware the Government of Burma has not had a opportunity to consider this resolution, but I understand that it is opposed to the idea of establishing monopolies.

Mr. H. A. Gubbay.—Sir, Bihar and Orissa do not support the Resolution as it stands. Experience shows that the proposals in the Resolution are not necessary as private capital shows no lack of enterprise.

The Hon'ble Dr. Deshmukh.—Sir, the Government of the Central Provinces is in sympathy with the object underlying the Resolution. It is our experience that motor services start plying for hire on new roads as soon as ever it becomes motorable. Private enterprise in this respect is ample and we consider that monopolies are objectionable. For this reason we doubt if monopolies, even if they are granted, will be helpful in attaining the object desired.

The Hon'ble Mr. A. J. Laine.—Sir, in Assam we have hitherto in the interests of public safety introduced motor traffic regulations only in respect of certain hill roads on which we considered that unregulated traffic could not be permitted without endangering the public safety. We do agree, however, that motor transport generally should be subjected to far more control than it now is. We have hitherto refrained from taking active steps in this direction in our plains districts as we did not want to strangle what was in Assam a new and struggling industry. But we do think that the time is rapidly approaching, if it has not already come, when we will have to take into consideration the question of extending more stringent regulations throughout our districts.

With regard to the suggestion contained in the latter part of the draft Resolution, it cannot be denied that the grant of monopolies or semi-monopolies would encourage rural motor services. Many a small capitalist would be willing to risk his capital in the purchase of a few motor vehicles to ply on a new road if he could be guaranteed a reasonable degree of protection from

competition for a certain period. As things now are, in most areas the moment an enterprising capitalist gets on to what looks like proving a remunerative field, others step in and in the long run they are ruined and the public interest eventually suffers. Such monopolies or semi-monopolies should, however, be given with the very greatest caution and after full consideration of possible alternative methods of encouragement. I might point out that in Assam we have actually had for a number of years a modified monopoly scheme in operation on the main road connecting our provincial capital with the railway. Tenders were called for on a five years' basis and with a stipulation that the ensuing agreement would be renewable for a further five years under certain conditions. The contract was eventually given to the company that offered the best terms by tender. This company has a more or less complete monopoly of passenger traffic but only a modified monopoly in respect of goods traffic. This system has, we consider, worked fairly satisfactorily in practice, but we must admit that the system has proved unpopular with a good many members of our Legislative Council, and we are not at all sure that when the question comes up again for a renewal of this monopoly or semi-monopoly or a grant of similar monopolies or semi-monopolies in other areas, we will carry the Legislative Council with us.

Mr. J. S. Thomson.—I have no remarks to offer.

The Hon'ble Mr. V. V. Kalikar.—Sir, if the idea underlying this Resolution is to drive off motor transport from profitable roads to unprofitable roads, the idea is not well-conceived.

Chairman.—That is not the idea.

The Hon'ble Mr. V. V. Kalikar.—But if the idea is to develop rural roads for motor transport, then I support that idea. I am not aware of the circumstances existing in other parts of the country, but so far as C. P. is concerned I can say from personal experience that there is a programme of road development already under the consideration of our Government. The roads are being developed as funds are available and wherever there are roads, motors are plying and they are helping agriculture and the rural population. So I do not believe, so far as my province is concerned, in giving monopolies to any proprietor of any concern. By giving monopolies perhaps we shall discourage private enterprise and we shall throw out of employment so many persons who are engaged in the motor industry.

The Hon'ble Mr. S. C. Ghosh Maulik.—Sir, the Resolution as it is drafted cannot meet with my approval. I am not much in favour of granting monopolies either for a limited period or otherwise. It is a dangerous practice and often may tend to the disadvantage of the public using this means of transport. Healthy competition well controlled should be allowed to continue, as it fosters better facilities of service. At the same time I should like to point out that facilities should be afforded to encourage the development of rural services if it can be done without the grant of monopolies. I would rather agree with the remarks made by the Hon'ble Minister from the Punjab wherein he pointed out that the licensing authorities may make some amount of distinction at the time of granting the licenses. And the company which

can improve the road transport should be given preference to others not so interested. Even under these conditions enthusiastic concerns are not wanting who would like to come forward to open up new routes.

Mr. Hamilton.—Sir, I have only to remark that I am in favour of monopolies to a much greater extent than the general opinion of this Conference would favour, and consequently I am in favour of granting monopolies as suggested in this Resolution.

Mr. H. E. Ormerod.—Sir, you gave me permission just now to bring up another Resolution and I told you it is covered by Mr. Chinoy's speech. I find it is not fully covered and, with your permission, I should like to bring it up. It has arisen out of the second Resolution where you suggested that No. 4 was the proper place to bring it up, and that was in connection with vehicles likely to be driven off the road from roads running parallel to the Railways or where it is decided that it is necessary to restrict the number of vehicles in order to prevent undue competition with the Railways. In such cases we consider that vehicles driven off the road as a result of restrictions contemplated to assist the Railways should be accommodated as far as possible on other roads, monopolies or semi-monopolies being given if necessary for a stated period of time to encourage the opening up of new services which without such encouragement would not be likely to come into being; subject of course to the vehicles to be accommodated being proved to be in a fit condition. Alternatively to this suggestion Mr. Conran Smith suggested that provinces might arrange to open up new roads to accommodate such vehicles. This is a very good suggestion and the point we want to make is that the bus-owners should not have their method of living taken away from them without very serious steps being taken by provinces to accommodate them somewhere else.

Chairman.—I think it is the general sense of the Conference that they prefer the Hon'ble Mr. Singh Roy's amendment to the original Resolution. As I explained in my opening remarks, this matter is the primary concern of the Local Governments and all we intend to do here is to place the views of the Conference before them. I am quite certain that when they get the proceedings of this Conference, they will carefully examine the suggestions which have been made by Mr. Ormerod on behalf of his Association. It is clearly the view of the provincial representatives that the grant of monopolies requires the most careful consideration and restriction.

The Resolution as adopted by the Conference was as follows :—

RESOLUTION NO. 4.

“This Conference recommends that the present regulations regarding public service and goods motor transport should be reviewed with the object of amending them so as to afford every encouragement to the development of rural services even to the extent in exceptional cases of granting of monopolies for limited periods.”

Chairman.—I will now pass on to Resolution No. 5.

The Resolution for discussion was as follows:—

RESOLUTION No. 5.

“This Conference considers that, in the interests of all concerned, a co-ordinated plan should be drawn up for the taxation of motor transport by the various authorities concerned.”

Chairman.—I am sorry that in this case we are not able to place copies of my remarks in a printed form before you. They had to be revised with reference to certain facts in regard to provincial taxation which were subsequently brought to our notice.

The proposal for a co-ordinated plan of motor vehicle taxation is one that is often put forward and makes a very strong appeal. It is sometimes very loosely interpreted to mean an all-India uniformity. Whilst no one, I think, would maintain that there should be rigid uniformity, it does seem that the degree of divergence that exists is excessive. In this connection I would refer to some figures given in Appendices F, G and J of the Mitchell-Kirkness Report from which I will take a few instances.

Excluding registration fees, six provinces levy a provincial tax, and, while for a four-seater car, this may vary from Rs. 25 to Rs. 100 per annum in different provinces, there are also three different methods of assessment—by weight, by measurement and by seating capacity.

But the differences in the taxes levied upon the common type of rural bus are often more marked. To commence with, there are, excluding fees for registration and for driving licenses, six kinds of fees or taxes that may be imposed: inspection fees; owner's permit fees; provincial taxes; municipal taxes; district board taxes or fees; and car stand fees. A 30-cwt. chassis fitted with a body to carry about 20 passengers, which is a very common type, is subject to a provincial tax in five provinces, which varies from Rs. 50 to Rs. 500 per annum. In three of these provinces local taxes are also levied, while in two provinces local taxes are levied, but not provincial taxes. These local taxes appear to vary from Rs. 30 to Rs. 100 per annum with the exception of Madras, where, within the limits of one presidency, they appear to range between wide limits. If we take the total of provincial, local and miscellaneous taxes including tolls, the amount at which a bus of this nature will be assessed within a province varies between Rs. 119 and Rs. 940 in all cases except Madras, and in Madras may apparently be much greater.

I would like to add that since the representatives of Madras have arrived in Simla, I have been informed that a recent and more detailed examination of the taxes paid on motor buses to District Boards now shows that these which are often based on the mileage run, are not so high on the average as suggested by the figures collected by Messrs. Mitchell and Kirkness which were the maxima.

This question was touched on by the Jayakar Committee who in paragraph 81 of their report made the suggestion that within a province local taxation might be consolidated into a provincial tax because taxation by districts was peculiarly harassing to vehicles with a wide range of movement. The point is one which deserves careful consideration. It cannot, I think, be denied that

the fewer the number of fees and taxes compatible with fair assessment which go to make up the total sum collected in respect of any particular vehicle, whatever that total may be the better. Such divergencies in the taxation of motor transport as at present exist do appear to call for some adjustment, not only in the interests of all the taxing authorities whose revenues may be affected, but also in the interests of the healthy development of motor transport, which under conditions of highly divergent taxation may be seriously hampered. We await an expression of your views upon this matter, but the result of our examination suggests that, while absolute uniformity cannot be advocated, it is essential that there should be some co-ordination between the taxation that may be imposed by the different authorities and consequently some limit to the powers of these various authorities.

Mr. E. C. Reid.—Sir, I am of the opinion that in the interests of all concerned some plan should be drawn up whereby taxation of motor transport by the various authorities concerned should be co-ordinated.

Mr. C. R. Sumner.—I do not wish to speak on this Resolution.

Mr. H. E. Ormerod.—Sir, nearly two years ago at the Road Conference held in Simla in September 1931 my Association, in urging that every effort should be made to encourage the development of motor transportation stated that they felt, so long as the great diversity of taxation which exists to-day is permitted to continue, it can only act as a hindrance to such development.

The recommendations for standardisation of taxation made by my Association are in connection with those taxes imposed by each Provincial Government, etc., and are governed by the desire to facilitate road transport of all kinds coupled with equity. The broad principles of which are the following:—

- (1) That the existing Municipal and District Taxation should be replaced by compounded Provincial Taxation collected by the Registration authorities.
- (2) That such provincial taxation shall be reciprocal in nature and on a standard basis in all provinces.
- (3) That all Tolls and Toll bars and obstructions on roads which affect motor vehicles should be abolished, with the qualifications that exceptions to this might be made in the case of schemes for construction of new bridges linking up through communications or new roads of a lasting nature built to a standard which did not exist before.
- (4) That the basis of taxation shall be the damage to roads of such a vehicle *cum* "Capacity to pay".
- (5) That all such revenues should be spent on roads.

I will quote just two examples of existing methods of taxation which operate unfairly on motor transport and which emphasize the need for the standardisation of taxation throughout India.

In the Madras Presidency where the toll system has been removed and a provincial tax substituted in its place, the provincial tax operates most

unfairly as it forces motorists visiting the Presidency even for a sojourn of a few hours to take out a registration for a minimum period of 3 months at a cost of Rs. 25 and in the majority of cases, visiting motorists are unaware that the registration has to be taken out, in which case they are liable to be prosecuted, as happened recently with me. This is clearly a retrograde step because if other Provinces copy Madras's example in this respect, motorists will be forced to carry separate registration discs for every British province in India they visit, as well as for the many Indian States.

While the Madras Presidency has cancelled the toll system on motor transport in favour of a provincial tax (the form of taxation, my Association advocates if it is operated judiciously), the Bombay Presidency has recently seen fit to reintroduce the toll system throughout the Presidency. It is clear that both methods, although entirely different, result in frontier barriers being set up between provinces at a time when co-ordination and standardisation are being recommended.

My Association therefore wholeheartedly support Government's suggestion that a co-ordinated plan should be drawn up for the standardisation of taxation of motor transport by the various authorities concerned, although they consider the resolution should be amended slightly to read as follows :—

“ This Conference considers that in the interests of all concerned a co-ordinated plan should be drawn up for the standardisation of taxation of motor transport in India with a view to providing the country with an equitable system of taxation so arranged as to prevent the introduction of measures which will constitute frontier barriers, such as the present method of operating the Provincial tax in the Madras Presidency and the system of collecting revenue from motor transport by means of tolls.”

While on this subject, Sir, may I take this opportunity of enquiring what Government is hoping to do regarding the standardisation of Motor Vehicle Rules.

For some years, complaints have been received from the motoring public by the Western India Automobile Association and other Automobile Associations regarding the inconvenience and apparent injustice caused to owners of motor vehicles by the varying taxation and regulations applied in the different provinces in India which have proved an obstacle to the free circulation of motor traffic throughout the country. While in addition numerous complaints exposing the hindrance to the development of the industry have been received by the Indian Roads and Transport Development Association and Motor Manufacturers and Importers' Association from those firms interested in the manufacture and distribution of the automobile, caused by the varying rules and regulations imposed on motor vehicles, not only by the different provinces and their officials but more particularly by the different District Boards and Municipalities, which after an examination of the facts, and recognition of their genuineness by these bodies, resulted in the Indian Roads and Transport Development Association calling a special meeting in January 1929 at which the following representatives of various bodies interested in Motor Transport and

officials of the Bombay Government, recognising the importance of the subject were kind enough to attend.

Secretary, Home Department,
Under Secretary, Home Department,
Chief Engineer, Roads and Buildings,
Commissioner of Police,

and Representatives of—

Insurance Associations,
Petroleum Companies,
Tyre Companies,
General Motors,
Ford Motor Company,
Concrete Association of India, and
Representatives of the Indian Roads and Transport Development Association.

As a result of this meeting, it was decided that a Committee should be formed to investigate the subject with a view to prepare a report to be tendered to Government. A Committee called the Motor Vehicle Rules Standardisation Committee was consequently formed with representatives of the

Indian Police,
Indian Roads and Transport Development Association,
Motor Manufacturers and Importers Association,
Bombay Chamber of Commerce,
Western India Automobile Association,
Burmah Shell Oil Storage and Distributing Company, and
A Barrister-at-Law.

Their report was finally drawn up in the form of the proposed All-India Motor Vehicle Rules, copies of which were circulated to Government and officials, and later the subject was considered by the Road Conference in September 1931 when in conjunction with members from all provinces model motor vehicle rules were drafted, using much of the material contained in our report as a basis. I would take this opportunity of enquiring when Government propose to issue these model rules to Provincial Governments for adoption.

Mr. Conran Smith—I think many of us will agree that some unified system of taxation is desirable. In the report of Messrs. Mitchell and Kirkness reference has been made to the system prevailing in America where there is a fuel tax *plus* a registration fee, the latter being so regulated by a formula as to remedy inequalities arising from the unified fuel tax. It should not be impossible to devise some such method of taxation by the Provincial Governments eliminating altogether taxation and licensing fees imposed by local bodies. The allocation of funds would be made by the Provincial Governments to local

bodies as is now done in the case of the proceeds of the tax under the Motor Vehicles Taxation Act on such a basis as would meet the varying costs of maintenance and construction in different districts.

I may add also that this system if adopted would obviate some of the difficulties which I foresee connected with the proposal for a Board of Communications which would possibly be resented by local bodies as an infringement of their rights. I presume also, I say this with some diffidence in view of the remarks of the Honourable the Finance Member about pinching from the Central Government's till, that such a system would involve the surrender to Local Governments of some portion of the proceeds of the petrol tax which now goes to central revenues. I am glad that you, Sir, in your speech have pointed out that the figures given in the Mitchell-Kirkness Report as regards taxation in the Madras Presidency were erroneous not through any fault of either Mr. Mitchell or Mr. Kirkness but because the figures that were available at the time were inaccurate. I make this point now because the revised figures which we have now got show that in Madras the total burden borne by a 17-seater bus — I say 17-seater because that is the average in the Madras presidency — is Rs. 1,853 as against the figure of Rs. 2,366 given in the Mitchell-Kirkness Report.

Of that amount the Central Government gets Rs. 1,038, the balance goes to the Provincial Government. While I am on that subject, I should like to say just a word in addition to what the Chairman has stated about taxation in Madras, and I would ask the representatives of the Indian Roads and Transport Development Association, if they will, to listen to what I say because they have said some hard things about taxation in Madras. The figures on which they worked I believe were originally taken from those supplied to a committee which sat in Madras to consider this subject and those figures were erroneously based on a maximum. Calculation based on averages shows that a 17-seater motor bus in Madras pays Rs. 374 a year in licence fees and the provincial tax at the present rate is Rs. 375 so that I think the total burden comes to about Rs. 750 a year as against a calculated figure of Rs. 1,500 which is the figure adopted in the Report. I am sorry that Mr. Ormerod had had an unfortunate experience in Madras. I can only suggest to him that if he were travelling in the U. S. A. on the same conditions he would probably have suffered the same thing. I do not know whether it is his intention to convey the impression that the roads in Madras should be used on payment of nothing. If so, I suggest that he has no basis for that assumption. With reference to the statement regarding barriers I may say that we are entering into reciprocal arrangements in Madras as far as we can with neighbouring administrations. We are already in communication with Coorg on the subject. When Mr. Ormerod visits Madras again, I hope he will not suffer a repetition of those unfortunate experiences. With these few remarks I think I can support the Resolution.

Mr. Bowers.—While doubting whether it would be possible to produce a co-ordinated plan of taxation of road vehicles which would enable one tax to take the place of various taxes imposed on those vehicles, and more especially on motor vehicles by Provincial Governments and local bodies, the Bombay Government consider that every avenue which might lead to the introduction of such a tax should be thoroughly explored. They would welcome a consoli-

dated system of tax which would enable them to abolish tolls on provincial and local board roads throughout the Bombay Presidency which recently owing to the financial condition of the presidency have been reimposed on such of the roads from which tolls were removed in 1923-25. They are therefore of the opinion that though the basis of taxation may be the same throughout India, the rates of taxation need not necessarily be the same in all provinces. They are further of the opinion that any system of taxation devised must provide scope for the expansion of revenue. Further, in order to meet the objection that if the rates of taxation in various provinces are not the same tariff boundaries may be introduced, they consider that provinces should negotiate among themselves with a view to the formation of a scheme by which vehicles which have paid the tax imposed in one province may be exempt for a certain period from the payment of the tax in another province.

The Hon'ble Mr. Bijoy Prosad Singh Roy.—Bengal has already achieved what is suggested in this Resolution. Ours is a provincial tax and the power of local bodies has been superseded by an Act which was passed just two years ago. So we are not interested one way or other in the passing of this resolution. But I would just point out that it is not possible to have the same standard of taxation throughout India because the road facilities are not the same every where. For instance, the road facilities in Madras and the road facilities in Assam are not the same. So the taxation must vary according to the facilities offered to the motor transport. Moreover, I do not think I can agree to give up all rights of imposing tolls under special circumstances on particular roads, if necessary, though at present there is no such arrangement in Bengal. It may be necessary for instance for the Government of Bengal or for any local body to impose a toll for the maintenance of bridges or some of the hill roads, and I would be very reluctant to agree to surrender that power.

The Hon'ble Nawab Sir Mohammad Yusuf.—Sir, the important words in this Resolution seem to be "a co-ordinated plan". If by that is meant that there should be a uniform basis on which each province should resort to taxation and the processes should more or less be the same, we would certainly agree to what is embodied in this wording. But the conditions in each province naturally vary. I may say, so far as my province is concerned, that I am perfectly willing to accept the position that this should take the form of provincial taxation and that local bodies should in cases where they have resorted to taxation should be stopped from taxing motor transport and whatever income is derived from provincial taxation may be given to the local bodies. That proposition we are entirely at one with. But obviously if it is meant also that there should be a standardisation of rates of tax that is impossible. Conditions vastly vary in different provinces; that depends upon the length and condition of roads, upon the development of motor transport service, and various other considerations. Therefore, as has been pointed out by the representative from Bombay, the taxation cannot possibly be the same in every province and there can be no uniformity there though we may find some common basis as far as possible. As has been pointed out by the Minister from Bengal, probably our province also would be very reluctant to give up the power of imposing tolls. In exceptional cases we may feel that tolls may be imposed by the local bodies and they may be allowed to derive a certain amount of income with a view

to maintain certain bridges, specially in hill areas. On the whole, while I am in agreement that some uniformity may be attained in the direction I have already pointed out, I must make those reservations to which I have referred, and with those reservations I am generally not opposed to this Resolution.

The Hon'ble Sir Jogendra Singh.—The Hon'ble the Finance Member rightly dwelt on the identity of provincial and central interests. There can be no question that so far as the central and provincial revenues are concerned they are paid by the people who live in the provinces and the tax burden whatever form it may take falls on them. He gave us a new definition of "wastefulness". According to him anything that affects the revenues of the railways is wasteful; at least that is how I understood him when he spoke on this subject. The taxation problem at present is greatly complicated by money having lost its identity. It is difficult to determine what a particular income is and to apply any uniform canons of taxation. So far as the present resolution is concerned I am quite prepared to admit that there is a case for co-ordinating various forms of taxation of motor vehicles, so that the total amount of taxation is not so heavy as to restrict development. The scheme of co-ordination will have to start by abolishing various sub-heads of local taxation, by levying the maximum reasonable amount of central and local taxation and distributing a certain portion of the latter to the local bodies as compensation for restricting their right to collect monies in the shape of license fees, lorry stands, wheel taxes, etc. I am indebted to Mr. Puckle, our Financial Secretary, for compiling a very interesting note which I take the liberty to read.

"1. Let me first explain what taxation amounts to in the province and for this purpose I will take the 1½ ton bus as a typical commercial vehicle and assume that the figures given in Appendix J of the report are substantially correct. The bus is assumed to do a yearly mileage of 15,000 miles, and on this basis the total expenditure for a year's running, including an allowance for depreciation and interest on capital, is in the neighbourhood of Rs. 5,000 which works out to something round about Re. 0-5-0 per vehicle mile. The yearly expenses are divided roughly as follows:—

Cost of running including depreciation, interest and wages .. .. .	..	..	..	..	..	Rs. 4,050=81%
Taxes of all kinds .. .. .	..	..	..	..	..	Rs. 950=19%

The taxes may be further sub-divided as follows:—

(a) Petrol tax .. .. .	..	..	..	..	..	Rs. 550
(b) Customs duties on vehicle and accessories ..	..	..	..	..	..	Rs. 250
(c) Provincial and local taxation fees, etc. ..	..	..	..	..	..	Rs. 150.

2. Before going further, let us see how this compares with the position on the Railways. (Diagram opposite page 46 and Appendix K.) The division of the Railway expenditure budget is as follows:—

(a) Contribution to general revenues either direct or in the form of Customs duties .. .. .	..	..	..	..	..	5.89%
(b) Expenses directly chargeable to the construction and maintenance of track .. .. .	..	..	..	..	..	27.57%
(c) General working expenses .. .. .	..	..	..	..	..	66.6%

The points to be noted are, firstly, that motor transport contributes 19 per cent. to general revenues, while Railways contribute only 6 per cent. On the other hand, motor transport has no charge to meet in respect of track, while Railway track-charges form over a quarter of the total expenditure. The claim of the Railways is, broadly speaking, that as the track of motor transport is provided and maintained from general revenues, the contribution of motor transport to general revenues should correspond roughly to the contribution made by Railways *plus* expenditure definitely attributable to track. It may be observed that the Report of the Conference on Rail and Road Transport in England—ordinarily known as the Salter Report—comes broadly speaking to the same conclusion.

3. The Salter Report proposes to charge motor transport with the total cost of maintenance, improvement and construction of highways and bridges. Before arriving at this conclusion, they considered two points (i) "Community Use" and (ii) "Legacy from the Past". The "Community Use" of the roads embraces the uses to which roads are put by those who make no payment except through rates and general taxes. Such users are the State itself, generally for military purposes, public utility undertakings, such as telegraphs, telephones, drainage and electricity, and other forms of transport. The phrase "Legacy from the Past" is used to show that present road users enjoy the use of a road system existing before the motor era and also the benefits of large capital expenditure on the work of transformation during motor era. The Salter Report considered that "Community Use" and the "Legacy from the Past" cancel each other, and therefore reached the conclusion that all future road expenditure was rightly chargeable to motor transport, which in effect had come to monopolise the road system of the country. These principles are applicable to India, but their application cannot be quite the same. Motor transport in India does not monopolise the roads. The State uses them extensively for the movement of troops, especially in the Punjab, and they are used by public utility undertakings; but the most important way in which India differs from England is that at least three-quarters, and probably more, of the traffic on the roads is not motor traffic. It is not, therefore, fair in India to demand that motor transport should pay for its track as if, like the Railways, it had the exclusive use of it. The contribution, therefore, taken from motor transport to general revenues must be considerably less than the 33-1/3rd per cent., which represents contribution of the Railways and the cost of their tracks.

4. I will now try to give some idea of what motor industry in the Punjab does pay in the form of taxation. There were registered in December 1932, the following motor vehicles in the province :—

Private cars and taxis	..	..	..	..	5,100
Buses and lorries	..	..	..	..	4,500

Assuming that the former average 6,000 miles a year and the latter 15,000, with an all round cost of Re. 0-5-0 per vehicle mile, the total annual expenditure of the motor transport industry of the province comes in round figure to Rs. 300 lakhs. Adopting the figures in the Mitchell-Kirkness Report as approximately

correct, we get the following results :—

for the total amount of taxation paid by motor vehicles in the Punjab.	
5,100 private cars paying Rs. 380 in Customs duties and petrol tax and Rs. 75 as provincial tax	Rs. 23 lakhs.
4,500 public vehicles, paying Rs. 800 in Customs duties and petrol tax and Rs. 120 in provincial taxation	Rs. 41 lakhs.
Total contribution to general revenues from the Punjab motor transport industry ..	Rs. 64 lakhs.

or 21 per cent. of the total expenditure.

Taking into consideration the various points, which I have mentioned already, this contribution seems to me to be in no way inadequate. I should note that the actual contribution probably is in practice considerably less, since the figures assume that every registered vehicle runs throughout the year, whereas our own taxation returns make it obvious that this is not so. The figures, however, seem sufficiently accurate for the purpose of illustration.

5. Having reached the conclusion that the total amount of taxation paid for the motor transport industry is not inadequate, we have now to consider the manner in which this taxation is distributed. Taking again as an illustration a 1½ ton bus, which pays in all Rs. 950, the sum is distributed as follows :—

- (i) To the Central Government as Custom duties .. 26 per cent.
- (ii) To the Central Government as a share of the petrol tax 46 per cent.
- (iii) To the Provincial Government as share of the petrol tax 12 per cent.
- (iv) To the Provincial Government as provincial taxation .. 16 per cent.

i.e., the authority which produces the entire funds for construction and upkeep of the roads, only receives 28 per cent. of the total amount of taxation from motor vehicles.

6. Paragraph 66 of the Mitchell-Kirkness Report considers the elements which should go to make up the quantum of motor taxation. These are :—

- (1) a contribution to general revenues ;
- (2) a contribution for "availability" ;
- (3) a contribution for improvements and the strengthening of roads ; and
- (4) a contribution in respect of current wear and tear.

Taking first the contribution in respect of improvements and the contribution in respect of wear and tear, the provincial bill for roads over the last eight years is divided in the ratio of two parts maintenance and one part construction and improvements. We may take it, I think, that the proportion of motor taxation assigned to these two elements should be in the proportion of two to one. "Availability" is a difficult term to define. I suppose it may be taken to embrace the fact that roads exist ; that a vehicle can go anywhere on these roads ; that the roads are mile-posted and signposted ; that traffic police exists and that generally the State assumes some responsibility for the proper administration of transport. The justification for the contribution to general revenues is purely financial. I believe it to be a fact that apart from periodical raids on

the Road Fund, the English Exchequer derives no benefit from motor taxation. To come to the division of the sum total of motor taxation between these four elements, I think the Central Government is entitled, besides a contribution to general revenues, to some contribution on account of "availability". The Provincial Government is entitled to the larger part of the contribution on account of "availability" and to the whole of the contribution on account of improvements and strengthening and of current wear and tear. General Customs duties seem to amount to some 26 per cent. of the total taxation bill, and we would be treating the Central Government generously if we allowed that the total proceeds of general customs on motor cars and their accessories were legitimately retainable by the Central Government on account of the contribution to general revenues and some share of the "availability" element. On every account the remainder of the proceeds comprising the proceeds of the petrol duty and of provincial taxation should go to the provinces. This means to say that taking the figure of 64 lakhs as representing the total proceeds of motor taxation industry in the Punjab, the Central Government would take 16 lakhs and Provincial Government 48 lakhs.

7. It is perhaps worthwhile to examine now whether this figure of 48 lakhs bears any reasonable resemblance to the share of road expenditure which can reasonably be debited to motor transport. The Provincial expenditure for the years 1926-27 to 1933-34 will be Rs. 140 lakhs on construction and Rs. 368 lakhs on repairs. This gives an average of 18 lakhs and 46 lakhs respectively a year. The road repair bill in 1921 was 24 lakhs. The increase, therefore, has been 22 lakhs. Making allowances for the increased cost of maintenance to-day compared with 1921, we may perhaps assign ten lakhs of this increase to motor transport. I put this as item 1, which should be met from motor taxation. The remaining items will be a share of future construction and of future extra maintenance. The road programme for the province is given on pages 59 to 62 of the Punjab Section of the Report. It is suggested that we spend during ten years 162 lakhs on arterial roads and 238 lakhs on Class II and III roads. The extra cost of maintenance will be 9 lakhs for arterial roads and 16 lakhs for Class II and III roads. I would debit motor transport with the whole of the cost of new arterial roads and improvements to them, since I believe that if we still relied on tongas and bullock carts, we should not contemplate this development. That gives an annual charge of 16 lakhs. I would also debit to motor transport some share, say one-third, of the cost of developing Class II and III roads. That comes to 80 lakhs spread over ten years, i.e., an annual charge of 8 lakhs. As far as maintenance goes, I think it will be fair to debit motor transport with half the additional maintenance for arterial roads, which comes to 4.5 lakhs, and one-third of the maintenance of Class II and III roads say 5 lakhs. This gives a total of 43.5 lakhs of road expenditure chargeable to motor transport. I have taken 48 lakhs as a provincial share of motor taxation. 43.5 lakhs provides for the elements of improvements and strengthening and current wear and tear, the remaining 4.5 lakhs will represent the provincial share of the element of "availability".

8. As I have already explained, I make no claim that the figures actually used in this note are correct. They have been got together in a hurry. They are probably as correct as figures in the Mitchell-Kirkness Report, which as a

matter of fact form the basis of many of my calculations. In any case, I think they are sufficient to illustrate the general principles which I want to bring out."

The Conference adjourned till 2-30 p.m.

Chairman.—Sir Jogendra Singh will now continue his remarks.

The Hon'ble Sir Jogendra Singh.—Sir, I propose not to give any further details but to hand over the note I was reading to the reporters so that it may form part of the proceedings. I will content myself by summarising the conclusions which the Punjab Government has reached. The conclusions of the Punjab Government may be summarised as follows :—(1) The present total taxation paid by the motor transport is sufficiently high to represent the industry's contribution to general revenues and to the construction and maintenance of the roads ; (2) The actual distribution of the total of taxation is unfair to the provinces ; (3) In round figures the Central Government at present takes 75 per cent. and leaves 25 per cent. to the provinces. A just distribution would exactly reverse this ratio. I may add that I realise perfectly well that at the moment such a redistribution is impossible and only a dream, but I think it is a dream which in our working hours we should try to remember.

One word more and I have done. Whether it is a taxation which comes through the Railways or a direct taxation, unless the prices of agricultural produce are stabilised and improved, and some ways found to liquidate the agricultural debt, both the provinces and the Central Government have a difficult time before them.

Mr. H. A. Gubbay.—Sir, Bihar and Orissa abolished all taxation of motor vehicles by local bodies and substituted a provincial motor tax in 1930. Uniform rates and methods of taxation are not feasible as conditions differ in the different provinces. The view is that uniformity is only practicable as regards the general principle of motor taxation which should be that there should be only one taxing authority in each province, namely, the Local Government.

The Hon'ble Dr. Deshmukh.—Sir, the Central Provinces Government is prepared to agree to a co-ordinated plan of taxation, if such a plan can be evolved. But each province will have to legislate for itself and agreement must depend on the necessary legislation being passed. We consider our own method of taxation by weight and carrying capacity suitable.

The Hon'ble Mr. A. J. Lainé.—Sir, though we agree that there is scope for more uniformity and for a closer co-ordination between province and province in respect of the principles of taxation and of rates, we do not think that a case has been made out for a complete standardisation of rates throughout India. As has been just pointed out, conditions vary from province to province ; the facilities and amenities provided for motor traffic are greater in some provinces than in others. And these differences do, we believe, justify a certain latitude of treatment, at any rate so far as rates are concerned. But, so far as taxation within the province is concerned, we agree that a co-ordinated plan should be drawn up and that the rate of taxation should be uniform within and throughout each province. Our present view is similar to the view taken by Bihar and Orissa and that is that the Local Government, and the Local Government alone, should have the power of taxation, compen-

sating local bodies if necessary by grants-in-aid which could be regulated according to some formula, for instance, according to the mileage of motorable roads maintained by local bodies.

Mr. J. S. Thomson.—Sir, the North-West Frontier Province agree with the view taken by the last speakers, namely, that there should be one taxing authority in the province and that the Provincial Government. If there is any difficulty felt by motor transport in passing from one province to another, I do not think it should be entirely impossible to overcome that by agreement between individual neighbouring provinces.

The Hon'ble Mr. V. V. Kalikar.—Sir, we, members of the Road Committee, really desire that there should be uniformity of taxation in all the provinces but we agree that conditions differ in various provinces and therefore it is difficult for them to come to any uniformity in the matter of taxation. The matter really should be left to the Local Government and the local legislature. So the Local Government will better decide the way of taxation and they will be in a better position to influence their Council to agree to their proposal of taxation.

The Hon'ble Mr. S. C. Ghosh Maulik.—I entirely agree with the remarks made by the Hon'ble Minister from Bengal.

The Hon'ble Sir George Schuster.—Mr. Chairman and gentlemen, the speakers in this discussion have dealt really with two quite different subjects, or perhaps I might say that all the speakers except Sir Jogendra Singh have dealt with one aspect of the matter and Sir Jogendra Singh has dealt with another. The two aspects are these. The first aspect I would describe as the question of the desirability for some uniformity in the system of taxation and the second subject raised by Sir Jogendra Singh is the need for a scientific plan of motor taxation and a suggestion as to what that plan should be—a plan designed to provide both a proper adjustment of the burden of taxation and a proper distribution of the proceeds. The first subject, the less ambitious subject, was really intended to be the subject of this Resolution, but we always recognised that that was a comparatively narrow question and that there would be a great temptation to stray from that narrow and rather unattractive path into the more interesting and I think more difficult field through which Sir Jogendra Singh took us. I myself was just registering a mental note that I would congratulate the speakers in this debate on resisting that temptation when Sir Jogendra Singh got up and made my congratulations at least so far he was concerned rather inappropriate. But I must say that I should like to congratulate the other speakers who have stuck to the narrow subject, and, if I may say so, dealt with it in a most interesting and helpful way. I hardly think that it will be appropriate for me to enter now into a discussion of the scientific question of the proper system of taxation of motor transport and motor business altogether. But I can say, I think, on behalf of my colleagues that if the provincial Government representatives want to discuss that matter, then in the later discussions when we get down to rather closer quarters, get down to greater detail, that subject might be dealt with. I would only like to make just one or two general observations on it.

I should like to say in the first place that Mr. Conran Smith need have felt no diffidence in alluding to the question or have thought that I should accuse him of the intention of "robbing the till" of the Central Government. I should be taking an attitude quite inconsistent with that which I sought to impress upon this Conference this morning if I were to react in that sort of way to what he said. The whole point of my remarks this morning was that the Central and Provincial Governments really had together a common task—the task of providing certain services necessary in the public interest. In order to enable them to perform those services a certain distribution of the heads of revenue has been made. But if the Central Government has greater resources than are necessary for the performance, the adequate performance, of its own tasks, and if the Provincial Governments have inadequate resources for the proper performance of theirs, then obviously it is right in the public interests that the two authorities should get together and consider the position. If the matter is approached in that way from the point of view of the public interest, I certainly do not regard that as a mere attempt to rob the till of the Central Government. In using those words I was really putting up the imaginary attitude of those who thought that all they had to do was to get as much money as they could for their own budgets and that if they left the Central Government in a weak position that was nothing to do with them. I am sure that Mr. Conran Smith did not take that view of the position.

Now, I think it can quite fairly be argued that there ought to be some sort of balance between the revenue which is raised from taxes on motor industry and motor transport generally and the expenditure which is necessary in order to keep up the roads. But I should like to enter a caveat there. We could not accept the interpretation of the position that it is not legitimate to take from the motor industry any more than is necessary for the upkeep of roads. It is quite legitimate we think that motor industry, the use of motors, particularly having regard to the fact—and I say this with fear and trembling seeing Mr. Ormerod sitting very close to me—that there is a certain element of luxury in the use of motors in this country or any country, should contribute to general revenues, and even if the whole use of motors was for industrial purposes, it would even then be legitimate that that form of industry should pay some contribution to the general revenues just as every industry pays in order to help to pay for the services which the public authorities perform—the services of maintaining an orderly administration and providing a fair field for the development of the industry. So we could not—and I hope nobody would want to argue otherwise—accept the position that every penny which is raised from motor transport directly or indirectly ought to go to the upkeep of roads. That would be just as unreasonable as to suggest that, let us say, every penny that is raised from excise duties should be applied for research work for improving the quality of beer and spirits. But we are not anywhere very near that position yet, for I think it is doubtful, in spite of what has been said, whether the motor industry does contribute in taxes at present anything like as much as is required for the upkeep of roads and all the incidental expenses which are incurred by public authorities in connection with roads. Then, I come to the question as to whether the Central Government ought to allocate part of the proceeds of taxes on motoring, particularly of the petrol duties, to the Provin-

cial Governments so as to help them in their task of keeping up the roads. Sir Jogendra Singh's figures I have not yet had time to check; I assume they were correct. I know that the Punjab Government is always very accurate in these matters. His figures were very impressive and the broad picture which he has painted we must all recognise as correct. It is undoubtedly a fact that the Central Government does now get from the taxation which is imposed on the motor industry a very considerable share. If we were considering a redistribution of revenues and if the Central Government were put in a position of having money to spare, then I think a very strong case, at least a very strong theoretical case, could be made out for the proposal that some share of the duties on petrol should be allocated to Provincial Governments. But I must remind you again of the plan of federal finance which now holds the field. I must remind you of what I said this morning that according to that plan the Federal Government in the future is expected to hand over a very large proportion of the income-tax to Provincial Governments. Well, I think it is quite certain that the Federal Government will not be in a position in the near future to go as far as this and the question then is would it be better that there should be an allocation from the import and excise duties on petrol in preference to an allocation of income-tax. I do not know whether we are going to have an opportunity of discussing that question later on, but undoubtedly it is a question of very great importance and we, representing the Government of India, would be very glad to have the views of the representatives of Provincial Governments and the other organisations represented here on that question. It is a question the discussion of which must be limited by hard facts. There is a certain amount of revenue and nothing that we can do in the way of discussion here will increase the amount of that revenue. But undoubtedly it is a subject—a very interesting subject—for discussion, whether the particular proposals for handing over income-tax are in all the circumstances the most appropriate proposals. I think that represents all that I need say at present. I think, Mr. Chairman, there may be opportunities for discussion of the question in the future. I should only like to say in conclusion that although we did not intend this particular question to be raised on this particular Resolution it is a very important question and I certainly, as responsible for the financial side, do not at all regret the fact that it has been raised. I certainly do not want to run away from this question. It may be regarded as embarrassing to the Central Government, but I do not look at the matter in that way. I take the line that our position and that of the Provinces in this matter is identical. We are not on different sides of the table; we are both on the same side of the table—both having to provide for the services which are necessary in the public interest; and if you look at the matter in that way and face it squarely and frankly I am quite certain that the representatives of the Provincial Governments, if we put to them the position of the Central Government, will certainly take the view that so far as our main responsibilities are concerned, the responsibility for meeting the service on the public debt of India and for maintaining adequately the defence of India, there would be no two different opinions on that. They would all say the Central Government must have enough money adequately to meet those two obligations and it is only after those have been met that the position can be discussed as to how any surplus revenue should be allocated. Therefore I do feel quite confident there need

be no conflict about this matter, and if it is desired to discuss this question of the allocation of petrol duties, we on our side would certainly have no hesitation in entering into a full and frank discussion of that subject and in communicating any views expressed by this Conference to the higher authorities which are now considering the constitutional proposals.

Mr. Ormerod.—I would like to say in reply to Mr. Conran Smith's question "Do you think you should be allowed to use roads in the Madras Presidency without paying for them" that my answer is "I do not! particularly in this Presidency where they maintain very good roads". I have however subscribed something to Madras as I had to purchase sufficient petrol to pay them Rs. 25 in the form of the two annas tax on petrol, without taking into account the Rs. 100 paid to the Central Government in the form of eight annas tax on petrol. I was unaware of the provincial tax affecting visiting motorists until I was accosted by a policeman who spoke to me in Tamil which I did not understand; later I was accosted by another policeman who explained to me the position, although he could not produce the authority under which I was asked to pay.

I then went to the nearest D. S. P., but I was unable to take out the necessary registration because Saturday was a holiday and Sunday was also a holiday. On Monday I took out the registration and paid my Rs. 25. Two weeks after leaving the Presidency however I was summoned to pay the amount in question.

In the circumstances I think we are entitled to say that we feel that some method of taxation should be devised which does not put visiting motorists to such extreme inconvenience as I have described.

Mr. Conran Smith.—May I say that the case of Mr. Ormerod was exceptional. (laughter).

Mr. Hamilton.—I should very much like to reinforce that point. I am optimistic enough to hope that a co-ordinated plan of taxation will be introduced, and adherence to that co-ordinated plan should carry separate exemption from taxation for stated periods of any motor vehicle going from one province to another.

Chairman.—Gentlemen, I think I am right in saying that there is general agreement in regard to the acceptance of this resolution. There may be a co-ordinated plan which would apply to all provinces, they may be willing to adopt that on further examination, but there can be no question whatever of standardisation of taxation throughout India in view of the different circumstances of the various provinces. I hope I have expressed the provincial representatives' point of view correctly.

Some Provincial Representatives.—Yes.

Chairman.—With reference to what Mr. Ormerod has said, I must leave it to him to fight out his little dispute with the authorities in Madras. I take it that it is the view of the representatives of the provinces that they are not prepared, even if they have this co-ordinated plan of taxation—they are not

prepared, quite naturally—to surrender their right to impose tolls where they think circumstances render such a course desirable. Is that also your view ?

Some Representatives of the Provinces.—Yes.

Chairman.—I think the acceptance of the principle of this Resolution marks a very great advance, and as Sir George Schuster has said, discussion on it has been of the utmost value.

There is just one point I should like to refer to before I pass on to the next Resolution. Mr. Ormerod asked a very definite question about the Model Motor Vehicle Rules, and I should like to explain the position.

The position regarding the Model Motor Vehicle Rules is this. Section 11 of the Indian Motor Vehicles Act, 1914, empowers Local Governments to make rules for the control of motor vehicles, and all Local Governments have rules framed under the Act accordingly. It was suggested by the Jayakar Committee that some standardisation of the rules might be desirable. The Road Conference of 1930 decided that the matter might be looked into. Accordingly, as stated by Mr. Ormerod, certain draft Model Motor Vehicle Rules were laid before a Committee of Road Conference of 1931 for consideration. That Committee discussed the draft rules and proposed certain amendments. A draft of Model Motor Vehicle Rules in accordance with the recommendations of the Committee was prepared and circulated to members of the Committee for criticism. Their criticisms having been received, a complete draft has been prepared and is now to be submitted to the Legislative Department of the Government of India for advice. In the meantime certain Local Governments have, of course, revised their existing rules, and it seems possible that as a result of the deliberations of this Conference, certain rules may have to be amended. It is also not clear whether the Indian Motor Vehicles Act fully empowers Local Governments to make certain rules which may be found to be desirable. In the circumstances the draft will be re-examined as soon as possible after this Conference and will then be submitted to the Legislative Department for advice. If the Legislative Department advises that certain of the rules cannot be made without the amendment of the Act that will have to be taken into consideration.

I should like to make it perfectly clear that the Act empowers Local Governments to make rules and that the Government of India cannot make rules. The most that we can do is to circulate the eventual draft, on which we decide, of the model rules to Local Governments for their acceptance either wholly or in part or not at all as they may think fit. I should like to make it perfectly clear that this is a matter for the Local Governments and though we hope they will adopt the model rules that we send out to them it is entirely within their discretion to do so or not as they think fit. I am afraid the progress we have made is not quite as much as Mr. Ormerod would have desired, but I can assure him that, as soon as this Conference is over, we shall push on with the matter with the utmost speed. I am sure he recognises that Mr. Mitchell has been busily engaged during the last year and has not had as much time as he could have wished to devote to this matter.

Mr. Ormerod.—Thank you very much. I think we appreciate that.

The Resolution as adopted by the Conference was as follows :—

RESOLUTION No. 5.

“This Conference considers that, in the interests of all concerned, a co-ordinated plan should be drawn up for the taxation of motor transport by the various authorities concerned.”

Chairman.—We pass on to resolution No. 6.

The Resolution for discussion was as follows :—

RESOLUTION No. 6.

“This Conference considers that the present road development account should be continued at least for the duration of the present constitution, but that the class of development to which it should be applied should be reconsidered.”

Chairman.—You will see that we have made two alterations in the terms of this resolution, which now reads as follows :—

“This Conference considers that the present road development account should be continued at least for the duration of the present constitution, but that the class of development to which it should be applied should be reconsidered.”

The first alteration is to the effect that the present road development account should be continued at least during the present constitution. Upon this point I think I can say quite definitely that the Government of India have no intention of proposing the termination of either the levy of the surcharge for road development or its application to roads, but you will have observed that the White Paper draws a distinction between excise duties and import duties and, as you are aware, the tax on petrol consists of one or the other according to the origin of the petrol. If Burma does not come into the federation, then the sums provided by way of excise on Burma petrol will in future fall under the head of imports. I mention these points to explain why in this resolution we have been somewhat guarded and have had perforce to make reference to the change of the constitution, because, quite frankly, we have not had time to examine the full effect of the plan outlined in the White Paper, or to say exactly how under the new constitution effect could be given to our desire to continue the present arrangement. We are, however, fully alive to the fact that schemes of road development cannot be satisfactorily worked out until there is some assurance of revenue resources over a reasonable period of years, and you may rest assured that this matter is having our attention.

The second part of the change which we have made in this resolution is intended to throw open for discussion by you the whole question of the use to which this money should be applied. During the recent years of financial stringency we have had as a special case to agree that in certain cases provincial shares in this account might be applied to the relief of provincial revenues in the matter of ordinary maintenance, as an interest free loan to be restored to

development when circumstances permit. But I would like to make it quite clear that in this respect we do not propose to resile from the principle that the proceeds of this surcharge are intended for and should be applied to works of development and cannot be made available as a general rule for maintenance. For the rest our road development account has been in existence for some four years. It was commenced to some extent as an experimental measure, and it is only to be expected that the experience of four years will suggest certain modifications in its application, and this appears to us to be a suitable opportunity for discussing these.

Since the Jayakar Committee presented their report at a time of relative financial prosperity, very great changes have taken place, and we must now survey the whole situation. We shall all perhaps be agreed that the road system has become somewhat unbalanced and that, desirable as all classes of road development may be, too much attention may in the past have been devoted to main roads to the neglect of rural feeder roads. Paragraph 76 of the Mitchell-Kirkness Report contains I think a fair statement of the present position in this matter. The Jayakar Committee were fully alive to the need for rural development for the improvement of the economic condition of the cultivator, but at a time when it seemed that expenditure from provincial revenues on all classes of road development would continue at at least its then existing level, it appeared to them to be more appropriate that assistance from the centre should be confined to roads having some all-India significance, thereby releasing funds to supplement the other resources of provincial Governments for the purposes of rural development. The anticipations of the Jayakar Committee have unfortunately not been fulfilled, and we are conscious that during the last year or two there has been a feeling among local Governments that we were adhering unnecessarily strictly to the policy outlined by the Jayakar Committee and endorsed by the resolutions of the Central Legislature, under the authority of which we are at present administering this account. We feel that certain of the criticisms which have been made have considerable force, and that at a time when practically no other resources are available for road development, there should be a freer and wider discretion in selecting the schemes to which these resources should be applied. We are alive to the necessity, for the improvement of rural communications, in order to reduce the wastage in agricultural marketing and to improve the economic condition of the cultivator. We are aware that in the domain of rural development the sums which may be available in the road development account may be but a tithe of what is required, but the fact that our available resources might with great advantage be substantially supplemented, is no reason why they should not, as far as they go, be applied in the field from which the greatest economic benefit will result. If it is your wish that we should adopt a somewhat different orientation in this respect and agree to apply these resources in a somewhat different manner, they can at least be regarded as furnishing a nucleus for the commencement of a plan which will be ready for expansion as funds permit. If in what I have said I have laid great stress on the need for rural development, it must not be supposed that we are not fully aware of one of the factors which has resulted in the application of considerable portions of this account to existing trunk and main roads. I refer to the fact of which we are all fully aware, that the advent of mechanical

transport on to these roads has resulted in very considerable wear and tear, a large increase in the cost of maintenance, and the necessity for re-construction in more durable materials or by improved methods so as to reduce the cost of maintenance. To that extent we can say that the road development account has provided funds for necessary expenditure which will in time be found to have reduced the bill for maintenance, and thus release funds for other classes of development. It may be that the re-construction of some existing roads in order to arrest rapid deterioration and to reduce the heavy burden for maintenance must first be completed before fresh liabilities are undertaken on the construction or improvement of other roads which will in turn have to be maintained, and we are only too well aware, that, if on the one hand, there is a great need for rural development, there is, on the other, this urgent necessity.

That is the position as it appears to us, and we now await your comments and opinions.

The Hon'ble Sir Guthrie Russell.—Mr. Chairman and gentlemen, Railways support the proposal that the road development account should be continued, but consider that there are certainly grounds for re-considering the allocation of the funds in the account. As I have said before, the Railways consider that the most urgent necessity is the opening of new areas not only for the benefit of the Railways but of the country as a whole. We, of course, agree that where a project has already been started it would probably be unsound to deprive it of the money necessary for its completion.

To show the need of allocating a substantial proportion of the money for the construction of feeder roads, I would point out that an examination of the Provincial portion of the Mitchell-Kirkness Report shows that not far short of 4,500 miles of feeder roads to Railways require improvement or construction, and this figure does not, in all probability, give a complete picture, for many of the Railways when submitting their particulars claimed that their list was by no means exhaustive. As regards unserved areas I must admit I have been particularly impressed by the Sukkur Barrage road programme. Here is a large irrigation scheme which to justify the capital outlay involved must be provided with communications to permit agricultural produce to reach its markets. In the Mitchell-Kirkness Report a programme of road development for this area is given and I think it is proposed to provide 595 miles of road during a period of *10 years*—a programme which the writers of the report correctly characterise as only a modest beginning. I merely mention feeder roads to railways and the Sukkur Barrage case, to show what large gaps there are still in the road system and how much money will be needed if these local communications are to be provided.

Mr. Reid.—I agree that the present Road Development Account should be continued for the duration of the present constitution. It is suggested, however, that the distribution of the funds should be more closely scrutinised with a view to its apportionment fairly as between main and feeder roads.

As an example of present expenditure on roads on which motors compete with Railways I have been informed by the Agent of a Light Railway that a sum of six and a half lakhs of rupees was recently spent by a local Government on a motor road, which runs parallel to practically the whole length of the existing

Branch Railway. This has already caused a serious fall in traffic, which state of affairs it is anticipated will grow worse. In reply to protests from the Branch Railway, the Local Government suggested that the Railway should at its own expense pick up its track and lay it on a fresh alignment. This would cost the Railway at least six lakhs of rupees without any increase in revenue. On the face of it this does not seem to me to be a good example of "wise spending."

Mr. Sumner.—Sir, as regards the question of the class of road development, with which this Resolution deals, I would like to make a few comments in connection with the Inland Steamer Services of Bengal and the adjoining Provinces. In short, Sir, I have a complaint, by which I do not refer to a personal internal complaint, but to what may be referred to as a "grouse".

Actually, my remarks hardly come under the head of road competition with railways. Indeed, we have not hitherto had the same occasion as the Railways to afford such anxious consideration to this problem, firstly because the steamer Services have as yet hardly experienced the stress of road competition which has confronted the railways, and secondly because we perhaps have a freer hand in meeting such competition than is allowed to them.

I would, however, wish to comment upon a matter arising out of the Mitchell-Kirkness Report which does concern the Inland Navigation Companies very closely.

In passing, and as the subject of Inland Steamer Services is probably an unknown subject to many of the members of this Conference, I may mention that I speak on behalf of the four companies who cater for the inland waterways transportation traffic of Bengal, Assam, and Bihar and Orissa, namely, the India General Navigation and Railway Coy., Ltd., the Rivers Steam Navigation Coy., Ltd., the Bengal-Assam Steamship Coy., Ltd., and the Indian controlled company, the East Bengal Rivers Steam Service, Ltd., the headquarters of all of whom are in Calcutta.

Whatever else may be queried with regard to Inland Navigation, it cannot, Sir, be questioned that we speak with the authority and experience of antiquity. My Company, the India General Navigation and Railway Coy., Ltd., started life on the Ganges some 90 years ago. In those days there was no East Indian Railway, and a passenger from Calcutta to Allahabad or Benares, after giving one month's notice of his desire to travel, might hope to secure a berth on an occasional Government steamer by means of which he might, with luck, arrive at his destination in some 28 days, at a cost of some Rs. 400—plus the cost of liquid refreshments. In 1860 operations were extended towards Assam, then a most forsaken Province to which the only means of communication was by a Government Steamer once in six weeks. Some four years later the Eastern Bengal Railway completed their line to Kushtia, and for some years an arrangement existed whereby they carried all traffic to that point, where it was transhipped to the river.

About the same time River Navigation operations were extended to the Cachar and Sylhet Districts also, and for 30 years the river represented the only means of communication to those parts, after which an alternative route came into operation in the Assam-Bengal Railway.

Sir, in the somewhat natural order of things it has turned out that as these three great Railways developed they did so in the direction of the rivers, where the most populous areas existed and where the Inland Steamer Companies also existed to attend to their needs. And, whilst we of the Rivers sometimes wish that the Railways had kept their lines a little further inland and to a greater extent had opened up fresh tracts, those who look at traffic matters along the narrow ribbons of railroads probably think that "now that we have come, why do not these River Companies go somewhere else" ! It is even possible that on occasion Government, considering the matter through the eyes and with the mouth of their anxious parent, the Railway Board, may have found itself rather inclined towards the same thing.

Sir, apart from the fact that there is nowhere else to go, I submit that, firstly, no object would be served by their doing so, secondly, that this would be opposed to the policy of every other country which is so fortunate as to own a system of major rivers, and thirdly, that the local Governments, more especially of Bengal, could not very conveniently afford to encourage or permit it.

In regard to this third point, I shall hope to show in a few moments in what way the Inland Navigation interests are concerned in the Mitchell-Kirkness Report, and in this Conference which is here to discuss it amongst other questions. As regards my No. 1 point, if the existing Steamer Companies went out of business, the traffic upon which they subsist would in the main merely be transferred to the Country Boat and to new Inland Navigation Companies which would immediately spring into being.

As regards No. 2, there are probably few countries possessing large rivers which do not employ and encourage Inland Navigation to a greater extent than does India. Most of us are aware of the use to which Germany and America put their Waterways, and of the enormous flotillas, conveying in the aggregate thousands of tons, which come down the Rhine and the Mississippi to the Ocean Ports. And we have accounts in the papers of a colossal scheme, running into hundreds of millions of dollars, sponsored jointly by the American and Canadian Governments, for the improvement of the waterways in the region of the Great lakes.

As regards No. 3, it is hardly necessary to refer to the good work which the Steamer Companies do in the conservancy and training of the Ganges river channels, to the facilities provided for the transport of traffic in the United Provinces and in Bihar and Orissa, to the hundreds of miles of waterways in Assam (to a large extent still devoid of rail communication) and to the 20,000 miles of waterways in Bengal where this applies to an even greater extent.

At the present time the Government of Bengal are to introduce a waterways Trust Bill which will be of the utmost assistance in relieving the responsibilities of the Irrigation Department, and which they consider will require an annual revenue of 20 lakhs, and which revenue will to a large extent require to come from toll receipts on river-borne traffic.

Sir, this Conference is concerned with the problems of Rail and Road Transport, and an important item arising out of those problems as mentioned in the Mitchell-Kirkness Report, is the question of road communications leading to and from Railway and River Stations. The Inland Navigation Companies

have the written assurance of the Government of Bengal, of Assam, and of Bihar and Orissa that the latter point, of road communications with River Stations, is recognised and accepted as of first importance as in the case of the Railways, and I submit, Sir, that on the sketch which I have drawn of past history, of the part which River Navigation plays in the lives of the Provinces, and of the suitability that they should play that part, there can be no doubt of the correctness of this decision. Messrs. Mitchell and Kirkness indeed say, on page 63 of their Report, that there can be no disagreement that "any programme of road development would require the co-operation of the irrigation authorities, the public health authorities, and those responsible for the maintenance of inland waterways". There are also further remarks on page 65 to much the same effect, and at various points in the Provincial Reports.

But, Sir, when we come to the review of the specific road projects which were recommended by the various Railways and by the Inland Transport interests, we find that the Report holds a most remarkable view regarding the very modest recommendations put forward by the steamer Companies.

Let us take the Bihar and Orissa Provincial Report, page 23. The Companies asked for three short stretches of road, aggregating 52 miles. Fifty two miles in the entire province. On these suggestions the comment is:—"The India General Navigation and Railway Company, Limited, state that these roads are of great importance to the Steamer Companies in view of the development in the sugar industry which has taken place recently in Bihar. It should, however, be pointed out that the construction of these roads is likely to affect the interests of the Bengal and North Western Railway Company, and before the work is undertaken we consider this railway company should be consulted."

In Assam the Steamer Companies' requests were somewhat more extensive, though still essentially moderate. They will be found in appendices 5 and 6 of the Assam Provincial Report.

In this case the report mentions that a list had been furnished of roads which the Inland Navigation Companies consider necessary in the Province of Assam, and here again we have the view that "some of these proposals may on examination be found detrimental to the interests of the Railways in existence or projected."

Sir, I do not think it is necessary for me to take up much time in referring to the great disappointment with which we, in Calcutta, view these opinions. They seem to say, in effect, that no development of trade as towards the Rivers, no questions of shorter or more natural traffic routes, no considerations of public interests or convenience, no action in making use of Nature's Highways which other countries regard as priceless possessions, must be allowed to interfere with that one all-important factor, the interests of the Railways, Railways too, which may not as yet even be in existence, but which may conceivably be constructed at some future date.

I see, Sir, that a wider and more liberal view than that may be taken of this question. That when it again becomes possible to take in hand an organized Road programme, Provincial Governments may be free to consider the best interests of trade within their boundaries, and the most suitable channels within which that trade should be encouraged to flow. Where the indica-

tions are that those channels lie upon the rivers with which Nature has endowed us, it is a wrong and a bad policy—a policy which is contrary to the best interests of the Provinces—to subordinate that fact to the consideration of whether the traffic can be forced to a medium which it may or may not favour.

We claim that as public servants of nearly a century's standing, and as a medium which has played no small part in the life and development of three Provinces, we are, on our own merits, entitled to the fullest consideration in any programme of road development when traffic demands are shown to have arisen, without such consideration being subordinated to the question of whether it may affect Railway interests, either already existent or possibly to be anticipated at some indefinite date in the future.

The Hon'ble Mr. E. Miller.—The Government resolution now suggests that the present road development account should be continued for at least the duration of the present constitution, but I have been wondering if it would not be possible to have something more definite than that in order to ensure that it would be carried on by the new constitution.

The Chairman has suggested that it might be possible for the Government of India to take such action by suggesting some additional clauses in the White Paper for inclusion in the new Constitutional Bill. I do not think it is too late to do so.

My idea would be that some provision might be made that no less than so many annas—I should like to make it five—of the revenue derived from import and excise duties on petrol be definitely allocated for the road development account without mentioning any period or if so, say not less than 20 years.

The Hon'ble Sir George Schuster in his interesting and instructive speech this morning indicated that the Central Government could not part with any more of Central Revenues to the Provinces other than those indicated by him. He has, however, somewhat modified this in his remarks this afternoon, and this resolution seems to indicate that the Government of India are still prepared to continue contributing at any rate $2\frac{1}{2}$ annas from the Petrol Tax to the Road Development Account, and therefore I take it that he and the Government would have no objection to the new Constitution being made responsible for its continuance to that extent. I should not however like to suggest that it should take the place of payment of income tax to the provinces and I think the two must be kept quite apart.

I shall therefore be grateful if Sir George will tell us whether he considers some such action as I have suggested would be possible. If so I would propose that the first part of this resolution be amended to read :—

“ This Conference considers that the present road development account should be continued for a period of not less than years by allocating annas of the revenue derived from the import and excise duties on petrol. The necessary steps to be taken by Government to ensure this being provided for in the new Constitution Bill.”

The second portion of this resolution is new and I presume the idea lying behind it is that the Fund may be used for rural roads as well as roads of all-India and inter-provincial importance. I have no instructions from my Association in this connection, but I have discussed it with my colleagues here and this is how we view the matter—

1. If it is to be used for rural roads, then some safeguards must be provided so as to ensure that provincial Governments use such grants to supplement their own contributions from Provincial revenues.
2. This could be partially met by adopting the British Ministry of Transport method of contributing 50 per cent. of the cost of any approved scheme for rural road development provided the province or District Board concerned contributed the other half.
3. It must also be laid down that under no circumstances can grants from the fund be made for maintenance.
4. The question as to whether such grants made from the road development account should be used directly for rural road construction or whether it should be capitalised, would be a matter to be discussed between the Provincial and Central Governments in each case.

I have still another point to make and I am sure that my friend the Hon'ble Sir Frank Noyce would be surprised if I did not take up this matter as I have raised at the last three meetings of the Standing Committee for Roads, of which I am a member.

It is well known that nearly all provinces are very much behind in the expenditure of the sums granted to them from the road development account from year to year, and I feel that it is very desirable that there should be some incentive to provinces to go ahead with their schemes once the money has been paid over. As matters stand to-day there is no limit to the time that Provincial Governments may hold such funds in reserve and unexpended. Their only commitment is that eventually the money must be spent for the schemes sanctioned and cannot be utilised for any other purpose, but until so utilised, although earmarked, it may go to swell the reserves of provincial general revenues, and the interest meantime goes presumably to the general revenues and not to the road development account. I think, therefore, that provision should be made for the Standing Committee for Roads to recommend to the Government of India that any province's share of the petrol tax due may be withheld until the previous sums handed over are expended, or nearly so. I would point out that the present 2½ annas of the petrol tax allocated to the Road Fund is in fact general revenue belonging to the Government of India and they are entitled to retain it until such time as the province concerned is ready to utilise it for the purpose for which it is granted. I beg to propose that a clause be added, reading as follows :—

That—

“ At the time of renewal it should be laid down that grants may be withheld in the event of previous grants sanctioned not having been fully or nearly expended.”

M36DIL

I commend this resolution to the meeting, not because I wish to penalise any province in any way, but because I wish to speed up development.

Mr. Conran Smith.—As regards the first part of this Resolution I may say that it is acceptable to us as it stands on the assumption that the Local Governments cannot hope for any more from the petrol account. In other words, if the implication is that all hope of this must be abandoned, then the Resolution as it stands is not acceptable. I say that with reference to the remarks of the Finance Member and I think he indicated the possibility of further examination of this question. Subject to that reservation I would say that the first part of the Resolution is acceptable.

As regards the second part, as pointed out in the Madras section of the Mitchell-Kirkness report, Madras has a very much larger area of motorable roads than any other province in India, and as a result of that we are now feeling the pinch and are faced with the very serious problem of deterioration. The revenues available for local boards for expenditure on maintenance have fallen very considerably and this danger of deterioration being so great, I fear, that the eventual bill may be colossal. I am apprehensive, therefore, that in the remote contingency which Heaven forbid, of Mr. Ormerod being similarly situated in Madras, he will be insulted as well as injured by having to travel on a bad road.

I feel that we should welcome the latter part of this Resolution in so far as it indicates a change in the policy hitherto pursued as regards the road development account. The expenditure of some portion at any rate of that fund on re-surfacing and general improvement of the road surface in Madras would be welcome to that province. As regards the latter portion you have in the last sentence of your speech, Sir, said :—

“ It may be that the reconstruction of some existing roads in order to arrest rapid deterioration and to reduce the heavy burden for maintenance must first be completed before fresh liabilities are undertaken on the construction or improvement of other roads.”

That is I think exactly the position of Madras at the present moment. Subject to what I have said therefore as regards the peculiar position of Madras, I may say that the second portion of the Resolution is also acceptable. As regards the development of rural areas we have in Madras a village development fund in each district and we are therefore already spending money on these village roads.

Subject to what I have already said, I think any extension of the plan of distribution of this fund, which permits of further expenditure on those village roads, would be welcomed by Madras.

Mr. P. L. Bowers.—Mr. Chairman, with regard to the first part of the resolution that the present road development account should be continued for at least the duration of the present constitution, the Government of Bombay are in full agreement and I would suggest, if it is constitutionally possible, that it should be continued for a longer period. They are further of the opinion that if the period is extended that the petrol tax fund should bear the charge of establishment, tools and plant which are borne by other forms of revenue

for the reason that the road development account is Indian money spent on Indian roads and it is reasonable that whatever the average cost worked out by the Accountant General on establishment and tools and plant employed on road works should be debitable to the funds provided for those works regardless of the source from which these funds are derived.

As regards the second part of the resolution, the Bombay Government would welcome any suggestion that this petrol tax money should be spent in rural areas. We have at present, as you are well aware, recently completed a very large irrigation scheme in Sind and the first estimate prepared for roads necessary for the development of the Sind area amounts to about Rs. 3 crores. This amount cannot possibly be provided out of the resources of the Bombay Government. We have recently put up a scheme for 595 miles of rural and feeder roads which ought to be constructed in the course of the next 10 years, so naturally we shall welcome any decision by which the petrol tax fund could be expended in these rural areas.

The Hon'ble Mr. Bijoy Prasad Singh Roy.—Sir, I am afraid I cannot accord my support to the Resolution even in its amended form. The resolution consists of two parts, the first part being that this Conference considers that the present road development account should be continued at least for the duration of the present constitution. Sir, I quite realise the constitutional difficulties which you have pointed out but we are here expressing pious hopes. There is no guarantee that all the resolutions we adopt at this Conference would be acted upon by the Government of the future. We are certainly laying down certain general principles which we hope will be accepted by the successors of the present Government and in this matter too we can fervently hope that the present arrangement would be continued. Unless we can hope that the future Government would continue the present arrangement, I think it will be labour lost and there is no justification for wasting so much time and energy at this Conference. There must be some assurance of continuity.

The second part of the resolution suggests that the present arrangement about expenditure should be revised and money should be available for the development of feeder roads. This portion of the resolution is fully welcome to us. But in Bengal unless we are given some portion of the petrol fund for the maintenance of roads I am afraid we cannot be very much enthusiastic over the improvement of roads. Our road cess amounts to only Rs. 4.5 lakhs; the amount of our motor tax available for muffasil roads amounts to only Rs. 9 lakhs and we can spend only from 21 to 25 lakhs on improvement and maintenance of roads from the Government revenue. With this amount we have to maintain between the Government and the local bodies something like 36,000 miles of roads, including 3,500 miles of metalled roads. Sir, I think that it is only fair and reasonable that a portion of the petrol fund should be granted to the provinces for the maintenance of roads; otherwise it is no use improving them, and we in Bengal, especially with our financial condition, cannot welcome the statement which you have made and I confess, Sir, that I am greatly disappointed at what you have said. So I suggest an amendment of the resolution that "at least for the duration of the present constitution" should be omitted; there should be no indication whatsoever that

the present arrangement may come to an end at the end of the present constitution. On the other hand if there should be an indication it should be the other way, that the present arrangement should be continued beyond the present constitution. Unless such continuity is assured, on what are we going to build? Continuity is the foundation on which we propose to build. If it is a pious expression of hope I think this is a very just cause for such expression. With these few words I beg to oppose the resolution.

Chairman.—Would you oppose if the words “at least for the duration of the present constitution” were omitted?

The Hon'ble Mr. Roy.—If those words are omitted I have no objection.

The Hon'ble Nawab Sir Mohammad Yusuf.—Mr. Chairman, there cannot be two opinions on the subject that if we are not going to attain the ideal, namely, that this petrol tax should be entirely done away with and that it should be left entirely to the provinces to raise the necessary money from licensing and from registration, then it is obvious that the only way by which we can supplement to a certain extent our finances with a view to seeing to the improvement of the roads is to get an adequate share from the petrol fund; and that being the position I am entirely at one with my friend the Hon'ble Minister from Bengal that there must be continuity of this source of revenue. It is obvious that the Government of India too cannot possibly forego this source of revenue. As has been already pointed out by Sir George Schuster it is a matter to be very seriously thought over. Are the provinces prepared to give up the idea of getting any share out of income-tax? And if they are, are they prepared to advance the proposition that the whole of this source of income, that is to say, from petrol tax, should be utilised for the purpose of improving the roads. This is a very serious matter indeed and we cannot in a light hearted manner say that we are prepared to forego one income or the other. But one thing is certainly clear, that while we may claim that out of the general revenues of the Government of India a certain amount of surrender in the form of income-tax may be made to the provinces, yet a certain amount out of the revenue made from petrol tax must also be given to the provinces as hitherto, and I am sure that the Honourable Sir George Schuster is not opposed to this view and he will certainly be prepared to allot a substantial amount out of this revenue for the purposes of the development of roads generally all over India. Otherwise, the whole of our labour, as has been pointed out by my Honourable friend on the left, will be wasted. If we are to improve our roads, then we must have funds and where is the fund to come from? We can only derive income either from provincial taxation or we can derive income from this petrol fund from which the Government of India derives income. Therefore there cannot be two opinions on the subject. We are all anxious that there should be no serious fall of income at the centre so that we may not be in any way adversely affected when the question of the calculation of the surrender of the amount from the Central to the Provincial sphere is considered. We are fully alive to the fact that we must adopt an attitude of helpfulness and sympathy towards the object the Central Government have in view, namely, of deriving as much revenue as possible from the railway and to a reasonable extent from the petrol tax and certainly the income from the petrol tax must be mainly utilised for the general purposes of the Government of India which is responsible

for spending money on defence, law and order and for carrying on the general administration of the whole of India. My friend sitting opposite, Mr. Miller, naturally looking at it from the point of view of motor industries, was anxious that the whole of this amount should be utilised on roads. It is clear that this proposition cannot be accepted either by the Government of India or by the representatives of the provinces.

Having said this much, I would now like to refer to the wording of the resolution. I am in agreement with my friend on the left that it would be desirable that this resolution, being a very important one, should be discussed by the Sub-Committee which was appointed yesterday to look into these resolutions and general agreement arrived at; and I think it admits of that possibility certainly. If I were allowed to move an amendment, I would be inclined to move an amendment at least to the latter part, while agreeing to the general idea embodied in the earlier part of the resolution, to this effect, that the second half commencing with the words "but that the class of development" to the end be omitted and the following words be substituted, "The Standing Committee administering the funds should be abolished and the proceeds of the tax should be handed over to the provinces to be spent on roads as it thinks fit."

As I already pointed out while speaking on the first resolution, it is only fair to the provinces that the Government of India should make block grants to Local Governments and leave it to Local Governments to draw up their own schemes of road development according to their own needs and requirements. So far as I have been able to see one thing emerges very prominently from the discussions of this Conference, that we are practically going back upon the policy hitherto followed by the Government of India and also by the Roads Standing Committee that the petrol fund should only be utilised for inter-provincial roads and special roads included in the programme. I am sorry that we could not possibly accept that in view of the financial stringency of the province because if you were to accept that policy then we would be committing ourselves to incurring further expenditure in the direction of maintenance of roads which we shall be adding by making them. Obviously in the present financial position particularly of my province it is impossible for us to undertake to make new roads and thus go on increasing the charges on our revenue.

Chairman.--I should like to make this clear before we go any further. If I understand the Hon'ble Sir Mohammad Yusuf aright, he thinks that we are now seeking that the money allotted to the provinces from the Road Development Fund should go only to the development of new rural roads. It is nothing of the kind. If the provinces wish to continue to spend money in the way they are doing now, there is nothing to stop them. We are not suggesting any hard and fast rule; all provinces are not in the same position and all provinces may not want to spend the money on the development of rural roads, there is nothing to prevent them putting forward what are the best schemes for the use of this money.

The Hon'ble Nawab Sir Mohammad Yusuf.--What I meant was this. We find the general opinion of the Conference is that we must be prepared to

spend more and more money on the development of rural roads and in that way only we shall help the railways also, for example, feeder roads. If you are to develop feeder roads then you must be prepared to spend money, and where is that money to come from ? At least my province has not got money to spend on feeder roads. Generally so far as local boards roads are concerned, they are built and maintained by the local bodies. If there be a block contribution from the Central Government to the provinces and if the drawing up of the programme both of the rural roads and the roads of provincial importance be left to the Local Governments, it will naturally serve the general end we have in view. I say it is the Local Government which is in a position to draw up a suitable programme for the province, and any scheme that may be prepared at the centre cannot possibly be as useful from the point of the provinces as we would like it to be. After all, this income is derived on the basis the consumption of petrol in each province and we shall be given only our fair share on the basis of that consumption. It is not the case that the Government of India would be giving a kind of grant to us out of its general revenues. Laying a condition "you must spend the money on such and such roads which we are directly interested in" that position I am afraid will not be a very reasonable position to take for the Government of India. The Government of India certainly can say, "While preparing the schemes you must bear this in mind and that in mind", and there is the question of co-ordination and co-operation, and all those things, but as I said this allotment would not be made as it were out of the general funds but out of the income derived on basis of petrol consumption in the provinces. This is our money and it should be left to the provinces to draw up their own schemes according to their own needs and requirements. This is a point which I must emphasise and I am sure that this would be the general feeling so far as the other provinces also are concerned because if you fetter the discretion and the power of the Local Governments now that we are going to have a federal system of Government it seems to be chimerical, thoroughly inconsistent. If you are going to have a federal system of Government and the provinces are to have self-government, then they must have the completest freedom possible to go ahead with their own schemes. And as indicated by the Chairman in his speech, the question of co-ordination and co-operation can arise only in connection with the negotiations that may come about between the provinces and the Central Government and there can be no question of dictating to the Local Governments to accept a particular scheme as against a more reasonable and more useful scheme which the Local Government may be in a position to put forward. However, having made it perfectly clear that the existence of the Standing Committee would be to my mind in view of the federal system of government that we are likely to have in the new constitution, an inconsistency, if there is any idea of having a central body, it may be an advisory body to the Central Government with a view to co-ordinating the efforts of the different provinces in the best interests of the people and the development of roads and motor transport, and that is a purely different question altogether. We do not know what form this particular body will take but one thing is certain. We want this body to be purely an advisory body. We cannot with equanimity contemplate the position that some executive body should be imposed upon us, as it were, at the centre and we will have to follow the dictates of that body.

As I have said before, while I am in entire agreement with the idea embodied in this resolution that the revenue should continue to be raised from this source and that the whole of this sum should not be utilised for the purpose of roads, I am bound to say that the present arrangement we take very strong exception to. I will ask the Government of India to give a block grant to the provinces and to leave the programme to be drawn up by us.

The Hon'ble Sir Jogendra Singh.—I wonder if Sir George Schuster was not a little premature in congratulating the provinces now that they have put in their claims. If I mistake not, this duty of 2½ annas per gallon was specially raised in the interests of road development and as such I have always claimed it as a road cess. So far as I understand, Sir Walter Layton's scheme provided that all provincial excises are to be handed over to the provinces. They should be collected by the Central Government and handed over to the provinces. (Some members : No). Am I wrong ? (One Member : *May* be handed over to the provinces). I will say, *may* be handed over to the provinces.

Chairman.—The expression used in the White Paper is " power to assign a share (or the whole) to units ".

The Hon'ble Sir Jogendra Singh.—I was referring to Sir Walter Layton's report and not to the White Paper. I have not seen the report for a long time but as far as I can recollect, it was specially mentioned that they will be provincial excises collected by the Central Government in the interests of the provinces. And I take it that a federal tax like this would be one of these excises which would be raised in the interests of the provinces and distributed to the provinces under the federal scheme. In any case, I wish to emphasise that this tax has been specially raised and sanctioned by the Legislature in the interests of the provinces. So far as the present arrangement is concerned it must continue, and in any future arrangement that is made if any tax of the same kind is continued it definitely is a provincial source of revenue and provinces cannot contemplate now or after that this should be discontinued. Regarding what the Hon'ble Mr. Miller has said, I can quite sympathise with him because as road builder I also want to get as much money as I can to extend the road system in the province, but the provincial finances do not permit that we should proceed with any further development and we are grateful for any money that we can get to maintain the present road system. The present period of depression forms an exception and I am quite sure that Mr. Miller will agree that his resolution should not be enforced till the finances of the provinces improve.

The Hon'ble Mr. E. Miller.—I do not agree.

The Hon'ble Sir Jogendra Singh.—Well, then, you will have to find funds for it. I think Hon'ble Members have made it clear that the provinces desire that the present system should be continued not only in the present constitution but in the constitution that follows. As for the second part of the resolution I am not expressing the opinion of my Government, but, personally, I am entirely in sympathy with the idea of development of rural roads. We have arterial roads, main roads and so on but it is essential that we should find some funds to promote village roads and provide facilities for the villagers

to take their produce to the market. As soon as the provincial finances improve, we would welcome any suggestion on those lines. It may be possible when the finances improve for the Government of India to hand over a part of the grant to the Communications Board for exclusive promotion of village roads. I must admit that village roads have been neglected and they will add materially to the prosperity of the villages if we can take them in hand. I am, therefore, in sympathy with the second part of the resolution, and as regards the first part, if the assurance is forthcoming that this particular tax which has been levied in the interests of the roads would be allocated to the roads I have no objection to the resolution.

Mr. Gubbay.—Sir, the programme of road projects in Bihar and Orissa eligible for subvention from the Road Development Fund accepted in 1930 by the Central Government amounts to Rs. 45 lakhs. It is estimated that during the five years for which the petrol tax will be in force Bihar and Orissa will only receive Rs. 15 lakhs, a very small proportion of the total and therefore only a small portion of the programme can be completed. The resolution as drafted will increase the period during which the tax could be levied beyond April 1934, probably to April 1935 only, namely, for one year. This province therefore may expect to get Rs. 18 lakhs instead of Rs. 45 lakhs. It appears therefore undesirable to change the programme which has already been accepted by the Central Government. Bihar and Orissa's provisional view is that so small a portion of the accepted programme has been constructed that it would not agree to the continuance of the existing tax beyond 1935, unless the Local Government were permitted to spend their share at their own discretion or on the programme already accepted by the Central Government.

The Hon'ble Dr. Deshmukh.—The Central Provinces Government thinks that the system may be extended even longer than the duration of the present constitution and for this reason supports the suggestion made by the Honourable Mr. Miller. I also generally support the amendment of the Resolution suggested by him and particularly the suggestion that the rate of distribution of the road development fund should be not less than 5 annas. I would also press for an increased contribution even in the existing circumstances. So far as the second part of the Resolution is concerned, I find myself in agreement with your remarks on the importance of developing facilities of rural communication and for this reason we accept the second part of the Resolution also. The Honourable Minister from the United Provinces has suggested that money should be allocated to the provinces and the Local Governments should be allowed to spend the money as they like. I would have supported this suggestion had I no fear that this may lead to the disestablishment of the road development board and with it may disappear the share of the petrol tax that is at present being distributed among the various provinces. Lastly, I must record my disagreement with the view of the Honourable Mr. Miller that if the provinces are unable to spend the money that is given to them, no more money should be given to them.

The Hon'ble Mr. Miller.—I said that it should be withheld. I did not suggest that you should not receive your share ultimately.

The Hon'ble Dr. Deshmukh.—Even that would be a hardship. There are difficulties in our way which are responsible for this delay and I do not

think anybody can be blamed for that. For this reason, I still think, his view of the matter should not be accepted.

The Hon'ble Mr. Laine.—Sir, we in Assam support the main recommendation of this Resolution, namely, that the road development account should be continued, at least for the duration of the present constitution and we are also prepared to support what you said in your opening remarks, namely, that there should be a freer and wider discretion in selecting schemes to which these resources should be applied. There is one direction, however, in which I feel we must express some dissatisfaction. I speak with some diffidence on this subject as coming as I do from Assam, cannot but recognise that the Standing Committee for Roads and the Government of India have so far as allotments from the reserve fund are concerned treated Assam with great generosity. In making this public acknowledgment I feel sure that I have the support of every one in Assam. What we do object to is the present principle of allocation of the funds accruing from the main fund as between the different provinces. The present basis of distribution of the road fund is apparently determined by the amount of petrol consumed in each province. That seems to us to be unfair for two reasons, firstly the amount of petrol consumed in a province must depend on the length of motorable roads within that province. Therefore a province which has already got a large mileage of motorable roads will get far more from the fund than a province with a smaller mileage. The result of the distribution will thus be to increase the disparity between the two classes of provinces. Secondly the distribution assumes that a gallon of petrol consumed in one province contributes to the road fund equally with the gallon of petrol consumed in another, for it is only then that allotment according to total consumption is equitable. In point of fact, this assumption, we contend, is wrong. In Bombay for instance in recent months petrol has been selling at 14 annas a gallon, which is less than the price of petrol in 1928. In other words the petrol consumed in Bombay bears no share of the duty put on to it in 1929, whereas smaller provinces like Assam have had to bear more than their share. In Assam in 1928, for instance, the price of petrol was Rs. 1-3-0. When the excise was doubled from four to eight annas, the price immediately rose to Rs. 1-8-0. In other words concurrently with an increase of four annas in excise, the price of petrol in Assam was raised by no less than 5 annas. The only merit of the present basis of distribution is its simplicity, or rather its alleged simplicity, but a much simpler and fairer basis can be easily suggested. For this purpose, we are entitled to presume that the object of the road fund is not merely the maintenance of the existing roads but also the construction of new roads, where at present roads do not exist. In other words two factors will have to be taken into consideration, firstly, the maintenance of the existing roads, secondly, the construction of new roads. It is quite clear that a province which is well supplied with roads will have to spend a good deal under the first head but very little under the second. On the other hand, a province like Assam, which is very poorly supplied with roads, would have to spend comparatively little under the first head but a good deal under the second. The two factors therefore tend to balance each other. The simplest and fairest basis of distribution would therefore be to allot equal sums to all provinces. Under the present system only the first factor to which I referred just now is taken into account

and provinces like Bombay and Bengal gain to the detriment of the smaller inland and less developed provinces.

Mr. J. S. Thomson.—We accept the Resolution as it stands.

The Hon'ble Mr. Kalikar.—We the members of the Standing Committee on Roads accept the first part of the Resolution. So far as the second part is concerned, as the matter is likely to come up before the Standing Committee on Roads, we withhold our remarks for the present and we shall decide that matter in the Standing Committee on Roads. We have had the opportunity of hearing the views expressed by the various Provincial Governments and also we will have to consider the remarks of our Honourable colleague Mr. Miller. We therefore reserve our remarks and we shall decide it in the Committee.

The Hon'ble Mr. Ghosh Maulik.—This Resolution consists mainly of two parts. As far as the first portion is concerned, it cannot be supported but if it is amended as suggested by the Minister from Bengal I would have no hesitation in supporting it. The arguments put forward by him strongly support his case because after all continuity must be maintained and it would be useless to adopt a resolution which would have no guarantee of continuity. It would serve no useful purpose in passing pious resolutions. As far as the second portion is concerned, I would like to be assured by the Provincial Governments that the amount they have been now spending on the maintenance, repair and construction of rural and feeder roads should not be diverted and utilised by them in their other departments, but be earmarked for the maintenance and repair of these roads. If this assurance is forthcoming, I would not hesitate to supporting the second part of the Resolution.

Mr. B. C. Burt.—Sir, I think no apology is needed after the emphasis which His Excellency laid yesterday on the need for rural roads of stressing the agricultural aspect of this question especially in view of what you yourself said in opening the discussion on this Resolution. I do think that we ought to bear in mind that it is not so much a question whether the agriculturist is to travel by motor bus or by railway as whether he will have any money left to travel by either. The fundamental need at the present moment is to reduce the cost of getting agricultural produce to the market and to the consumer. That point was emphasised both by the Jayakar Committee and by the Provincial Governments in their replies to the questionnaire issued by the Jayakar Committee. The Punjab Government, for example, said that "a provincial programme of road development should be determined by the needs of the province for roads and in particular by the necessity of adequate facilities for getting agricultural produce to the market." Now, Sir it, is unnecessary in this conference to stress the considerable fall in the price of agricultural produce but I have just been looking through some of the recent figures and it is very nearly 50 per cent. since 1929. I think it is obvious to all of us that unless all the overhead charges on agriculture and the intermediate costs between the producer and the consumer, or the user, can be reduced the margin left to the producer will be so small that it would force on him a lower standard of living which must react immediately on every form of transport. He will have less to export and he will have less money to purchase imports.—I use imports in the sense of imports into the village.

Therefore I would venture to emphasize a point which has been made both by you, Sir, and by the Honourable the Finance Member, that we do need to make a conscious effort to devote whatever funds we have at the present moment towards aiding the general economic recovery of the country. That seems to me to be the one consideration that matters at the present moment. If, India is to recover some of the export trade which she has lost during the economic depression we must improve our competing power in the world markets and transport is one of the most important factors in that direction. If our industries are to prosper, it is equally important that the cost of getting the raw material to the consumer shall be reduced. That can only be done by a well planned programme of transport development and I would suggest two ideas in that connection. First of all, what the agriculturists wants is not merely access to a railway for he is too small a producer to send his produce direct by train. He wants access to a market and that access must usually by road. The Royal Commission on Agriculture went into the marketing question very thoroughly, as did the Central Banking Enquiry Committee and both emphasized one fact, *viz.*, that when the cultivator sells his produce in a regulated market he gets a better price than when he sells it in the village. That is the first idea. What the cultivator needs is access to a market which means that the markets must be linked with the railway and that the cultivator must be linked with the market. To put the matter briefly, there are three kinds of feeder roads that are wanted. First of all we must improve the exits from the villages. The waste of time, the waste of energy and the waste of money which the cultivator often suffers in getting his cart two or three miles out of the village is inconceivable to those who have not seen it. One must improve the link from the village to the rural road system, and the communications to the market. It is absolutely essential that when the railway does not serve the market, the latter should be linked with the railway by a thoroughly good road of modern design.

I would like just to stress one more point. Several provinces are now devoting considerable attention to the improvement of their marketing and it is important that not only should all kinds of transport development be co-ordinated but that we should co-ordinate transport development with market development. Hitherto roads and railways have wandered after the markets in a rather haphazard fashion, as a result there are still some very important markets in India, from the cultivator's point of view, which are very badly served both by rail and road. I think, Sir, that in future our market development and our transport development need co-ordination. I suggest as an addition to the draft Resolution the following words :—

“ In present circumstances the most urgent need is an improvement in the efficiency, and reduction in the cost, of the transport of agricultural produce to markets and thence to the railways ; future road development programmes should be framed accordingly.”

Mr. Hamilton.—No remarks.

The Hon'ble Sir George Schuster.—I only want to say two things. First of all I want to make it clear, as far as the Government of India's position

is concerned, that we had never contemplated the stopping of this allocation of 2½ annas to the road fund. In none of the forecasts that have been made of revenue under the new constitution have we taken into account the idea of any change in the present arrangements. So that, as far as we are concerned, we have always worked on the assumption that this arrangement would continue under the new constitution. I think I am speaking for both of my colleagues when I say that there would be no objection to this Conference making a recommendation that this arrangement should continue under the new constitution and that we might pass on that recommendation, particularly with the purpose of seeing that the new constitution is not drafted in a form which would actually block the continuance of this arrangement. As Sir Frank Noyce pointed out in his opening remarks, as the plan stands at present in the White Paper, the Federal Government would actually have no constitutional power to allocate to the provinces any part of the proceeds of import duties. As Sir Frank Noyce also pointed out, if Burma is separated practically the whole of the revenue on petrol will be collected in the form of import duties; and therefore if the constitution stands as at present drafted in the White Paper this arrangement would have to come to an end. So I think that it is appropriate to call the attention of the authorities who will be considering the position to that point. I may say that although Sir Frank Noyce said that the Government have not had time to reach any conclusions in the matter, we have actually in the Finance Department sent a memorandum to the Secretary of State on certain financial points arising out of the White Paper and we have already called his attention to this point. But undoubtedly it will be of advantage if there is a recommendation of this Conference to reinforce that.

There is just one other point that I should like to make clear though it has not perhaps much to do with the actual Resolution. Sir Jogendra Singh talked about provincial excises under the new constitution. I really do not know from where he got that idea. As has already been pointed out, the White Paper plan does provide for the Federal Government allocating part of the proceeds of Federal excises to the provinces if it is in a position to do so. But in all the discussions before the White Paper was produced,—and I think those are the ones to which Sir Jogendra Singh referred particularly the report of the Percy Committee,—one of their main ideas has been that the Federal Government will be in a position to maintain its revenues—which they expected might decrease, for instance under the head of Customs, owing to the operation of a protective policy—the Federal Government would be in a position to maintain its revenues by the imposition of national excises. So that, when new forms of excise duties have been spoken about, the idea has been hitherto that those certainly would be raised for the benefit of the Federal Government. So that I think Sir Jogendra Singh perhaps has not got hold of the idea that we at any rate have always accepted in that matter.

Then there is just one other point. There seems to be a suggestion that the proceeds of these allocations from the petrol duties at present are really provincial revenues. But I think it is important to remind representatives here of what the real position is. The Central Legislature agreed to the imposition of the extra 2-anna duty in the budget for 1929-30 with the idea really that that was additional to the duty which it would raise for its own pur-

pose and that the proceeds should be allocated for a special purpose. But no one has ever suggested that that implied that those proceeds really became provincial revenues. I think we seem to have got rather far from the original idea now. I am not saying that the proposal cannot be considered on its merits, but we have got rather far from the original idea now when we are talking not only about treating that 2 annas (2½ annas now with the surcharge) as part of the provincial revenues but actually going beyond the idea which was that this is something additional to what the Federal Government raised for its own purpose in suggesting that out of the Federal Government's imposts for its own purpose another 2½ annas should be conceded to the Provincial Governments. I want to point out that we are departing very far from the original idea when we discuss proposals of that kind. They of course can be considered on their merits as part of a general financial plan. That I think is all what I have to say.

Chairman.—Gentlemen, I have not much to add to what Sir George Schuster has said on this Resolution. I think it can be divided into two parts. The first part is that the Conference considers that the present road development account should be continued at least for the duration of the present constitution. That can be taken separately, and I should like to say that, as Sir George Schuster has explained, we here have no objection whatever to the omission of the words "at least for the duration of the present constitution". They were put in, because so far as the Government of India are concerned, we can only take action for the life of the present constitution. But if it is the view of the Conference, as I am glad to find it is the view, that the road development fund should continue after the present constitution, then we shall be very glad to forward this view to those who are responsible for framing the new constitution. As I explained in my opening remarks, we are fully alive to the fact that scheme of road development cannot be satisfactorily worked out until there is some assurance of revenue resources over a reasonable period of years, and therefore the view of the Conference coincides with our view on this point. We are quite agreeable, therefore, to the omission of these words to which Mr. Singh Roy objected, and we shall take action to forward the views of this Conference to the Home authorities. I trust that will meet Mr. Roy's point.

Now, gentlemen, as regards the second part of the Resolution I think there is general agreement with our view that there should be a somewhat wider latitude in this matter. The most important point which has been made in regard to that is that brought up by Sir Muhammad Yusuf which has been dealt with, I think, to a great extent by Sir George Schuster, and that is that the proceeds of this 2½-anna petrol tax should be handed over to the provinces to do as they like with it. In making that proposal he has, as Sir George Schuster pointed out, forgotten the origin of this additional tax on petrol. It was definitely sanctioned by the legislature on the understanding that it would be used for development of roads, and I am afraid that I can see no prospect of our being able to go to the legislature with a proposal that we should give it to the provinces to spend exactly as they like.

The Hon'ble Nawab Sir Mohammad Yusuf—I meant spending on roads.

Chairman.—Even to spend it as you like on roads. In that case it would become a subsidy to provincial revenues. That was not the object with which the surcharge was imposed, and I feel quite certain that as long as it remains the legislature which votes it will expect to see that it is devoted to the purpose for which it was originally intended, subject to the widening of the field which we have now suggested. As regards that, I should like to say that all the suggestions which we have made to-day will be very carefully considered in framing the Resolution which I shall have to place before the legislature in the course of the cold weather session. I take it, gentlemen, that you are generally agreed that the class of development to which the road development account should be employed should be reconsidered; and I should like to know whether you will wish to place on record your concurrence with the amendment moved by Mr. Burt that,

“In present circumstances the most urgent need is an improvement in the efficiency, and reduction in the cost, of the transport of agricultural produce to markets and thence to the railways; future road development programmes should be framed accordingly.”

The Hon'ble Mr. Miller.—I should like to suggest that we might possibly meet again tomorrow morning in sub-committee with the idea of framing a Resolution which will be acceptable to all.

Chairman.—With regard to this point?

The Hon'ble Mr. Miller.—With regard to the whole Resolution.

Chairman.—I do not see any necessity for meeting to frame another Resolution. The Resolution as it stands with the amendment which Government have accepted has been generally agreed to, namely:—

“This Conference considers that the present road development account should be continued, but that the class of development to which it should be applied should be reconsidered.”

Chairman.—That has been generally accepted.

The Hon'ble Mr. Miller.—We want to know under what conditions. My Association cannot accept the Resolution as it stands.

Chairman.—As the hour is getting late, it is time to adjourn. I have no objection, subject to what I am quite certain has been agreed to, to endeavour to find some form of words which will possibly convey the decision or rather the sense of the Conference as expressed this afternoon somewhat more forcibly than the resolution as at present drafted does.

The Hon'ble Mr. Miller.—We will submit it to the main Conference tomorrow.

Chairman.—We will open our proceedings tomorrow by placing on record some revised form of words. I do feel myself, if I may say so, that it would be advantageous if we were to put the first part of the Resolution in a form which would carry more weight than it does now and I should be very glad if the gentlemen who were good enough to help so very effectively this morning would endeavour to render the same assistance tomorrow morning at the same time and at the same place.

(The Conference adjourned till 10-30 a.m. on Wednesday the 26th April 1933.)

*The Conference re-assembled at 10-30 a. m. on Wednesday the 26th April 1933
with the Hon'ble Sir Frank Noyce in the Chair.*

Chairman.—We resume discussion of Resolution No. 6. In accordance with your desire a small committee met this morning and it was agreed that it would be better if the Resolution read as follows :—

Revised Resolution No. 6.

“ This Conference considers that :—

- (a) the present road development account should be continued for the duration of the present constitution and would urge that provision for its continuance be made in the new constitution ;
- (b) the class of roads to which the road development account should be applied, including the maintenance of roads constructed from that account, be reconsidered ;
- (c) in present circumstances the most urgent need is an improvement in the efficiency, and a reduction in the cost, of the transport of agricultural produce to markets and thence to the railways ; future road development programmes should be framed accordingly.”

The only remarks I have to make on this Resolution as redrafted are in regard to (a). The Government of India will of course be very glad to send on the very weighty views of this Conference to His Majesty's Government for their earnest consideration. We will examine the point ourselves and forward this Resolution to His Majesty's Government with our views. In regard to (b) it will be seen that a very important phrase has been added, namely, “ including the maintenance of roads constructed from that account”. This raises a very difficult problem which will require very close consideration by us in consultation with the Local Governments, by the Standing Committee on Roads and, in due course, by the Legislature when we put before them the Resolution for the continuance of the Road Development Account for the duration of the present constitution which is of course all that we can then do. It will be seen that we have adopted Mr. Burt's amendment in full in paragraph (c). I think that is all I need say. If any member of the Conference wishes to make any remarks on the Resolution as now redrafted we shall be very glad to have them.

The Hon'ble Mr. Miller.—I should like to make it clear that I do not like the implication of (b), but as I understand that this matter will be submitted to the Standing Committee on Roads and that any alteration in the present policy cannot be made without the consent of the Legislative Assembly, I accept the Resolution as it stands.

The Hon'ble Mr. B. P. Singh Roy.—With regard to (b) I may just mention that this policy of allowing maintenance cost out of the petrol tax has been accepted with regard to Bombay.

Mr. P. L. Bowers.—In our programme for 1932-33 we included a sum of Rs. 14,000 for repairs to communications works and this was accepted by the

Government of India. In the programme that we have recently submitted for 1933-34 we have included a sum of Rs. 35,000 for the same purpose.

Chairman.—They must have been special cases.

The Hon'ble Dr. P. S. Deshmukh.—May I suggest with regard to (b) that the period during which money from the Road Development Fund should be diverted towards maintenance of roads should be limited to the period of financial depression and should not exceed that. I think the words, "provided that this diversion is limited to the period during which the financial depression exists" should be added to part (b).

The Hon'ble Mr. Miller.—Who is to decide when the depression ends?

The Hon'ble Sir Jogendra Singh.—I just want to correct what I said about provincial excises yesterday. What I meant was federal excises mentioned on the margin of paragraph 137 of the White Paper.

The Hon'ble Mr. B. P. Singh Roy.—I may mention at this stage that I do not agree with the Honourable Minister from the Central Provinces that it should be limited only to the period of financial depression. That is not the view of Bengal.

Chairman.—As there is some disagreement with regard to Dr. Deshmukh's proposal, I do not think it necessary to put it formally before the Conference but I can assure him that when examining this question in consultation with Local Governments his point of view will be placed before the Local Governments. I trust that that will meet with his approval.

In those circumstances, Gentlemen, I may take it that this Resolution, as now drafted, represents the general sense of the Conference.

The Resolution as adopted by the Conference was as follows:—

RESOLUTION No. 6.

This Conference considers that—

- (a) the present road development account should be continued for the duration of the present constitution and would urge that provision for its continuance be made in the new constitution :
- (b) the class of roads to which the road development account should be applied, including the maintenance of roads constructed from that account, be reconsidered :
- (c) in present circumstances the most urgent need is an improvement in the efficiency, and a reduction in the cost, of the transport of agricultural produce to markets and thence to the railways ; future road development programmes should be framed accordingly.

Chairman.—I will now pass on to Resolution No. 7.

The Resolution for discussion was as follows :—

RESOLUTION No. 7.

This Conference considers that it is necessary to study the question whether the present lack of balance in the road systems will, if the means of development are restricted to revenue resources, be susceptible of correction either at all or at a rate consistent with the economic needs of the country ; and accordingly recommends that a comprehensive plan should be drawn up with a view to examining the possibility of development from loan funds.

Chairman.—Before I take up this resolution I have to bring to your notice an amended resolution proposed by the Government of Bengal as follows :—

“ This Conference recommends that a comprehensive plan should be drawn up with a view to examining the possibility of developing both main and subsidiary roads from loan funds ; and of providing for the maintenance of roads constructed or improved from loan funds or special grants ”.

I may say that we received this by telegram on Thursday last, after we had finally considered the terms of the resolutions to be laid before you, and when there was insufficient time left for us to ask for further explanation of its implications. I think therefore that, as this amendment has been formally proposed, my best course will be to call upon the Hon'ble Mr. Bijoy Prosad Singh Roy to move it before the general discussion begins, so that he may explain precisely in what respects its objects differ from those underlying the original resolution. As this is merely a discussion to elicit the general opinion, there need be no question of formal or Parliamentary procedure in the moving of an amendment or in the discussion thereon. If in effect we find that there are two substantially different proposals before you it will be open to any one to voice his opinion on both.

On the main points of substance of our resolution I do not propose to enlarge. The questions raised are largely financial and therefore before I call on the Hon'ble Mr. Bijoy Prosad Singh Roy to move his amendment I will ask my Hon'ble colleague Sir George Schuster to explain the position from the point of view of the Government of India.

The Hon'ble Sir George Schuster.—I propose to deal on very broad lines with this subject—with the purpose chiefly of putting in its proper setting the idea of launching a programme for building roads out of loan funds. My remarks will be partly cautionary and partly encouraging. I have always held the view that an adequate financial policy does not consist merely in raising taxes with one hand and keeping a tight hold on the strings of the money bags with the other. Those are indeed necessary tasks, but they are of a negative character, and it is equally important to pay attention to the development of the country's economic resources, so that the taxation required to produce the necessary revenue may be a lighter burden. Nevertheless a Finance Member when he starts encouraging expenditure is liable to be misunderstood, and it is very necessary to emphasise that the only kind of expenditure on which he can look with favour is expenditure which is economically productive and likely to increase revenue.

Now from the cautionary and encouraging things which I have to say, I will start by calling attention to an encouraging aspect of the situation. There is no doubt that the power of the Government of India to help developments on lines referred to in the resolution has recently been greatly strengthened in two ways. In the first place the credit of the Government has strikingly improved and we have been able recently to place loans for enormous amounts in conversion of existing loan liabilities and for the funding of our floating debt on terms which two years ago would have seemed impossible. There is every indication that these conditions will continue. If we can borrow money at or under 4 per cent., capital expenditure becomes economically justifiable, which with rates at 6 per cent., for example, could not be considered.

In the second place the commitments of Government for capital expenditure have been enormously reduced. When I first came to India at the end of 1928 the Government were committed to a programme of capital expenditure on railways at the rate of 30 crores per annum. In fact railway capital expenditure in the years 1928-29 amounted to 32 crores and in 1929-30 to 30 crores. For 1933-34 the capital programme has been reduced to 2 crores. Now this reduction in capital commitments is not entirely a temporary restriction due to financial stringency. Although expenditure has been so drastically cut down, the railways have not been starved. I think the Chief Commissioner of Railways will bear me out if I say that no really necessary works have been omitted and though there may be certain desirable works which have been postponed, no arrears of essential work have been allowed to accumulate. We can face the future with a clean sheet, and the prospect when we do so indicates a very great change from the outlook which prevailed a few years ago. I think that the Hon'ble Sir Guthrie Russell will again bear me out if I say that we do not see before us at present any need for heavy expenditure on new railway lines in order to keep pace with the needs of the country. There are perhaps one or two projects formerly considered and laid aside which might be taken up with advantage, and there are certain areas like the Sukkur barrage area where new developments may have created new needs. But broadly speaking I think we may say that the demands of the railways for capital expenditure in the next few years can be limited to a figure which will leave a substantial margin for capital to be raised for other purposes without overtaxing the capital resources of the country. I do not wish to suggest that the days of capital expenditure on the railways have entirely passed, for I am certainly not one of those who think that railways are an obsolete or even an obsolescent form of transport. There is always a justification for capital expenditure which will improve operating efficiency and reduce working costs, while, when better times come and the normal increase of traffic is resumed there will undoubtedly be calls for increasing the carrying capacity of the railway system. But with the development of road traffic there will be a diminished need for branch railways, and at the moment I think we are all agreed that the main need on which the country should concentrate during the next phase of development is to develop the road system so as to bring that into balance with the railway system and provide a better circulation of traffic to the railways—which must still remain the main arteries in the country's system of transportation.

It may be argued on the strength of the position which I have described that as the Government can rely on raising a certain amount of money from the

investing public each year, then if that money is not required, as it has been hitherto, for capital expenditure on railways, it ought to be used for roads. I do not deny that that is a possible conclusion, though I must point out that communications do not provide the only channel for economic development which needs attention. Irrigation projects, power projects, and many other kinds of public works may make equally important demands on the capital resources which can be raised, while there is the further point that India in the future may require a greater share of its investment capital for industrial development through private enterprise than has hitherto been the case. Moreover, in whatever we do we must be careful not to overstrain our resources and put ourselves in the position of having to raise from the public larger sums of money than are actually demanding investment. I may indeed say at once, in order to avoid misunderstanding, that there is no prospect of our launching out again in the near future into capital expenditure programmes for any purpose on the scale of five years ago.

These are all very important and wide issues with which I cannot deal fully today. But whatever the force of the reservations or limitations which I have mentioned, I think we may assume for the purposes of the present discussions that Government will be able to raise loan capital on reasonable terms which would be available for road development, we must then ask the question - would it be right to finance road development on these lines? In the first place I want to mention certain elementary points which I have little doubt are already appreciated by you all. There is no magic in raising money for development by loans, for, unfortunately, there is no method of getting something for nothing in this world. The process does not relieve revenue in any way, for ultimately the cost has to fall on revenue, seeing that provision must be made out of revenue to pay the interest on the loans and provide for their amortisation. The real practical difference between construction from loan money and construction from revenue is that, if loan money is raised, substantial expenditure can be concentrated in a short period without putting an unbearable burden on the tax revenue of that period. The loan method makes it possible to anticipate developments. That is the essential implication of this resolution, for the point which it makes is that if there is a lack of balance in the road system, and if the need for its correction is so urgent that the country cannot afford to wait while the works are constructed bit by bit from what is available each year from revenue, then there may be a justification for speeding up the process by raising loans. But it must always be remembered that the interest and sinking fund on those loans must be met from future revenue.

And there is another point also to remember; the maintenance charges have to be met as well. Roads may be valuable assets, but they are also liabilities, and if loan money for road construction is made too easily available there is a great danger lest the attraction of the immediate provision of the assets may lead the spending authorities to ignore the other side of the picture, namely the liabilities which are involved. This really brings me to the crux of the whole matter. I have already said that the first justification for the construction of roads from loans rather than from revenue must be that construction from revenue would be too slow to meet the needs of the case, and I now come

to the second point which is even of greater importance—that such a process will ultimately do great harm to the country unless the construction of roads can be relied on so to improve its economic productivity, and therefore its taxable capacity, as to cover the cost not only of the service of the loans but of the maintenance of the roads.

The fulfilment of this last condition is not always easy to establish. In the case of railways, where rates and fares are charged for their use, it is possible to make traffic estimates which can be exactly weighed up against the known costs of interest charges, operating costs, and maintenance. In the case of roads the returns are indirect: they are not easy to isolate or estimate; and, moreover, they may flow in a number of different channels, not all of which will benefit the authority which is responsible for road construction.

Having indulged in these general observations, I can now make clear what would be the general attitude of the Government of India on this whole question. In the first place I must emphasise as strongly as I can that we think it would be very dangerous to come out at once with a general announcement that we are prepared to finance a grandiose scheme of road development by loan funds. That might lead the authorities concerned straight into the danger which I have already indicated, by providing them with a temptation to construct assets without considering the liabilities involved. To announce a plan for the raising of loans and then, as a second step, to consider schemes for spending the money, is to put the cart before the horse. It is the schemes that must come first, and then, if after the most careful scrutiny it is reasonably established that they satisfy the conditions which I have stated above, the provision of loan money can be considered. But, I may be told that a refusal to accept any commitment in advance as regards the provision of funds may be going too far in the contrary direction, and that unless the authorities can be given some reasonable expectation that if they put up satisfactory schemes the money will be forthcoming, then there is little hope that they will take the trouble to work out schemes. We recognise that there is something in this point, and I am prepared to meet it by a definite statement that if schemes satisfying the necessary conditions are put forward by the Provincial Governments, then the Government of India is prepared in the present conditions to give favourable consideration to raising loan money to finance such schemes.

From what I have said it will be clear that if there is to be any progress in this matter, the next step is for the Provincial Governments to work out and put forward schemes for road development which would satisfy the conditions laid down. That is to say, they must be prepared to satisfy the Government of India that they can provide for the service of the loans and the maintenance charges, and that the roads will really increase economic productivity. As to the last point, it will be mainly for the local authorities to select the projects, but it is clear from what has been said in the course of discussions on previous resolutions that the Government of India's present view is that at least in present conditions, efforts should be concentrated not on Grand Trunk roads which would look very fine on a map of India, but on the less spectacular task of developing rural areas, especially the completion of communications between producing centres and markets, and between markets and railways. We have heard a good deal in the course of discussion on various resolutions of the

apparent antithesis between road and railway interests. There may be, as a result of construction which has already taken place, conflicts of interests in certain areas, but I believe myself that so far as new construction is concerned, the public authorities of India can find projects to occupy them for many years to come which will not only not conflict with railway interests, but will actually benefit them. We trust therefore that the Provincial Governments will be able to put before us projects of this kind.

I have confined my remarks to broad questions of principle, and I have not thought it suitable at this stage to go into elaborate detail. But there is one important point of detail on which I think I should say something, and that is the classes of development to which loan funds may properly be applied. One may classify work in this connection under three main heads: first, the provision of bridges and other long life benefits; secondly, reconstruction in more expensive materials for eventual economy; thirdly, general development including earth road improvements and other work of no lasting value unless regularly maintained. It is clear of course that the maintenance liabilities in respect of different types of work falling under these three heads might considerably vary, and this point must be taken into consideration in deciding whether a particular project is a proper subject for loan finance.

In conclusion I would say this. Although I have mainly concentrated on the restrictions or conditions which must be imposed on any general plan for constructing roads from loan money, I may say that if projects could be put forward which would satisfy the necessary conditions, we should greatly welcome the opportunity of inaugurating constructive work of this kind in the present time of unexampled depression. It is just in such times as these that a Government ought to make plans for the future and to find means for the expenditure of money which will do something to relieve the present distress. But such plans must be carefully chosen, for if they are a mere dead-weight burden, then in the long run they will do more harm than good and the taxpayer of the future will find that the present relief has been too dearly bought.

The Hon'ble Mr. B. P. Singh Roy.—Sir, in moving the amendment which stands in my name I may state at the outset that Bengal yields to none in her desire to see that the price of agricultural produce may improve. Her prosperity depends entirely on the prosperity of the agricultural population. Land revenue is one of the main sources of our income, and naturally we are much interested in agricultural prosperity, and I do realise that agricultural prosperity depends largely on the improvement of our feeder roads. There is not much difference between the Resolution as it stands on the agenda and the amendment, save and except that I have tried to make it clearer and I wanted to introduce the question of maintenance which has been so much stressed, and if I may submit without impertinence, so rightly, by the Hon'ble the Finance Member. We are all anxious for the improvement of roads but we must be assured about the future maintenance. We do not want to find, as the Hon'ble the Finance Member has said, the roads improved out of the petrol tax becoming dead-weight on the future taxpayer. Roads are assets as well as liabilities; that is why we want the question of maintenance also to be examined along with the question of loan. This is the time, as the Honourable Sir George Schuster has pointed out, when money is cheap and labour is

cheap and people want employment, for undertaking schemes of improvement of roads through loan. But at the same time the provinces, and specially the province of Bengal with its chronic deficit, is very nervous about improving roads without making adequate provision for their future maintenance. As I pointed out yesterday, with our 4·5 lakhs of road cess and about 9 lakhs petrol tax,—it is altogether 13 lakhs but out of that nearly 4½ lakhs goes to the Calcutta Corporation leaving 9 lakhs for extra-municipal roads,—we find it extremely difficult to maintain the existing roads. Our total milage of roads comes to about 36,000 miles of which about 3,500 are metalled roads. So it is rather a big problem with us. If our roads are developed rapidly we shall have to find money for their maintenance. So it is only meet and proper that the two questions of development and maintenance should be considered simultaneously. The Mitchell-Kirkness Committee in paragraph 90 of their Report summarised the reasons why a comprehensive scheme should be taken up and they say (1) that the present lack of balance in the system of road development can be corrected only by development of roads on a consistent plan; (2) to be effective such a plan must be impartially financed from loan funds to the extent to which future maintenance can be relied upon. So this Committee too has realised the necessity of stressing this question of maintenance. (3) That such programmes as exist are more for development of main trunk roads than for all-round improvements. (4) The preparation of more comprehensive plans appears to be necessary if advantage is to be taken of the turn in the financial side, when it comes. (5) A comprehensive plan is very desirable for undertaking all-round development of roads including rural roads.

Sir, I entirely agree with the grounds that have been adduced by the Committee and my only point is that the question of maintenance and the question of development of roads through loan should be simultaneously examined, so that the roads when developed may not prove a heavy burden on the provincial exchequer or on the local bodies.

Chairman.—Gentlemen, I think it is quite possible to combine the Hon'ble Mr. B. P. Singh Roy's amendment with the original Resolution and I think the original Resolution would be greatly improved if we did so. I would venture to ask if the amendment I am now about to read will meet his point:—

“This Conference considers that it is necessary to study the question whether the present lack of balance in the road systems will, if the means of development are restricted to revenue resources, be susceptible of correction either at all or at a rate consistent with the economic needs of the country; and accordingly recommends that a comprehensive plan should be drawn up with a view to examine the possibility of development of both main and subsidiary roads from loan funds within the limits of the resources available for maintenance.”

The Hon'ble Mr. B. P. Singh Roy.—That will meet my point.

Mr. Reid.—Mr. Chairman and Gentlemen, except in so far as I consider that a review should be undertaken in order to examine how a comprehensive plan of road development can be financed, as this is largely a question of Government finance, I have no special views to express on this Resolution.

Mr. C. R. Sumner.—Sir, the Finance Member has indicated a prospect that money from loan funds may be forthcoming in respect of deserving road development projects. The Inland Steamer Companies welcome this indication expressing at the same time the opinion that the “suitable machinery” referred to in draft Resolution No. 8 should be inaugurated at the earliest possible date.

Mr. H. E. Ormerod.—I should first like to express on my own behalf and on behalf of my Association grateful thanks to the Hon’ble the Finance Member for the remarks he has just made. I did not find anything discouraging therein, but entirely encouraging. My Association have never advocated the adoption of a grandiose scheme of road development and especially in these times will give their support to any scheme of gradual road development, such to be governed by existing conditions from time to time.

Some of the remarks I am about to make have been written before I had the honour of hearing the Hon’ble the Finance Member’s speech, and I hope that will be appreciated.

My Association, Sir, is in full sympathy with the Government resolution recommending that a comprehensive plan should be drawn up with a view to examining the possibility of road development from loan funds. In this connection we wish to point out that up to quite recently road development in India was very local in its outlook and object, and it is only in the last few years that wider considerations have been recognised.

From 1853 to the present time much attention has been given to railway development, and railway progress has been continuous from 1827, resulting in the construction of 37,629 miles of lines during the 68 years commencing 1853. This development has provided India with a railway transport system which is only partially capable of moving its vast resources to ports of shipment for supply to the world’s markets. But it does not provide the necessary links from the interior to the rail heads,—a long felt want which can only be supplied by feeder roads being built from villages in the interior to railway stations to a pre-conceived plan based on the agricultural requirements of each district.

Continuity in road programme has been lacking because no system of financing roadways to serve India has been developed during the period when railways were receiving the attention of Government, this being the natural result of an outlook concentrated primarily on other needs. The time has come now, however, when this neglect should be remedied, and it is encouraging to know therefore that Government is proposing that a comprehensive plan should be drawn up for road development with a view to financing it from loan funds.

In most countries a national movement demanding more roads and better surfaces to meet the requirements of agricultural and industrial advancement, has brought about rapid road development, particularly during the last few years. India, however, has until quite recently, lacked any national feeling in this connection, and road development has been patchy, being unsupported by the necessary finance and a programme to work to over a number of years.

With these conditions, progress has been necessarily slow and uneconomical and we welcome this suggestion of the drawing up of a comprehensive plan.

In the preparation of such a plan it will be necessary to avoid the temptation to deal with individual roads as isolated problems, because such methods lead to mistakes and undue importance is assigned to a particular road by reason of a parochial outlook.

Wider considerations must prevail and the aim should be to plan out a scheme of roads, inter-locking with other existing and contemplated systems of transport. It does not matter that these plans cannot be carried out at once, what matters is that when any section is undertaken it shall form a useful part of a complete whole.

Roads in India being a transferred subject it is always difficult to have the matter viewed in this light, although it is obvious a comprehensive scheme would be justified by the economies which could be effected.

On the one hand Provincial Governments by displaying too keen an interest in maintaining local control have neglected to seek assistance from the Central Government in matters in which they might readily help them in road development, while on the other hand it has been found that suggestions emanating from outside provincial sources have been looked upon as an unnecessary interference with local rights and have been deeply resented.

A change in the right direction was made when the two-anna tax on petrol for providing revenue for road development purposes was accepted, this suggestion first emanating from my Association, and Provincial Governments were not slow in registering their approval of our suggestion that this tax should be introduced solely for road development purposes.

The general public willingly agreed to the tax, only demanding in return that the proceeds should be earmarked for new road development, the Central Government being requested to control distribution to ensure the expenditure of grants from this tax on schemes previously approved of as meeting with the conditions laid down.

The control of the Central Government in this respect was, I think, misunderstood in some quarters at first, those concerned failing perhaps to appreciate that the move was actuated at the insistence of the subscribing public and not from any intention on the part of the Central Government to obtain control over provincial road matters. Such misunderstandings are always likely to occur when schemes embracing new ideas are first put up, and in the case in question it appeared at one time as though the jealousy prevailing in provinces on matters concerning transferred subjects would wreck the entire scheme.

Fortunately however, this feeling rapidly disappeared when the scheme was understood, and the advantages to be gained from the adoption of it were fully appreciated. Similar misunderstandings are likely to arise when the proposed comprehensive scheme is discussed with provinces, but I hope that any fears or suspicions that may arise will rapidly disappear when the advantages to be gained by co-operation are fully understood.

In the report of the Indian Road Development Committee it is stated that :—

“In England the growing sense of national responsibility for roads subsequently led to the enactment of the Development and Road

Improvement Act of 1909. Under the provisions of this Act a Road Board consisting of 5 Members was created in the following year, in which the administration of the Road Improvement Grant was vested, subject to the control of the Treasury. In its administration of this money the Board could borrow upon the security of the grant, it could make advances to Highway Authorities in the form of grants or of loans for the improvement of existing roads or for the construction of new roads, but not for ordinary repairs. The life of this arrangement was brief, for during the war it became impossible to continue these credits to the Road Improvement Grant.

After the war national participation in Road Administration and Finance was consolidated and extended by the Road Act of 1920, the powers previously vested in the Road Board were transferred to the Minister of Transport, and a Road Fund was created in which were merged the outstanding credits and liabilities of the Road Improvement Grant. Under the Ministry of Transport Act the Minister was empowered to classify roads for the purpose of making advances from the Road Fund, while the previous prohibition of advances for repairs was not repeated. At the same time the method of taxation of motor transport was changed, a tax on motor vehicles designed to produce an annual revenue of about seven million sterling (instead of one million as before) taking the place of the duty on motor spirit which was abolished.

These various enactments may be said to mark the definite acceptance by Parliament of the principle that roads are of national importance and a fit object for expenditure from national revenues ”.

We cannot follow this example exactly, but we can surely use it as a guide.

It is true there are difficulties to be contended with in the preparation of any such scheme, but they must be faced sooner or later, and the longer the matter is delayed the more difficult it will be to overcome them.

Referring once more to railway development it is interesting to note that in the remarkable progress made in India in the 68 years mentioned above, the largest addition to the miles of railways laid was made in a year when finances were not exceptionally favourable. This knowledge, Sir, should prevent us from feeling disheartened by the stringency of present financial conditions, and, taking other countries as a guide there is no reason why the public should not be asked to provide the capital required for special purposes, such as the building of bridges and the improvement of high maintenance cost roads, in a similar manner to that adopted so successfully in Italy, America and Australia, to quote only a few examples ; while to correct the present lack of balance in the road system my Association considers that provision should be made in future for road development to be financed from funds provided by Road Bonds or a Road Loan and that as soon as, but not before this principle of financing roads is accepted, a comprehensive plan should be drawn up for the development of communications in the manner indicated in Government's resolution.

Mr. Conran Smith.—Mr. Chairman, I know that I am voicing the feelings of all the provincial representatives if I convey our gratitude to the Honourable Sir George Schuster for the clear exposition which he has given us of the position and that exposition I feel renders any further discussion unnecessary at present. He has already put very clearly the only point which I desired to make, which was that the development of roads should be regulated by the funds available for the maintenance of roads and that point has been further stressed by the Honourable Minister from Bengal and is I think adequately met by the amendment which you, Sir, have just read out to us. That being so, I accept the resolution and the principle underlying it of road development by a road loan.

Mr. P. L. Bowers.—Mr. Chairman and gentlemen, before dealing with the problem of how our road development is to be financed, I should like to call your attention to one aspect of the subjects under our discussion which has a considerable bearing on the case and which seems to have been lost sight of by all Provinces, who have apparently accepted the White Paper allocation of Roads as a transferred subject without giving thought either to the question of the strategic roads of India, or without considering the interests of the Federal Government in these roads and their obligation to maintain them in a condition suitable to the requirements of all forms of Military Transport. If I understand the general feeling of this Conference rightly, the majority of the Provinces, while insisting on a contribution from the Federal Government towards the development and maintenance of Roads, wish to deny to that Government any voice in the expenditure of that money. This appears to me to be a perfectly impossible situation for the Federal Government to accept, as it is laid down in the White Paper that the defence of India in times of emergency is a Federal Subject—and as the defence of India involves the movement of troops with their attendant transport over the strategic roads of the country, the Federal Government can neither leave it to the Provincial Governments to decide the standard to which strategic roads should be developed and maintained, nor can it evade the responsibility for the provision of funds to develop and maintain these roads to the necessary standard.

Let me remind you, gentlemen, that the original roads constructed were for the most part strategic—in that they linked together the large cities and towns of India the majority of which were then Cantonments. These roads have since been maintained by the Provincial Governments for administration purposes, and in the majority of cases the standard to which these roads have been maintained is very much the same as the standard to which they were originally constructed.

When Railways were first introduced they were for the most part strategic and followed the lines of the existing roads—linking up the large cities and towns of India. These Railways although they were of enormous assistance to the administration of the provinces, have always been a Government of India subject and except in cases when the requirements of a Province have necessitated the construction of Branch or Feeder lines, the Provinces have not been required to contribute towards their construction or maintenance—with the advent of Railways, roads from a strategic point of view became of secondary importance in that their use for military purposes was only contemplated

in the event of a break-down of railway communication leading to the place of operations. With the introduction of mechanical transport, the situation has changed entirely—the Army is becoming more and more mechanised and in the event of a sudden emergency not only would the larger part of its transport be moved to the base of operations by road, but large bodies of troops would most certainly be conveyed by road.

In fact as far as the movement of troops in times of emergency is concerned Railways are now rapidly becoming complementary to roads. With the advent of mechanical transport the standard to which strategic roads have to be developed and maintained has been raised involving expenditure which is far beyond the resources of any Province, with any appreciable length of strategic road in its area.

The Bombay Government considers that the time has now come when Provincial Governments should be relieved of this responsibility for the development and maintenance of strategic roads, and they therefore urge most emphatically that, as the development and maintenance of these roads is a responsibility which the Federal Government cannot evade, strategic roads should be a Federal Subject.

They are willing to be responsible for developing and maintaining strategic roads to the standard required by the Federal Government—from funds provided by that Government—and suggest that this procedure should be followed in the case of Provinces and States which in the opinion of the Federal Government maintain an Engineering Service capable of carrying out the work.

If this procedure is followed the responsibility of the Federal Government for the development and maintenance of strategic roads will not involve the maintenance of a Federal Engineering Service of any considerable size.

I will now turn to the question as to how road development generally is to be financed. The view of the Bombay Government on this more important subject is:—That in view of the many emergent retrenchments which have to be replaced in this Presidency and the urgent need of expansion in almost all departments and in view also of the very large loan commitments which we are already carrying it is suggested that it might be stated definitely that, until it is seen how the new financial settlement works out, the Bombay Government would not be prepared to raise loans for road development on the security of any of its own resources. Then remain the question whether this Government should advocate the raising by the Government of India of loans for provincial road development secured either on petrol tax receipts or on the security of the general revenues of the Government of India.

On the one hand the view of the road engineers is that the Presidency's road system cannot be organised on a basis suited to modern traffic unless there is a large amount of capital expenditure on road reconstruction in the very near future. There are however other important financial and political considerations. Such loans could only be raised if the Central Legislature committed itself to, e.g., the additional petrol tax and to earmarking receipts from it for road development over a long period of years. The examination of the various reports on federal finance indicates that if the Federation is to cede any appreciable amount of income tax to the Provinces in the future it will have consider-

able difficulty in balancing its budget. It may be said that this is a matter for the Central Government to decide. But since an important factor in the improvement of the financial position of the Presidency will be the early allocation of some share in the income-tax receipts it is suggested that it is undesirable to press for any course which might imperil that. And the definite earmarking as security for a loan of *any* Central source of revenue necessarily reduces to that extent the resources of the Central Government and their ability to give up income tax revenue.

The view of the Bombay Government in regard to draft resolution 7 therefore is :—

- (a) The Bombay Government would not at present be prepared to raise loans for road development on the security of its own revenues ;
- (b) They do not desire to express an opinion at this stage upon the proposal to raise loans for road development on the security of petrol tax or any other Central source of revenue. But if the Government of India contemplate such a scheme the Bombay Government would desire to be consulted before it is undertaken.

Chairman.—There is just one point on which I should like to comment regarding what Mr. Bowers has said. I can assure him that the important point raised in the first part of his speech has not been lost sight of. The papers which we are going to circulate to provincial representatives during the course of the day will show that it is a point that we propose to discuss with them in the course of our further consultations with them. I think it will be generally agreed that it is hardly a point which arises on the resolution which is at present before us.

The Hon'ble Mr. B. P. Singh Roy.—I have no remarks to make.

The Hon'ble Nawab Sir Mohammad Yusuf.—After listening to the lucid and convincing speech of the Finance Member I must say that I have to modify my attitude towards this resolution. The point we have got clearly to bear in mind, and there cannot be two opinions on the subject, is that we are all here to see that there shall be a general development of the rural road system, that there should be an improvement of the feeder roads and that we should add more feeder roads with a view on the one hand to help the railways and on the other to make it possible for the agriculturists to bring their produce to the market more easily. All these facilities have necessarily got to be granted to the people in the rural areas if we are generally to improve our economic condition and if we are to solve the great problem of general depression with which we are faced. But the main question is whether this loan is to be raised on the resources of the Government of India or whether the Local Governments will be called upon to pledge their resources for the purpose of raising the loan. In other words, is this loan to be raised by the Local Governments or by the Central Government ? I take it that it is contemplated that the loan should be raised by the Central Government on the income from petrol tax and other revenues that the Government of India derives. In this connection it becomes at once pertinent to ask whether the Government of India thinks that when a most elaborate plan is

drawn up and the Local Governments are called upon to give effect to that programme it can expect, bearing in mind the present financial position of the provinces, the Local Governments to maintain those roads. That is the real crux of the matter. The Government of India must necessarily look into the question of maintenance of such roads also. If any such loan scheme is to be drawn up by the Government of India in the interests of the railways and also in the interests of the general rural public, then it must make it clear how we are going to maintain those roads. Our present finances do not permit the maintenance of any additional mileage of road that we may put on with a view to improve the general communications of the province. Therefore I hope that this aspect of the question, namely, how these roads are to be maintained will be very carefully examined. My suggestion is that the Government of India should be prepared to allow the maintenance of such roads also to be made out of this loan fund, in other words that if the Government of India is to prepare any uniform loan plan and calls upon the Local Governments to execute that plan it must be prepared.

Chairman.—The plan will be prepared by the Local Governments and not by the Government of India.

The Hon'ble Nawab Sir Mohammad Yusuf.—Let the plan be prepared by the Local Government, but the money should be provided by the Central Government for the purpose of adding new mileage and also for the maintenance of those roads. If that is the position, then I am in entire agreement with the proposal. But if the idea is simply to draw up a programme and inflict that programme upon the province and compel the province to maintain those additional roads built out of this fund, then I am afraid no province will agree to it. It is clear that we have not got the funds to maintain the roads, and the local boards would not be ready to maintain them either. If the Government of India is willing to consider this question of the maintenance also, then probably it will be a practicable scheme. Otherwise, there is no use our examining the whole thing. The whole thing will simply be examined and then shelved and probably we shall have to wait for a very long time indeed before any step could be taken in this direction. With these remarks I express my general agreement with the spirit of the resolution.

The Hon'ble Sir Jogendra Singh.—I think I must begin by expressing my deep sense of satisfaction at the announcement of policy which the Honourable the Finance Member has just made. To my mind it marks the starting point of a dynamic policy in improving the economic conditions of the people. Roads are important, but more important is the development of agriculture and industries, and what the Honourable the Finance Member has just said gives me hope that the Government of India are now prepared to initiate a new policy and a constructive policy with a fixed programme to improve the agricultural and industrial conditions of the country. We in the provinces have been looking forward to such a policy and I feel I must congratulate the Honourable the Finance Member and the Government of India for having at least recognised the need of improving economic conditions.

Now, taking up the resolution as it stands, I would deal with the resolution as framed. I was rather puzzled in the beginning as to what was meant by an

unbalanced road system. Its definition is provided in paragraph 7 of the Report, and the definition is that a road system is unbalanced because all its roads are not maintained up to a uniform standard. I am not quite prepared to accept this definition. I am prepared to admit that our road system is incomplete, that there are roads in various standards of maintenance, but they are not unbalanced. If it is meant that the road system in various provinces is not complete and it should be completed by raising loans then the position of the Punjab would be the same as that stated by the Bombay representative. So far as our provincial resources are concerned, we are not in a position at present to pledge any of our resources to raise any loans. And so far as the surcharge on petrol tax is concerned—and I gathered in the beginning that a loan could be raised on the basis of this asset, but yesterday it was made clear that the fate of this source was not quite settled—it is uncertain whether in the new federal scheme this source is to be available to the provinces. The position of the Punjab Government in this matter is that we consider that it would be bad finance to apply the loan fund to any form of road development the life of which could not be expected to exceed the period of amortisation of that fund. We consider that such a fund might perhaps be applied to the provision of bridges and acquisition of land. It must be realised however that the whole question is a highly technical one which requires further examination.

Even if the policy suggested above is accepted the general programme must essentially depend on the financial position in the provinces, and until the service of loan and annual maintenance of new roads can be met from revenue it is useless to draw up a comprehensive plan. In the present state of the finances of the Punjab there is little prospect of our carrying out a further programme of road development until we get a share of income-tax or a larger share of motor taxation.

Having said that, I wish to say one or two things in regard to what Mr. Ormerod said regarding the attitude of the provinces in the matter of roads. I do not know where he got his information from that the provinces were reluctant to open any communications. I do not think there is any province which has not done its best in the matter of road-making within its resources. So far as we in the Punjab are concerned I am not aware of any suggestion made by his Association which has not received our careful consideration. He talked of a comprehensive road plan. Any comprehensive road plan from an all-India point of view can only concern inter-provincial roads and these have already been constructed. So far as roads in the provinces are concerned, I do not think any body of experts sitting at the headquarters can provide the material for making a programme which can only be prepared in the province itself. So far as inter-provincial roads are concerned, the provinces would welcome any suggestion that any body of experts can make to improve them. As I am on the point of inter-provincial roads I do wish to mention a fact which is of more than provincial interest. We were faced with a difficulty, and that is the question of keeping inter-state and inter-provincial roads open. It arose like this. There was a bridge on the Murree-Kashmir road and this was swept away in a flood. Now, this road has been maintained by the Punjab Government and the Kashmir Government for many years. The Kashmir Darbar then said that they wanted this bridge no more and the road must be closed. In a matter

like this we certainly need the assistance of the Central Government to see that inter-state and inter-provincial communications are kept open.

In conclusion I only wish to express my own opinion, that we would certainly welcome any extension of the road system and to provide as far as possible communications particularly in the rural areas where they are at present lacking, but in the present financial position of the province, and the financial position of the province depends upon the position of the agriculturists and the agriculturists as every one knows have no surplus available to be further taxed, it seems a little premature to commit ourselves to any programme which involves the raising of loans on a revenue which is at present uncertain.

Mr. Teulon.—I am of opinion that the Government of Burma will accept the principle underlying the redrafted resolution and will be prepared to consider it in detail.

Mr. Gubbay.—Sir, I associate myself with the views expressed by Bengal. The principle mentioned in the redrafted resolution is accepted, but it is necessary to emphasise that the question as to how additional maintenance charges and funds for the service of a loan can be met is really the crux of the problem and still remains to be solved. Until this has been solved the policy outlined must remain as far as Bihar and Orissa is concerned, the expression of a pious hope.

The Hon'ble Dr. P. S. Deshmukh.—Mr. Chairman, the Government of the Central Provinces had some doubts about the policy of road development from loan funds. Those doubts have however been removed by the lucid speech of Sir George Schuster. All that therefore remains for me to say is to associate myself fully with the remarks made by the representative from Madras and Sir Jogendra Singh and accept the resolution as explained by the Finance Member.

The Hon'ble Mr. A. J. Laine.—Mr. Chairman, while we cannot deny that in Assam our road system, is woefully inadequate we do not admit that our system, such as it is, is characterised by any particular lack of balance. Some few years ago we worked out with the assistance of a provincial Road Board a very comprehensive, in fact, I might say, a very ambitious scheme for the development of our road communications. We are adding to it from time to time and we will always be ready to consider the possibility of further expanding and improving it as necessity arises. We have already recognised that if the means of development are restricted to revenue resources we cannot progress at a rate consistent with our economic needs and it was for that reason that some two or three years ago we embarked on the programme that had already been worked out by means of a large loan for which we negotiated with the Government of India. Unfortunately the present financial stringency has compelled us to close down our programme for the time being. The financing of a communication scheme out of loan funds unfortunately presupposes the ability to pay interest on such loans and to arrange for an equated repayment of the capital. This expenditure owing to our present financial straits we are not in a position to face nor do we see any likelihood of our being in a position to meet these charges for some time to come. Until we are in a position to do so,

I fear that the fact that money may be cheaply available in the open market can have little more than an academic interest for us.

Mr. Thomson.—The position in the North West Frontier Province is much the same as that of Assam. I think it is most unlikely that the province will be able to afford the luxury of a loan at any very near date. We are as every one knows dependent on the subvention from the centre and all schemes of development have therefore to be very carefully and parsimoniously considered. I think therefore this Resolution is one which scarcely concerns us at present because more loans mean the payment of interest and the payment of interest means more taxation and I do not think that the North West Frontier Province is in a position at the present moment to pay any more taxes and I believe that many other provinces are in much the same position.

The Hon'ble Mr. Kalikar.—We the members of the Standing Committee on Roads accept the principle embodied in this Resolution but we do not like to make any detailed observations at this stage.

The Hon'ble Mr. Ghosh Maulik.—I find myself in complete agreement with the remarks made by the Minister from Bengal but at the same time I would like to urge that before loans are raised and utilised for the development and maintenance of roads we must be assured that the schemes are paying and that the interest and the sinking fund necessary should not be chargeable to general revenue. I would further like to point out that the railway schemes of the future if of an emergency character should not be set aside in favour of road development and money should be set apart for their construction.

Mr. Hamilton.—No remarks.

Mr. Burt.—I should like to draw the attention of the Conference to one aspect of rural road construction from loan funds, *viz.*, roads connected with a new irrigation scheme especially in view of what the Honourable the Finance Member said about the special importance of the development of those roads, the lack of which caused the economic development of the country to be held up. I think that roads in connection with new irrigation schemes should receive very special attention. I am not now thinking at the moment of the roads connected with the recently completed irrigation schemes as we have already heard about the special problems which those present. But it is possible that, with cheap money, new irrigation schemes will be taken up in the future and I want to emphasize the very great importance of the necessary roads forming part of each scheme. If a large irrigation scheme is to be financed from loan funds, the roads needed to get the produce to the market ought to receive attention at the same time as the main scheme itself.

The Hon'ble Mr. Miller.—Surely such roads ought to form part of the scheme. They ought to be so in the case of the Sukkur Barrage.

The Hon'ble Sir George Schuster.—I would just like to make a few remarks. Perhaps I might say at the outset that my feeling after hearing the views of the provincial representatives on the question of loan expenditure on roads was not unlike that of John Gilpin about his wife when he was "rejoiced to find, that though on pleasure she was bent, she had a frugal mind"! Speaking as a Finance Member it is of course pleasing to hear the provincial representatives talking in such a very cautious spirit about accepting commitments for

expenditure, but on the other side I do feel that although we must be cautious we ought not to be short sighted and perhaps the underlying spirit of what I said has not been fully appreciated. What I mean is this. If, by taking a long sighted view, it is possible through a programme of road construction to improve the revenue producing power of a province and the purchasing power of its people, then it might be desirable to launch a programme in times like the present. That really is the essence of the whole matter. If the position is such that the Provincial Governments having carefully considered it feel that no development of roads is likely to improve the economic position of the people for whom they are responsible, then of course it will be folly to undertake commitments now, but if after careful examination there seems to be a reasonable prospect that the development of roads will improve the purchasing power of the community then a good many of the arguments that we have heard to-day fall to the ground, because the result would be that revenue would improve and the extra cost of meeting the service of the loans and maintaining the roads would flow back to the Provincial Governments. I feel very unwilling to appear on the side of those who are encouraging expenditure of any kind, but at the same time I would ask the representatives of Provincial Governments who are here, when they go back to consider with their Governments whether taking a long view of the situation it is not worth while to look at the matter from the point of view that I have indicated in the hope that expenditure now might really prove fruitful in the future. Of course I cannot claim an accurate knowledge of the local conditions in each province and it is quite possible that the Provincial Governments have already considered the matter from this point of view. If so, then the only thing to do is to say as regards this Resolution 'Thank you very much, but as far as we are concerned there is nothing doing'. But if there is any doubt about the matter, any chance that on a reconsideration of the situation, Governments might take a different view, then I would ask them very seriously to consider it. We should certainly like to have the considered views of the Provincial Governments on this whole proposal and if they have plans to put forward we would like to have an opportunity for discussing them with them. The difficulty of course in this whole matter is to be satisfied that the conditions which I have laid down can be fulfilled but I can say that if we were satisfied that the conditions would be fulfilled and if representatives of Provincial Governments came to us and said 'if only we can find the money to develop a particular area we can with confidence look forward to a general improvement in the revenue position', then we should certainly look at that with a sympathetic eye and try to find ways and means in consultation with the Provincial Governments to enable them to carry out programme of this kind. Let us at least discuss it, if there is anything in the idea at all. If there is nothing in the idea, then let us drop it and divert our attention to other things.

I was a little surprised at the attitude of the representative of the Government of Bombay. I was quite prepared in this discussion to find representatives of Provincial Governments very jealous of their own independence in their own areas and very ready to resist any suggestion of interference by any central body in their policy but I was not prepared (I see my friend is not here) for the suggestion that he has put forward that before the Central Government raised

any loan for advance to any province for the purpose of expenditure on roads, the Bombay Government would have to be consulted. I think he based his claim on the ground that the Bombay Government had a prospective and potential interest in our income-tax receipts, and that therefore we must do nothing which might prejudice our position in that respect without receiving the permission of the Bombay Government. That obviously is a position which we have not yet reached and which we cannot accept. We must have perfect freedom to deal with our own loan policy. I must make that quite clear.

There was a good deal of talk as to what was to be the security for any loans that are to be issued. We in the Government of India fortunately have not yet reached the position which is the lot of countries like China and some of the South American republics, of having to pledge their revenues as a security for our loans. We can go into the market and raise money on our general credit and so far as the Government of India is concerned, the question of security does not arise. The process would be the ordinary process. The Government of India would raise the loans and they would advance the money to the Provincial Governments for approved capital schemes, through the ordinary machinery of the provincial loans fund, so that as far as we are concerned, this question of specific security does not arise at all. On some occasions there has of course been a suggestion that the proceeds of the petrol tax allocated to the road fund should be pledged for the purpose of raising capital.

That is an idea of course that might be introduced but there is a certain difficulty in following up that idea now because, as has been made clear in previous discussions, we cannot at this stage with constitutional changes coming, create a position in which any particular province would be assured of its share in the present road fund for a long period of years. Therefore there would be difficulties in pledging that particular source of revenue as security for a loan. But as far as I have considered the programme, any such specific pledge would be unnecessary, for we should, having satisfied ourselves as to a particular scheme, be prepared to advance the money on the general credit of the Provincial Government which wanted the money.

Then there is just one other point. There has been a good deal of discussion on the difficulty of providing funds for maintenance. I made it clear in my opening remarks that that really was the crux of the situation. We recognise that. But it occurs to me that that particular difficulty does not apply in the case of loan raised for the improvement of an existing road for the purpose of reducing maintenance charges. Therefore I would suggest that as a particular case where the Government concerned is already saddled with a liability, and if maintenance charges can be reduced by improving the road, then contrary to the general case, in a case like that you would be able to point to a specific saving which is equivalent really to a specific revenue receipt. It occurs to me that in a case like that it would be possible to work out the finance of a road project much more accurately than in a case where we are anticipating revenue from indirect receipts as a result of building new roads.

Sir Jogendra Singh dealt with certain principles which the Punjab Government would consider ought to be followed. One of his principles was that the life of the road must equal the period of amortisation. That is a very

sound principle. I would myself have put it the other way round and said that the period of amortisation must not exceed the life of the road. But I am a little puzzled by this point because I am not quite clear in my own mind as to what the life of a road is supposed to be. If the road is properly maintained, then surely it lasts practically for ever. The maintenance operations will maintain the condition of that road, and the point really is that in the case of certain roads such as earth roads where the maintenance charges are very heavy in comparison with the original cost, obviously the method of financing from loan funds is *prima facie* a very unsuitable one. However, I do not want to be led into discussions of detail. I want to sum up again what would be the justification of working on a programme such as I suggested in my opening remarks. There are two justifications ; first, that unless you get help from loan funds you cannot carry out road development at the pace which you consider necessary ; and the second justification is that there should be some assurance that the construction of roads will improve the general economic position of the province concerned. I still believe myself that there must be examples in India where in present conditions it would be justifiable to spend a certain amount of the capital that we can raise in the form of road development. I cannot rid my mind of the conviction that there must be areas where in present conditions that form of development would be justified ; and I would end by repeating what I said at the beginning that although many of the provincial representatives seem to regard this discussion as one in which they can only take a so-called pious interest, I hope that when they go back they will consider the matter with their Provincial Governments and give us a chance of discussing plans with them.

Chairman.—Gentlemen, I have little to add to what the Honourable Sir George Schuster has said. I would remind the Conference, however, that all that this Resolution calls for is a study and examination and I understand that that being so, it commends itself to you as we have amended it. There is just one small further amendment that I should like to make in view of what fell from the Honourable Mr. Lainé who holds that in his province at any rate there is no lack of balance in the road system. In view of that I think we might change slightly the first part of the Resolution and I would suggest that it should read as follows :

“ This Conference considers that it is necessary to study the question whether such lack of balance as at present exists in the road systems will, if the means of development are restricted to revenue resources, be susceptible of correction either at all or at a rate consistent with the economic needs of the country ; and accordingly recommends that a comprehensive plan should be drawn up with a view to examining the possibility of development of both main and subsidiary roads from loan funds within the limits of the resources available for maintenance.”

Resolution No. 7 was adopted by the Conference as above.

Chairman.—The discussion on this Resolution having come to such a satisfactory conclusion, I will now pass on to the last Resolution No. 8.

The Resolution for discussion was as follows:—

RESOLUTION No. 8.

This Conference considers that suitable machinery should be established at the Centre and in the Provinces to ensure adequate co-ordination between road and rail transport and their future development.

Chairman.—We are nearing the end of our deliberations in this Conference, and we approach in this resolution what is perhaps one of the most important matters upon which we want to have your advice. Indeed so important is it, that some of you would have preferred to take it up first. But I still think our sequence has been logical. We have discussed certain principles which might guide our future policy, and certain practical measures which might follow, and we now come to the machinery which might be set up to give effect to both.

I am not one of those who would create a new tool to deal with every fresh aspect of administration, and I believe we all share a common reluctance to elaborate administrative machinery, but I doubt if any one could seriously question the need for some adjustment in this case. As affairs progress and develop our methods of dealing with them cannot stand still.

Here, unless the view is taken that in the future, traffic will more than suffice for both roads and railways; that the country will have ample resources for the indiscriminate development of both, and for their support; and that our policy in the past will serve well enough for the future, then there will surely be agreement that some better co-ordination, and some machinery to effect it, are necessary.

But to discuss this question in the light of the present constitution would be to discuss a temporary picture only. We must have regard to the probable future constitution as illustrated by the plan outlined in the White Paper. In this respect this Conference has come at a particularly opportune moment, since, while the forecast is still before us, it is not too late to suggest modifications that may be desirable in matters of detail. It seems therefore to be open to us to consider what is required and then to apply the test of this to those proposals.

It seems that co-ordinating machinery will be necessary at the Centre, in and within the provinces, and between these. There has been some criticism that the existing distribution of portfolios in the Government of India is illogical. As you are aware, Railways are dealt with in one department and Roads, in common with other means of communication such as Posts and Telegraphs, Civil aviation, Broadcasting and Wireless, in another. These criticisms and arguments will be taken into very early consideration.

Before referring to further possible arrangements at the Centre, I would like to touch on an aspect that concerns Local Governments in the first instance. It would seem that division of functions in a Local Government is also susceptible to criticism so far as the purposes we have in view are concerned. In many provinces, roads are divided into two main classes, those under the Public Works Department and those in charge of local bodies, and these may often fall to be administered by two different Ministers. Thus there is a cleavage in the administration of roads on the transferred side and possibly in consequence some lack of balance in the financing of development. The control of the traffic using the roads, which is closely concerned with the administration of the roads, is dealt with on the reserved side, where also, and possibly in yet another portfolio, are handled questions arising between Local Governments and the Government of India in the matter of railways. I do

not say that this division of functions has necessarily been attended with any serious practical disabilities, but it is at least possible that it may give rise to avoidable difficulties in the way of a co-ordinated provincial policy in respect of all communications.

This brings me back to the Centre. We have heard a good deal, and shall doubtless hear more, about a Communications Board for India, and we are here to discuss with you the objects, functions and possible constitution of some such body whatever it may be called.

At the moment we have no hard and fast ideas upon this question but it may be that, for a commencement at least, a kind of Federal Council of the Federal and Provincial Ministers would go some way to provide for mutual adjustment and contact between the Federal and Local Governments. This conception explains our concern that there should eventually be some concentration of functions within Local Governments.

The machinery that it may be found necessary to create within the provinces would, of course, be primarily a matter for Local Governments to consider. But our interest is to provide for the machinery necessary to the prosecution of a common plan, and therefore it will, I feel sure, be conceded that this is a matter that might appropriately be discussed between the representatives of Local Governments and the Government of India.

It has been suggested that some organisation will be required in connection with the control of motor transport; that local railway officials might be associated with that organisation; and that within the areas they serve those organisations might be the counterparts of the Provincial Boards of Communication, which would advise the Minister. Some such local organisation would appear to offer a reasonable possibility of local co-ordination and to be at the same time economical and well adapted to the circumstances.

On the Provincial Boards of Communications it would be eminently desirable that the railway point of view should be adequately represented, and that the consideration given to the view of the railway representative should not be dependent on their numerical strength. This, however, is not our only concern. It seems to us that it will be just as important that these Boards should afford Local Governments a voice in railway proposals as that railways should be adequately heard in respect of road proposals.

Gentlemen, we await your proposals, your comments and your constructive advice.

Mr. Reid.—I agree that suitable machinery should be established at the Centre and in the Provinces to ensure adequate co-ordination between Road and Rail transport and their future development.

Several speakers during this Conference have referred to the fact that Railways are a Central subject whilst Roads are under Provincial and Local Governments. This to my mind has been the cause of most of the trouble in the past. Provincial Governments, not being directly interested in the welfare of Railways, have constructed trunk roads which showed them the greatest immediate return. Though in several cases a system of road development may have been drawn up, funds have been scarce and what were

available appear to have been used more on the above class of roads, than on those roads which would open up the undeveloped agricultural districts and bring passengers and produce to the centres of on-carriage which already existed in the Railways. Unless Provincial Governments can be made to feel in some way the loss they cause to existing transport systems, there is only one solution to my mind and that is that the final say in road development will have to rest with the Central Government. From what I have heard this morning this is likely to be the case in considering the construction of new roads.

In my opinion and looking at this important matter from a businessman's point of view, the soundest arrangement in the interests of the country as a whole would undoubtedly be a centralised Ministry of Transport with a view to the co-ordination of all types of Communications, namely, Railways, Roads, Water and Air.

Mr. C. R. Sumner.—Sir, the Inland Steamer Companies also would welcome the establishment of a Ministry of Transport at the Centre, with connected Boards of Communications in the Provinces.

Such a system, controlling and legislating for the various forms of Railways, Waterways, and Roads problems, would in their opinion ensure a satisfactory and impartial solution of such problems, as they arise, in the best interests of trade and of the general public.

The Hon'ble Mr. Miller.—This is one of the most important resolutions brought up at this Conference and the success of the other resolutions if given effect to depends largely on the policy adopted arising out of this resolution.

Until recent years the development of communications in India has been rather one-sided, Government having more or less concentrated on railways as the principal means of communications and until the advent of the modern motor car and lorry this was only natural. It would be unfair not to admit the benefits railways have brought to the country in the past, but the very fact that there was practically no competition has possibly led to a feeling of security which now that it is assailed gives rise to an attitude of resentment towards the development of motor transport in railway circles, which while perhaps only natural, must be overcome, if the country is to be developed on proper lines.

This is only possible if a common ground for discussion can be established and a policy adopted covering a co-ordinated scheme in which *all* methods of transport will share with the object of providing the best service throughout the country on the most economical lines.

It seems obvious that Boards of Communications will solve the problem most satisfactorily. If this proposal is adopted it will be necessary to not only form such a Board in each province but to have a co-ordinating body at the centre in order to ensure that co-ordination is maintained.

Difficulties may arise owing to some forms of communications being a central subject and others provincial, but if we all bear in mind the advice offered us by His Excellency the Viceroy when he opened this Conference, I

am sure it will be possible to overcome any difficulties that may arise by mutual agreement.

I venture to appeal to my friends on the opposite benches and to the Provincial Governments they represent to approach this subject with a broad mind and a spirit of co-operation, so that we may all work for the general good of India, her people and her future. The Honourable Sir George Schuster spoke very eloquently on this point yesterday morning and I add these few remarks in support.

I am not proposing, gentlemen, that you should make any material sacrifice, and provincial interests must be safeguarded, but so long as care is taken to see that they are adequately protected, I hope you will come in wholeheartedly to an all-India scheme.

In the opinion of my Association this only seems possible by the setting up of Boards of Communications and I will now lay before you our views. When you have heard these, I think you will agree that our proposals will in fact give the Provinces broader powers, as, for instance, some say in matters affecting Railways in areas in which they are concerned.

With regard to Provincial Boards, I do not think it will be necessary for these to be full-time bodies, but that something on the lines of the present Provincial Government Road Boards except that they should cover all forms of communications, will probably meet the case. This, however, can be discussed in greater detail once the principle is accepted.

In the meantime however, perhaps I might mention some of the functions we think these Provincial Boards should perform :

- (a) the consideration of existing transport facilities with a view to ascertain if they are in accordance with the requirements of the province and in this connection to prepare a survey showing—
 - (1) high spots of agricultural, industrial and commercial development,
 - (2) existing transport facilities,
 - (3) places where it is estimated that increased transport facilities will be called for in the near future;
 (The idea being to use this as a guide to transport requirements and an objective at which to aim.)
- (b) the preparation of statements from time to time, of existing railway facilities covering railways of all gauges and tramways to show—
 - (1) how far they serve the requirements of the province,
 - (2) in what way or ways they do not serve the requirements of the province,
 - (3) how they might be improved to facilitate agricultural and industrial development,
 - (4) in the case of certain Light Railways to consider whether they should be scrapped in favour of motor transport in order to give the public better transport facilities and also to consider

what steps should be taken to recompense the present owners of the Railways for any loss they may sustain in this connection ;

- (c) the consideration of how any particular form of transport is being penalised by unfair conditions and to make recommendations to the provincial Government and if necessary to the Central Board of Communications for the betterment of these conditions ;
- (d) the establishment in conjunction with the Central Board of Communications of an equitable and common basis of taxation of all road beneficiaries for road development and maintenance ;
- (e) the disposal of provincial funds provided for the development of new, and maintenance of, existing forms of communications ;
- (f) the responsibility for the Finance and development of provincial and local roads other than those which are dealt with by the Central Board.

The functions of the Central Board of Communications would include :—

- (a) the examination of all projects concerning the development of the 'arterial' communications of the country and their presentation to the Government of India, which, under impending constitutional changes should become Federal ;
- (b) the examination of all forms of the main transport system to assure their efficient operation and see that the public have at their disposal the most economical means of transport ;
- (c) the collection and dissemination of technical and other information received from Provincial Boards of Communications which will further the country's communications and in connection with road development to be responsible for—
 - (d) the disposal of the Petrol Tax Fund and submission of recommendations for its future application,
 - (e) recommending the introduction of standard rules and regulations for all motor transport throughout the country,
 - (f) recommending the establishment of a uniform basis of taxation for motor transport in conjunction with provincial Boards of Communications,
 - (g) establishing standard specifications for all forms of road development taking into consideration volume and type of traffic, also local conditions,
 - (h) devising a common basis of Road finance and development,
 - (i) the finance and development of the main arterial roads and important inter-provincial roads relieving Provincial Governments of their financial responsibility in respect of these. .

With regard to the Central Board it appears to my Association that it will be necessary for certain members at any rate to be full-time members sitting

throughout the year and possibly from time to time visiting the provinces in order to understand provincial problems more readily by close examination on the spot, while the main body might perhaps only meet quarterly or whenever matters had to be dealt with urgently. The Board should not be political but should be representative of all interests, and my Association suggest it might be made up as follows :

A Government member representing each of the following Departments :

Railway Board.

Commerce Department.

Finance Department.

Industries and Labour Department (Government airways, waterways and roadways).

Political Department.

Military Department.

Agriculture (drawn possibly from the Council of Agricultural Research).

In addition to these members we think there should be 3 members selected from outside Government service, although they would on appointment of course enter the service of the Government of India. Two of these members should represent all commercial interests connected with transport and communications, and in particular, roadways, company-owned railways, airways, waterways, motor transport and the needs of the public in general. The third member should be selected for his general experience, administrative capabilities, personality and tact. In the opinion of my Association it is essential, if the Board is to work successfully, that the chairman should be an independent person and not taken from any existing Government Department. In making this selection Government need not be confined to India, but should also make enquiries in other parts of the Empire. I suggest that his appointment should be similar to that of the Finance Member, with equal remuneration, and his appointment should be for five years. What I visualise is a man of the type of, say, Sir Eric Geddes, or a man with similar wide business experience. This is not a new idea, and Major General Sir Henry Freeland, then Agent of the Bombay, Baroda and Central India Railway, made a somewhat similar suggestion before the Acworth Committee ten years ago, but not with any full-time members as I now suggest.

These three members, the ones selected from non-official circles, should be made the full-time members together with the member from the Railway Board, and any of the other members Government might consider desirable. It is obvious that a small number of members will carry out the detail work more expeditiously than if all those mentioned were employed full time and the question of expense must also be considered, while certain members such as those representing the Political, Military and Agricultural Departments could not be usefully employed full time. The full-time working members could not of course take executive action without the sanction of the full Board and all members would be kept regularly advised of the work being carried on by

the full-time members. I would suggest that expenses might be shared as follows :—

25% from the Reserve Petrol Tax Fund.

25% from the Railway Board, and the balance from the remaining Governments concerned.

I commend these remarks to you, gentlemen, for your careful consideration, but if you can think of a better plan for all-India co-ordination, I can assure you, my Association will welcome it.

Chairman.—I am sure that the Conference will agree that Mr. Miller's speech has provided considerable food for thought and in these circumstances we will now adjourn till 3 O'clock or as near that as it is possible for us to re-assemble.

The Conference then adjourned for lunch.

The Conference re-assembled after lunch at 3-15 p.m., The Hon'ble Sir Frank Noyce in the Chair.

Chairman.—Gentlemen, with your permission I should like to change the order in which I call upon representatives to speak. As the Mysore Government have been recently surveying from the State point of view the problems which we have been considering here, I think it will be useful if I call upon Mr. Hamilton now instead of later. Perhaps he will be good enough to tell us how these problems have been tackled by the Mysore Durbar.

Mr. Hamilton.—This resolution I claim to be the most important of all, and I thank you for the privilege extended to me of placing before the Conference the conclusions arrived at by the Mysore Motor Transport Committee. I shall have to read most of them and it would probably be an advantage as I am not a speaker.

In the consideration of the questions referred to the Mysore Motor Transport Committee it became clear that the most important point on which the satisfactory working of the scheme depended was the establishment of a central co-ordinating authority. Consequently the Committee gave a good deal of consideration to the question of the composition of such an authority, its functions and other details. The recommendations of the Committee in this respect were as follows :—

“ The co-ordinating authority suggested is a Traffic Board consisting of the following members :—

1. The Member of Council in charge (President).
2. The Inspector General of Police.
3. The Agent, Mysore Railways.
4. The Chief Engineer, P. W. D.
5. The Director of Industries and Commerce.
6. A representative of motor bus companies.
7. A representative of other motor owners.

8. A representative of the agricultural population.
9. A representative of the Chamber of Commerce.
10. The Traffic Manager (Secretary to the Board).

The Secretary to the Board should also be a Traffic Manager with a varied list of duties.

He should be assisted in his functions by District Traffic Inspectors, who should have the powers of Inspectors of Police and should work under the direct orders of the Deputy Commissioners (who are Collectors in Madras and Deputy Commissioners elsewhere).

Under them, again, should be the traffic controlling staff, who should be fewer in number, but of a higher degree of intelligence and training than at present."

The recommendation regarding tolls probably calls for a word of explanation. "Theoretically, tolls are an unsound method of taxation. Practically, they afford the only means of levying from the bullock cart a payment proportionate to the use made of the metalled roads; and if they are retained for that purpose, it is sound policy to retain them also for the purpose of the taxation of motor vehicles coming from other jurisdiction."

The staff at toll-gates will also be very valuable in connection with traffic control and road registration.

Reverting to the central authority I may refer to the qualifications of members as recommended by the Committee.

"One thing that has been impressed upon the Committee is that the Board will not require any representatives of local interests. Such representation is apt to result in the pressing of local claims to the overlooking of those of the main through routes to which attention should first be directed. What is wanted in the first place is men with a knowledge of the whole State and sufficient vision to be able to examine a project from the point of view of its advantages to the State as a whole and its appropriateness with reference to the whole network of roads and railways in Mysore and in the neighbouring provinces, without being diverted by special considerations of the advantages of particular areas or particular modes of transport. In the next place, they will require a knowledge of traffic questions and of the trade and industries of the State sufficient to enable them to appreciate the desirability of developing transport in particular areas. In the third place, they will need a knowledge of modern transport and modern road development in different parts of the world, and lastly, they will require a knowledge of the motor laws and of the means of regulating this traffic which is becoming increasingly difficult all over the world."

The most important functions of this Committee were to consider and settle the question of the number of road services that should be allowed, their regulation and control, and co-ordination. On this account it was considered that the first condition of the improvement of the system is the appointment of a central authority, which should lay down complete conditions governing fares, timetables, number of vehicles to be run, nature of vehicles to be used, rates of wages and hours of work and other matters. It was thought that the system which could best be adopted was that of the English Road Traffic Act.

“ Under this system, the licensing of public service vehicles is entrusted to Commissioners, who are required to satisfy themselves as to—

- (a) the suitability of the route or routes for the traffic ;
- (b) the extent to which the needs of the proposed routes are adequately served ;
- (c) the extent to which the proposed service is desirable in the interest of the public ;
- (d) the needs of the area as a whole in relation to traffic ;
- (e) the co-ordination of all forms of passenger transport, including transport by rail.

They may also make conditions for securing that—

- (1) the fares shall not be unreasonable ;
- (2) the rates shall be so fixed as to prevent, in the public interest, wasteful competition with alternative forms of transport ;
- (3) copies of time and fare tables shall be carried on the vehicle ;
- (4) passengers shall not be set down or picked up at other than specified places.

Other important provisions of the Act are :—

- (i) making compulsory the insurance of all motor vehicles against third party risks ;
- (ii) requiring that the wages paid to road service employees shall be fair wages, and providing for appeal by any organisation of employees to the Industrial Court.”

Another important function of the Board was to consider all projects for new roads, railways, etc., as a co-ordinated whole and to frame a programme for the improvement of the communications in the province. They were also to prepare surveys somewhat on the lines suggested by my friend the Hon'ble Mr. Miller. It was also suggested by the Committee that the road traffic and the toll gate staff would prove an effective instrument for enumerating traffic, in addition to their ordinary duties of regulating it.

As for the development of roads one of the principal recommendations of the Committee was that the revenue derived from the motor traffic and tolls should be entirely used for the development and maintenance of roads. The amount of this revenue could be fairly accurately estimated. This together with our share of the excise duty on petrol and the interests on railway cess funds would form a fund a portion of which could be set apart for meeting the interest and sinking fund charges on any loan that may be raised. We, however, preferred not to resort to borrowing at present as the revenue estimated was sufficient to put forward a five-year plan for reconditioning and maintaining the roads. Another reason was that in those districts where road development was most backward there was fortunately the railway cess fund and it was thought that that might be taken over by the Board and used for the purpose of road development since the construction of railways hereafter was thought to be very unlikely. I do not know whether there is any more information I can give there is any amount in the report, but these seemed to be the principal points as regards this resolution.

Chairman.—We are indebted to you, Mr. Hamilton.

Mr. Conran Smith.—I may state at the outset that the idea of co-ordination and correlation inherent in this resolution must be welcome tending as it would to eliminate the undesirable position in which we are now situated and the present almost complete lack of consultation between conflicting interests. The general principle involved appears to me to be unexceptionable, but it is perhaps somewhat obvious to say that the success of the scheme must depend on the machinery set up and on its actual working. The elaborate, and if I may say so, the somewhat expensive scheme described by the Hon'ble Mr. Miller I must confess, rather took my breath away. I thought I saw a shadow of incredulity flit across the face of the Chief Commissioner of Railways when he heard the contribution which the Railway Board was asked to give. The machinery proposed appeared to me to give complete power to the Board of Control or whatever it is called, and all I can say at this juncture is that it would possibly render it expedient to abolish a large portion of the Provincial Governments. (Laughter.)

The resolution itself is sufficiently vague and perhaps for that reason I fear I must say would not be acceptable to the Madras Government as it stands without a further examination of the implications involved.

Railways, waterways, and I should say, airways also will remain as central subjects, whereas roads alone will be a provincial subject. Whether it is to be at the centre or in the provinces, there can of course be no idea of creating a machinery which will usurp the functions of the Minister in charge or override the decisions of the Provincial Governments in matters relating to road transport. There can, I think, be no objection raised to the idea of having a board of communications in the provinces on which all transport interests, experts and the public will be given adequate representation. All aspects of transport problems arising from time to time would be placed before such a board for discussion but the ultimate decision will, of course, have to be made by the Provincial Government. The real difficulty will arise when there is a conflict of interest involving as it must do a reference to something in the nature of a board of arbitration and speaking from the provincial point of view, I am afraid that will prove the stumbling block. Mysore is perhaps fortunate in this respect because they have not got to deal with this problem and Mr. Hamilton therefore dismissed this aspect of the subject in a couple of words by saying that local interests should not be represented. I think that was the gist of what he said. The Madras Government would not, I fear, accept any arrangement which will have the effect of interfering with their control of road transport. Whether the Madras Government will be agreeable in exceptional cases to allow any serious case of divergent views to be settled by a board of arbitration is a matter on which at the present stage I fear I cannot give any assurance. The question requires more detailed and careful consideration. Within the province itself some form of board of communications may, as I have said, be created to function as an active organisation to give a fair field for different forms of transport. We may perhaps concede the desirability of setting up a machinery as set out in paragraph 33 of the Mitchell-Kirkness report corresponding to the Traffic Commissioners

under the English Act of 1930 but I must add that it would be very nearly if not quite as expensive as Mr. Miller's scheme. To those Traffic Commissioners presumably would be assigned duties and responsibilities and some of the powers outlined in the English Traffic Act. The Minister for Communications or Transport would, I take it, appoint these Commissioners and as in the English Act they would furnish a declaration that they have no interest, direct or indirect, in any form of passenger transport and they would conduct their proceedings in an open manner as required by the British Road Traffic Act. There would always be a right of appeal to the Minister against their decisions. I recognise that in the creation of the traffic machinery it may not be possible to have uniformity in all the provinces. The constitution of this machinery will depend upon the relative importance of other forms of transport as opposed to roads and the different forms of road transport in each province. There is one minor amendment which I would like to suggest to the Resolution so that the Resolution might cover all forms of transport. I suggest that for the words 'road and rail transport' the words 'all forms of transport' be substituted.

Chairman.—I think we can accept that.

Mr. Conran Smith.—In conclusion I would like to say that the Madras Government feel that before coming to any decision in this matter they would have to take the opinion of the Local Boards in the Presidency and as I said yesterday if some unified form of taxation is found possible I think it would tend to overcome some at least of the objections which local bodies might raise to such machinery as is not contemplated as likely to interfere with their present powers.

Mr. Bowers.—The Government of Bombay have examined the proposals which have been put before you by Mr. Miller in so far as they affect the powers of the Central and Provincial Boards of Communications. These proposals are practically the same as were recommended to the Government of Bombay by the Bombay Road Board. The Government of Bombay recognise that these boards as suggested would serve a very useful purpose but they are very strongly of opinion that unless these Boards are purely official their functions can only be advisory. In the event of this suggestion being accepted, the Board should be purely official and should have certain administrative functions. The Bombay Government think that parts (d) and (h) of the functions of the Central Board of Communications should be altered as under. Part (d) should read: the allocation, subject to the general indication of the legislature, of the petrol tax and any other funds placed at their disposal, and (h) should read: providing a common basis of road development. As regards the functions of the provincial boards, (d) should read: to make recommendations in conjunction with the Central Board of Communications for an equitable basis of taxation on road vehicles and (f) should read: to make recommendations for the development of provincial and local roads other than those dealt with by the Central Board.

The Hon'ble Mr. B. P. Singh Roy.—The Resolution which is now before us is a corollary to some of the Resolutions which we have discussed and accepted during the last two days. There is, I believe, a consensus of opinion that there should be co-operation and co-ordination between rail and road and other forms of transport and that some suitable machinery should be devised

to give effect to this co-operation and co-ordination. With the introduction of provincial autonomy, with the creation of a Federal Government at the centre, and the creation of a statutory Railway Board as foreshadowed in the White Paper, I think the necessity of such a co-ordinating agency will be all the more, because the chances of conflict will also increase. At present even in the provinces there is no concentration of function, because there are roads under local bodies which are under the Minister in charge of Local Self-Government and there are roads under the Minister in charge of the Public Works Department. So some machinery for co-operation and co-ordination at the centre as well as in the provinces will be very useful. We may hopefully look forward to the day when there would be a Ministry of Transport at the Centre and if possible also in the provinces in charge of all forms of transport, road, rail, waterways and also perhaps airways ; but that day is yet to come. What should be the actual function of these co-ordinating authorities at the Centre and in the provinces I am not in a position to anticipate at present because the Bengal Government had no opportunity to examine these details, and, if I may say so, Mr. Mitchell's suggestions about the constitution, functions and financing of such authorities are rather ingenuous and Bengal cannot accept them. My idea is and I believe that is also the idea of all provincial representatives that these authorities should be purely advisory and the final decision should lie with Government. The Local Government would be very reluctant to part with their authority over roads but they would be very glad to be advised as suggested in the Mitchell-Kirkness report. With these words I would support the Resolution.

The Hon'ble Nawab Sir Mohammad Yusuf.—The important words in this Resolution are "suitable machinery". The question is what will be the suitable machinery. Will its function be purely advisory or will it exercise executive powers? As already pointed out by the representative from Madras, when there is conflict of interest between the Provinces and the Centre, who is going to decide the question. It may be that the Central Advisory body will help us to co-ordinate our efforts but it is difficult for us to agree to the position that whatever be the decision of the Central body we must accept it. That is a position which we cannot possibly accept and that is why we lay great emphasis on the fact that this body should necessarily be an advisory body. "The powers and functions of the central body" is a very large question indeed and must be examined very carefully and we cannot give our considered opinion off-hand. We have to consider various difficulties and in the light of our discussions and experiences we might be able to evolve certain ideas generally acceptable. There is already a Board of Communications so far as my province is concerned and in dealing with the problem of road development the question of avoiding unnecessary competition between rail and road has been clearly borne in mind. That we have already been doing. Now with regard to the function of this body it cannot be anything more than advisory. It cannot be allowed to usurp the function of the Ministers. Under the new constitution the ministers will have unfettered powers and any limitation of the power will certainly militate against the fundamental principles of autonomy. Now with regard to the question of whether we are definitely opposed to this idea, it is clear that as long as it is advisory there can be no question of our opposing it. A body like that is certainly desirable with a view to

co-ordinate our efforts in the larger interests of the country, and with discussion, negotiation and exchange of thought much can be done in the larger interests of railways, road communication and also the public generally. With these remarks I should like to generally support this Resolution.

There is one more point on which probably I may touch. There seems to be a feeling that a Provincial Board should be created—it may be called a Board of Communications or a Board of Traffic,—with functions to give licenses and also with powers to deal with registration of motor vehicles. I think there should be two quite separate bodies. Recently in my province we appointed a Road Traffic Taxation Committee, and their recommendation was that in each civil division we should establish a kind of Board of Control presided over by the Commissioner, and this body will naturally be a competent body, bearing in mind the general condition of roads and the interests of the rail-borne traffic and the interests of the rural areas, to come to definite decisions in connection with the control of the motor transport and also with regard to fixing of tax in the shape of giving licenses and registration certificate. That body should be a separate body altogether. Any body which is going to exercise executive power must necessarily be an absolutely separate body. You cannot combine the two functions in the same body. The same body cannot be an advisory body and at the same time an executive body. The two must be severely separated. Therefore I say that while I may be in agreement with the idea of creating an advisory body in the provinces in the shape of a board of communication, yet if we have got an idea that this should also exercise executive powers, that must necessarily be exercised through an independent executive authority whose hands must be sufficiently strengthened by Government to carry out its duties and responsibilities. With these words I generally support the spirit of the Resolution.

The Hon'ble Sir Jogendra Singh.—Sir, I have a confession of faith to make. In this rapidly changing world I remain old-fashioned. I believe in a unitary system of Government, and much though I have tried to transfer my allegiance from the unitary system to the federal system, I cannot reconcile myself to the idea. It follows therefore that I am in sympathy with the idea of having a Central Communications Board to exercise, as I feel a unitary Government could exercise, a vivifying and vitalising influence on the provinces. I also hold that a closer contact between the provinces and the Central Government in the day to day administration would be of advantage to the provinces. But as to the formation of this Board, the Government of India itself having agreed to abdicate in favour of the federal system, I do feel that the scheme outlined by the Honourable Mr. Miller is a little out of date. If we are going to have a Central Board of Communications it will have to follow the larger ideal of federation. Any Communication Board which is brought into being will have to bring in the representatives of the provinces. I think we can have no better model than the model provided by the governing body of the Imperial Council of Agricultural Research, which gives representation to the Ministers of all the provinces holding portfolio of agriculture. In the same way a Central Communications Board should provide in representation to the Ministers who are in charge of transport in the provinces. As to its functions, as the Hon'ble

Minister from the United Provinces said they will have to be discussed and decided afterwards. But I think the objective cannot be better defined than it was defined by Mr. Burt. One great gain of the Central Board would be that the railways and roads interest will come together and the provinces will be able to place their needs before this Board, and it may be hoped that if the Board is constituted as I hope it will be constituted, it will help the provinces to get their point of view properly placed before the railway authorities.

Now as to the specific powers of this Board ; its functions should be advisory only and it should have no power of adjudication and matters which will come up before the Board should not be confined to competition between roads and railways only but embrace the whole problem of transport.

I think I can say without violating any canons of modesty that when I gave evidence before the Road Committee I was the first to mention the need of constituting a Ministry of Transport with a Central Communications Board, and naturally I am in favour of the scheme.

Mr. O. H. Teulon.—Mr. Chairman and gentlemen, so long ago as 1923, the Government of Burma constituted Communications Board and since that date all projects have been placed before the Roads Committee of that Board for their approval before they received sanction in the Finance Department. The Agent of the Burma Railways is a nominated member of this board. I think I may venture to say that the Government of Burma consider the existing machinery suitable to the needs of the province ; and further, that owing to Burma's isolated position it would welcome a Central Board for advice but not for control.

Mr. H. A. Gubbay.—Sir, Bihar and Orissa have not been able to arrive at even a provisional opinion on the Resolution. But it is clear from what has been said here to-day that whatever machinery is set up for co-ordination, the final decision in the matter must remain with the Local Government and not with any Board of Communications. Such Boards should be advisory.

The Hon'ble Dr. Deshmukh.—Mr. Chairman and gentlemen, the Central Provinces Government agree that all matters that come under the term "communications" should be in the same portfolio both at the Centre and the Provinces. So far as roads are concerned the occasion for co-ordination will be rare ; probably all that will be necessary is for the occasional convocation of provincial representatives for the purpose of co-ordination and this can well be done under the auspices of the Member in charge. One of the functions of the Central Department should be the maintenance of a small expert and technical staff whose services can be made available to advise the provinces on the latest developments of road construction and their application to the various parts of India. We should not object to the continuation of some sort of central control similar to that exercised by the road development board for the purpose of co-ordinating inter-provincial efforts, but nothing more. With due deference, however, to my "tactful" friend, the Honourable Mr. Miller, we see no reason why the portfolio at the Centre should be organised in a manner different to the other portfolios of the Federal Government. We

are unable to agree to the surrender of the powers which under the new constitution will belong to the provinces, in the manner suggested by the Honourable Mr. Miller. But we believe that the eminently reasonable attitude adopted by the provincial representatives at this Conference indicates that the results which he wishes to secure will in future be attained by persuasion rather than dictation. It is more or less plain that the idea of constituting a Ministry of Transport or a Central Board of Communications as envisaged in the speech of the Honourable Mr. Miller, which has probably some degree of concurrence of the Government of India at any rate in principle, is a recent development. If it is so.....

Chairman.—I am sorry to interrupt you, Dr. Deshmukh, but did I hear you say that the Honourable Mr. Miller's scheme had some sort of concurrence of the Government of India ?

The Hon'ble Dr. Deshmukh.—I said, probably. (Laughter.)

Chairman.—I can set your mind at rest on that point. When he read his speech, it was the first time that his scheme was ever put in its complete form before me. (Laughter.)

The Hon'ble Dr. Deshmukh.—I did not mean previous consultation of any sort. What I meant was that it might probably be acceptable to the Government of India ; nothing beyond that.

Chairman.—I think even that is going rather far. (Laughter.)

The Hon'ble Dr. Deshmukh.—But if it is so, I am constrained to say that this important matter ought to have been thoroughly thrashed out at the same time as the future constitution of India was being considered by Local Governments and various other bodies. Owing therefore to the fact that the suggestion has come up so late, Provincial Governments, however much they may favour co-ordination and uniformity, cannot be expected to agree to the formation of a Ministry of Transport or a Central Board of Communications as proposed, because such a formation if it is to be anything more than a mere shadow must involve retransfer of powers on the part of the Local Governments which they have so far enjoyed and which are evidently proposed to be continued in the next constitution as is manifest from the White Paper. The Central Provinces Government therefore cannot go any further than I have already indicated.

The Hon'ble Mr. A. J. Laine.—Mr. Chairman and gentlemen, to the resolution No. 8 in its present form no one I believe can reasonably take any objection. In fact I look upon it as nothing more than the inevitable corollary to the revised first Resolution that we have already adopted. And if we are to have increased co-operation and a more intelligent co-ordination of effort, some means must be devised for giving effect to that object. It seems to me that some sort of Central Board of Communications and some sort of provincial Board of Communications must in any case form part of the co-ordinating machinery. To that extent therefore we can accept the present Resolution without qualm and without suspicion, provided that it is understood that we go no further than its present very general terms. We do not know, however, what the composition of these Boards will be, what specific functions they will be called upon to discharge, with what powers they will be

vested, whether they will be purely advisory bodies or statutory bodies with executive duties ; and until these proposals have been worked out in detail and we have had time to consider them, we are not in a position to express any final opinion. And personally I do not think that the present Conference is in a position to-day to attempt to work out the implications of its organisation in greater detail.

Mr. J. S. Thomson.—I should only like to associate myself with what the representative from Assam has just said. I have nothing to add to that.

The Hon'ble Mr. Kalikar.—So far as the representatives of the Standing Roads Committee are concerned, we are in favour of the establishment of suitable machinery to ensure adequate co-ordination between road and rail transport and their future development. What machinery will be considered suitable in the future constitution it is difficult to say, but we feel that if it is intended to give effect immediately to the Resolutions of this Conference so far as the Centre is concerned, a Committee consisting of the representatives of the Standing Road Committee and the Central Advisory Railway Committee should be established to carry out the functions implied in this resolution as a measure of trial. As regards the provinces, they should establish their own Provincial Boards, but in the event of their not having a sufficiently uniform scheme, the Central Government should prepare a scheme for their guidance which would ensure the requisite co-ordination and uniformity.

Mr. Muhammad Muazzam Sahib Bahadur.—Mr. Chairman, and gentlemen, the idea which this resolution implies is to set up a machinery at the Centre and a machinery in each province to deal with the question of rail road co-ordination. It appears to me that ultimately this question will resolve itself into the more narrow question of what should be the control of the central authority over the advisory authorities to be set up in the provinces. I for one think that although under the new constitution the provinces will be autonomous, they cannot be as a matter of fact completely so ; when the idea is to form a Federation, some sort of control, however small, will have to be exercised by the Central authority over the provincial authorities. Even so in this matter of rail road co-ordination, any attempt that might be made to bring about greater co-ordination would have to receive the sanction or approval of the central controlling authority and as the objective to be gained both by the central and the provincial authorities will be almost identical, I do not think circumstances will arise at any moment which will create any great difficulty. Sir, I feel that the whole scheme will work very smoothly and in this connection one thing which has impressed me above all others is this, that leaving out of consideration the methods which may have to be employed at once to deal with the existing road motor transport the methods which would have to be employed thereafter would have to be directed towards narrowing the limits within which licences should be issued to owners of buses who want to ply for hire, and the only method by which the purpose which everyone of us has in view could be attained would be to limit the operation of the activities of the motor bus transport within defined limits—as is put in the Mitchell-Kirkness Report by what is known as “zoning.” I think that method is probably the only method by which the activities of the motor transport owners could be curtailed to an extent which on the one hand would afford great

facilities to the public and on the other will cease to cause as much loss to the railways as road motor transport now does. If the range of activity of the motor transport is limited in this way, the ordinary passenger will feel that he has got to change at a particular point after travelling a few miles (say 20 or 30) and it may be that he has got to stop there for a long time before he can take advantage of any bus which would take him for another 30 miles. Sir, as is well known, railways in this country as in every other country constitute the backbone of internal transport facilities, and after the lucid speech of the Honourable Sir George Schuster in which he pointed out the effect which seeking after conveniences would produce by reducing the revenues of the railways and the indirect effect it will have upon the general tax-payer by imposing an additional burden, I think we have come to recognise at least this fact that unless our energies are directed towards producing a state of affairs wherein motor transport should act more or less as a feeder to the railways, the position will be that after a few years even after a return to more prosperous days railways may not return to the level of the earnings which they enjoyed before these days of depression. In this connection, Sir, I should like particularly to bring to your notice that on feeder lines there are stations which to my knowledge are absolutely unnecessary. They cannot and do not attract any traffic, either passenger or goods and it should be the lookout of the railway administration to abolish these stations with a view to economise and with a view to giving an impetus to motor transport so that facilities may be offered to passengers to betake themselves to the stations which are not so abolished. I think much can be done in this way especially on the feeder lines and I happen to know some stations on the feeder lines where there is absolutely no traffic worth the name, either passenger or goods. With these remarks, Sir, I conclude.

The Hon'ble Mr. S. C. Ghosh Maulik.—Mr. Chairman and gentlemen, I find that in order to have co-ordinated action between road and rail transport, there must be some sort of machinery to enforce that co-ordination. What that machinery will be is rather difficult to foretell now and I am therefore inclined to support the remarks that have been made by the Honourable Mr. Kalikar.

The Hon'ble Mr. Miller.—I should only like to say with regard to the Provincial Boards that it is not the suggestion of my Association that they should be anything but advisory. I said in my remarks this morning that something on the lines of the present Provincial Government Road Boards, except that they should cover all forms of communications, would probably meet the case. It is true that arising from (c) and (f) in my proposed functions I may have given the idea that they should be executive, but of course it should be understood as in the case of the road boards today that any decisions arrived at would have to be subject to the approval of the Government; and as regards the Central Boards, it would only control matters in connection with the provinces that arose out of funds for which the Central Government were responsible. I did not expect that the functions would be agreed to today, but my Association felt that we should put forward some constructive proposals on which the Government of India and the Provincial Governments could build and possibly arising out of these proposals something of a similar form, but

modified, may be evolved. At any rate we thought it would help the Conference during the next two or three days if we did put forward something of this nature.

Mr. Reid.—Sir, may I reply to some of the remarks that the Honourable Mr. Miller passed this morning in connection with the usefulness of Light Railways? The point I wish to bring out is that the Honourable Mr. Miller referred in a somewhat light-hearted manner to the “scrapping” of certain Light Railways; this would really amount to the scrapping of important and valuable agreements which have been entered into after full consideration directly between our companies and His Majesty’s Government through the Secretary of State. In dealing with the first Resolution of this Conference I thought it advisable to give a short history of the formation of Branch Lines and Light Railways in India. I also explained that the Managing Agents, who promoted the companies had collected a considerable amount of money from the public and I would like to emphasise that a very large number of the share-holders in these companies are drawn from a very poor class. In fact, if they do not get their annual and *ad interim* dividends they are very badly hit. To those who appreciate the origin and present position of the agreements in question there are many important reasons against even suggesting the scrapping of Light Railways. The Honourable Mr. Miller’s argument presupposes that motor services are going to give even as good a service as is now tendered by feeder railways. That is a matter of opinion, but even if for the sake of his argument we admit it is so, I think we must all take to heart the weighty remarks made by the Honourable the Finance Member when he stressed the point that this country being in possession of a very valuable railway system upon which large sums of money have been spent even if it is proved that a better transport service might be given in certain instances, we have got to consider the financial aspect and the tax-payers’ interests of the country as a whole.

I notice that in the Honourable Mr. Miller’s suggestions for the duties of Provincial Boards, he suggests the curtailment of certain railway services only; but not of any present motor service whether they serve the requirements of the Province or not.

The Hon’ble Mr. Miller certainly suggests that some recompense should be given to the present owners of such Light Railways, but I should be interested to hear by whom that recompense is to be given. If it is the Provinces for whose benefit apparently the railways are to be closed down, I rather gather from the speeches that have been made at this Conference that the Provinces have sufficient difficulty to find funds for the maintenance of their roads without finding sums to buy out Light Railways. If it is not the Province which is to give the recompense, the question seems hardly within the competence of a Provincial Board to deal with.

In one part of the representation put in by the Indian Roads and Transport Development Association to Messrs. Mitchell and Kirkness it is suggested that if the elimination of certain Light Railways is desirable, compensation on the lines of a monopoly to run motor transport on their parallel road might be allowed for a given number of years. This aspect of the case was referred to by, I think, Mr. Ormerod in connection with a previous Resolution. I must say I am somewhat surprised at this suggestion and do not see how it could possibly work. To be of any use to the Branch railway, such motor transport

monopoly would have to make sufficient profit—(1) to provide interest and profit on the capital cost of the motors to be purchased, (2) to make up the loss on their railway, and finally (3) to make up the cost on a large part of the capital cost of their railway which the Indian roads and Transport Development Association kindly suggest must be given up after the given number of years of the monopoly. To do all this very high fares indeed would have to be charged, or in other words, the travelling public would have to be fleeced, a policy which, and I am sure the Honourable Sir Guthrie Russell will support me, does not commend itself to any railway organisation whose chief desideratum is to provide the best means of transport at the cheapest possible economic rates. I submit, Sir, that the branch line railways continue to serve a very useful purpose, and supply the needs of the public in a suitable manner. What I do ask is that all road services should operate under equal conditions of control.

Mr. Ormerod.—May I say a word with reference to what has fallen from my friend, Mr. Reid ?

Chairman.—I do not think we shall be justified in continuing this argument. I do not think it has any special bearing on the resolution which is under consideration, which relates to suitable machinery. I think that Mr. Reid and Mr. Ormerod must fight out their quarrels in another place.

Well, Gentlemen, the Resolution before this Conference is :—

“ This Conference considers that suitable machinery should be established at the Centre and in the Provinces to ensure adequate co-ordination between all forms of transport and their future development.”

As far as we here are concerned, we are very glad to accept the amendment which Mr. Conran Smith has put forward and which I am sure will commend itself to all the representatives of the provinces and other interests here. I must confess that I was guilty of an omission when I was summing up or endeavouring to sum up the discussion in regard to Resolution No. 6 in failing to mention the special case of the Inland Steamers, and I desire to assure Mr. Sumner who has been fighting rather alone hand, on behalf of the Government of India and also I am sure of all the provincial representatives that their interests will not be lost sight of in dealing with the outcome of this Conference.

Mr. C. R. Sumner.—We appreciate that very greatly.

Chairman.—All that we are now considering is the question of machinery. As to what that machinery is going to be, none of us here either in the Government of India or the representatives of the provinces are prepared to commit ourselves. The subject is obviously one for a much more detailed discussion and careful examination and I am not without hope that it will be possible to make some progress in formulating the principles when we come to a rather more heart-to-heart talk with the Local Governments during the next few days. On the one hand, we have the grandiose—if I may say so, possibly ambitious would be a better word—ambitious but “ tactful ” scheme put before us by the Honourable Mr. Miller. We have had his speech already typed out for the benefit of us all. On the one hand, we have that scheme and, on the other, we have the interesting suggestion put forward by the Honourable Sir Jogendra Singh in regard to the possibility of having some sort of co-ordination such as

that which is carried on in regard to agriculture by the Imperial Council of Agricultural Research. That naturally appeals greatly to me personally because I had a good deal to do in the past with the formation of that body. I am quite sure that the provincial representatives here will agree that the Imperial Council of Agricultural Research has not interfered with provincial autonomy in the very least. I think, therefore, that there are useful possibilities in the Honourable Sir Jogendra Singh's idea. That I think is all I need say in regard to this resolution.

The Resolution as adopted by the Conference was as follows :—

RESOLUTION NO. 8.

This Conference considers that suitable machinery should be established at the Centre and in the Provinces to ensure adequate co-ordination between all forms of transport and their future development.

Chairman.—I understand that the Honourable Mr. Miller would like to say a few words before I finally close the proceedings.

The Hon'ble Mr. Miller.—As one of the non-official representatives at this Conference I should like your permission to make a few remarks before we rise today, as we shall not have the privilege of meeting the official members again during the present session.

It has been a great privilege to partake in the discussions during the past few days and I feel nothing but good can arise from our meeting here and from the free discussions that have taken place. Perhaps it might be said that nothing very material has emerged, but I do not altogether share this view if it exists. It has brought us in close contact with each other which I am sure must be for the general good of what I believe we are all striving for ; it has given a start to a combined effort for genuine co-operation and although there may be many points in regard to which we may not see entirely eye to eye, I am sure that in future we shall be much more ready to view the problems that may arise from a broader point of view than would have been the case if this Conference had never taken place.

To you, Sir, as our Chairman we owe a debt of gratitude for your guidance, patience and tolerance during the past three days. Disagreements there may have been but at no time have I seen anything but good-will on all sides and the fact that you held the scales fairly must be largely responsible for this. To the Honourable Sir George Schuster-I tender my grateful thanks for the able manner in which he has clarified the issue from time to time and given a helpful lead on more than one occasion. His speech this morning marks a definite step forward, which is most encouraging. May I just make one personal reference and that is to thank Sir George for his kindly reference to my Association yesterday and to the Company which I have the honour to represent. The Honourable Sir Joseph Bhoré, I like to count as an old friend, who as the Honourable Sir Frank Noyce's predecessor holding the portfolio for roads gave every assistance in the initial stages of road development urged by my Association. I would also like to mention the Honourable Sir Guthrie Russell who has shown every desire to co-operate, and finally the opposite benches while naturally jealous of their provincial rights have, I think, responded to the Viceroy's appeal to view impartially all sides of the question.

There is one other thing I should just like to mention and that is the Mitchell-Kirkness Report. I have already taken two opportunities of acknowledging in public the service rendered by the authors of the Report, once during the last session of the Council of State and again at the annual meeting of the Indian Roads and Transport Development Association a fortnight ago. But I do not think we can let this occasion pass without placing on record our appreciation and congratulation to both Mr. Mitchell and Mr. Kirkness for the most useful and constructive proposals they have put forward. In many cases the report has formed the basis of our discussions during the past three days and has thereby saved much valuable time.

I thank you, Sir, for giving me this opportunity of saying a few words and in doing so I feel sure I have the support of all my non-official colleagues.

Chairman.—Gentlemen, I deeply appreciate all that the Honourable Mr. Miller has said and I should like to thank him on behalf of not only myself but of my colleagues for his very kind references to us. I must confess that I looked forward to this Conference with some trepidation. It had been summoned here to deal with what I am sure we are all agreed as one of the most important economic problems that is facing this country. I could not conceal from myself that there might be very great diversities of opinion in view of the diversity of interests represented and it was only natural, therefore, that I should have had some apprehension that our deliberations might not lead us to any agreed and definite conclusions. I am very happy to say that those apprehensions have been completely dispelled and the atmosphere of good will and co-operation which has prevailed here is one of the very best auguries for the future. We shall now enter upon the second stage of our deliberations with every confidence that they will yield fruitful results.

Before I declare the proceedings of this Conference closed, I have two duties to perform. One is on your behalf to thank Mr. Mitchell for the arrangements he has made—arrangements which I think you will agree have been entirely worthy of one of the joint authors of the Mitchell-Kirkness Report. (Applause.) I should like on behalf of myself and my colleagues to associate ourselves most heartily with the Honourable Mr. Miller's praise of that Report. I have had to study it very carefully, I have probably read it more often than anybody else here, and I must say I am amazed at the amount of good work that has been put into it. The industry which Mr. Mitchell and Mr. Kirkness devoted to the collection of facts and figures is to me amazing and I think every provincial representative will agree with that view as regards his own province. My second duty is to ask you to agree with me in according a very grateful vote of thanks to the President of the Legislative Assembly for the use of this Chamber. I doubt if the members of the Conference quite realise that he has accorded to us an entirely exceptional privilege and one which has not been accorded to any other conference for many years past. He has thereby recognised the importance of the problems with which we have been dealing. In conclusion, gentlemen, I wish to thank you most heartily—all sides of this Conference—and to express my deep gratitude for the assistance you have given us here in dealing with this very big problem which is common to you and to us.

The Conference then dispersed.

APPENDIX.

Resolutions as accepted at the Road-Rail Conference.

1. This Conference is of opinion that, *in the general public interest*, the time has come for increased co-operation and a more intelligent co-ordination of effort between the various authorities and interests concerned, in the matter of :—

(a) future Railway development,
and of

(b) the future development of road communications, whether used for motor transport or other purposes,

so as to secure a more comprehensive and uniform plan of general development than at present exists.

In areas where uneconomic competition between railway and road transport has been proved to exist, such increased co-operation and co-ordination may necessitate the adoption, *by mutual agreement*, of measures designed to reduce such uneconomic competition to the minimum compatible with the maintenance of healthy competition.

Any comprehensive or uniform plan of general development must sooner or later involve a gradual expansion of facilities for rural motor transport, complementary to the Railways and to other existing arterial forms of transport, but as internal district communications—apart from the main arteries—are largely controlled by local bodies, any intra-provincial co-ordination of effort must necessarily in the first instance be a matter for the local Governments and legislatures, who, in such matters, should consult, and to the best of their ability, co-operate with the Railway and other interests concerned.

2. In order to ensure increased co-operation and more intelligent co-ordination of effort between the various authorities concerned, this Conference considers that the following measures would be justifiable :—

(a) The control of public service and goods motor transport should be regulated in the interests of public safety and convenience.

(b) The number of vehicles licensed to ply for hire should be restricted so as to prevent such competition between all forms of transport as may be contrary to the public interest.

3. This Conference considers that the statutory provisions which at present limit the operation of motor services by certain railways should be repealed.

4. This Conference recommends that the present regulations regarding public service and goods motor transport should be reviewed with the object of amending them so as to afford every encouragement to the development of rural services even to the extent in exceptional cases of granting of monopolies for limited periods.

5. This Conference considers that, in the interests of all concerned, a co-ordinated plan should be drawn up for the taxation of motor transport by the various authorities concerned.

6. This Conference considers that—

(a) the present road development account should be continued for the duration of the present constitution and would urge that provision for its continuance be made in the new constitution ;

(b) the class of roads to which the road development account should be applied, including the maintenance of roads constructed from that account, be reconsidered ;

in present circumstances the most urgent need is an improvement in the efficiency, and a reduction in the cost, of the transport of agricultural produce to markets and thence to the railways ; future road development programmes should be framed accordingly.

7. This Conference considers that it is necessary to study the question whether such lack of balance as at present exists in the road systems will, if the means of development are restricted to revenue resources, be susceptible of correction either at all or at a rate consistent with the economic needs of the country ; and accordingly recommends that a comprehensive plan should be drawn up with a view to examining the possibility of development of both main and subsidiary roads from loan funds within the limit of the resources available for maintenance.

8. This Conference considers that suitable machinery should be established at the Centre and in the Provinces to ensure adequate co-ordination between all forms of transport and their future development.