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C. N. VAKIL

UNIVERSITY PROFESSOR OF ECONOMICS, BOMBAY

STUDIES IN INDIAN ECONOMICS

A series of volumes dealing with the Economic history and problems of Modern India

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**RAILWAY RATES
IN RELATION TO TRADE & INDUSTRY
IN INDIA**

BY

R. D. TIWARI, M.A., LL.B.

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EDITOR'S PREFACE

The important part played by the railways in the economic development of this country is well-known. The fact that railways in India constitute a great national industry, and that they have an important connection both with the financial and the industrial policy of the country is, however, not fully appreciated. Though occasionally problems relating to railways attract some attention, a systematic study of railways and their problems is not made. The subject of transport either occupies a subordinate position or often no position in the syllabuses of Indian Universities. Even important commercial bodies who are directly interested in the working of railways, find problems such as those of railway rates, a mystery ordinarily to be avoided. Due to this apathy towards railway problems both among the educated and the commercial public, railway administration in this country has not found that corrective, which enlightened public opinion provides in other countries. In fact the effect has been so stupifying on railway administrations, that it is not unnatural to find some of them considering railway problems such a close preserve, that the entry of the outsider shall be barred. As an illustration of this unfortunate tendency we may point out the fact, which would be unbelievable if it did not occur, that the authorities of the G. I. P. Railway refused access to their published tariffs, for the purposes of comparative study, required for *bona fide* research.

Some interest has been aroused in more recent times in railway problems, chiefly in connection with changes to be introduced under the new constitution. The provision for a Statutory Railway Authority in the Constitution Act opened the eyes of the public in India to this important national industry, the administrative control of which was thus being taken away from the future Federal Assembly. It was only then understood that the Railway Authority of the future will have the control of finances as large in the aggregate as those of the general budget of the Central Government. Though the railway budget was separated from the general budget in 1924, the importance of railway finance, and therefore, of railway policy was not fully

grasped, till this innovation of a Statutory Railway Authority was suddenly sprung on the Indian public.

Additional interest in railway problems grew when it was emphasised by Sir Otto Neimeyer that the financial position both of the Provinces and of the Central Government under the new constitution depended on the improvement of railway finance, which has been involved in large deficits in recent years. Following this recommendation the Government of India have appointed an expert committee to go into the question.

Though railway problems have thus attracted some attention in the country chiefly due to financial difficulties, adequate attention has not yet been paid to the question of co-ordinating the railway policy with the general economic policy of the country. Since 1924, we have adopted the policy of Discriminating Protection, and it is in the fitness of things to expect that the railway policy should be such that it may help the growth of industries. The reports of the Tariff Board are full of complaints regarding the unfortunate tendency of Indian railways in this connection, which may often undo the effect of protective measures passed by the Indian Legislature. Unless effective steps are taken to ensure that the railway rates policy shall be based primarily, in the interest of Indian trade and industry, we may find serious difficulties in our economic progress.

The literature on railway rates is very limited. With the exception of Mr. Ghosh's monograph on this subject there is no other important work which those interested may refer to. Mr. Ghosh's volume was published in 1918; besides being out of date, it does not try to co-ordinate railway rates with the needs of Indian trade and industry. In view of this the present volume is the first systematic attempt to study the intricacies of railway rates as they affect the movement of goods in this country. The treatment followed by Mr. Tiwari is to survey these effects with reference to a few selected articles of trade, because the effects vary according to the nature of the commodities. He has succeeded in establishing the conclusion that the railways follow an individualistic policy to the utter neglect of trade and industry in this country, and that a national policy to control and co-ordinate railway rates consistent with the economic interests of the country should be established without further delay.

PREFACE

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This work was submitted in its original form as a thesis for the M.A. degree of this University in 1933, for which it was approved. The work has been considerably revised and abridged before publication. It may be pointed out that the statistics used in the volume refer in some cases to earlier years. Wherever possible later data and information have been given.

School of Economics and Sociology, }
University of Bombay }
15th January, 1937.

C. N. VAKIL.

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