

A decorative rectangular border with a repeating floral or scrollwork pattern surrounds the text.

**INDIAN RAILWAY FINANCE
AND
INDIAN RAILWAY RATES.
BY S. C. GHOSE.**

with the compliments of the author
INDIAN RAILWAY FINANCE.

INDIAN RAILWAY RATES

BY

S. C. GHOSE,

AUTHOR OF "INDIAN RAILWAYS AND INDIAN TRADE."

Price One Rupee.

PUBLISHED BY H. K. BOSE,
57, College Street, Calcutta.

1912.

PRINTED BY B. N. MONDAL
The Art Union Printing Works.
28 Juggernath Dutt's Lane, Gurgur
CALCUTTA

CONTENTS.

	PAGES.
(i) Note on the debate in the Imperial Legislative Council on 1st March 1912 on the resolution of Sir Vithal Dass Thackersay on "Railways"...	i to xv.
(ii) Policy in extending Rail Roads	1 to 10.
(iii) Liability of Government in Railway Capital and in interest charges thereon	11 to 18..
(iv) Expenditure on Goods Rolling Stock	19 to 25.
(v) Railway Rates.—Foreign trade <i>versus</i> Interprovincial and Local trade	26 to 37.
(vi) Oudh and Rohilkhund Railway Rates	38 to 49.
(vii) Great Indian Peninsula Railway Rates	50 to 58.

NOTE.

This brochure contains a reprint of the four articles on "Indian Railway Finance," which I lately contributed to the columns of the "Indian Daily News," Calcutta, and also of the two articles that appeared in the "Leader," Allahabad, on the rates policy of the Oudh and Rohilkhand and the Great Indian Peninsula Railways. I gratefully acknowledge, with sincere thanks, the courtesy of the Editors of these two papers. In reprinting the articles I have slightly revised them and added notes.

The able and effective speech of the Hon'ble Sir Vithaldass Thackersay, to whom India owes a deep debt of gratitude for the great service he has done to the industrial development of the country, delivered at the meeting of the Supreme Legislative Council on the 1st March 1912, will have shewn that the rates charged by Indian Railways for the carriage of merchandise traffic have a great deal to do with the future of the indigenous industries, and that much yet remains to be done on the part of the Railway Managers in the way of granting reasonable rates in this direction.

The Hon'ble Mr. Clark in the course of his reply to Sir Vithaldass Thackersay's speech observed that what Sir Vithaldass would really like was that Government should go to railways and say that they did not approve of the railways having different rates in different areas, but that they should equalise their charge as far as possible over the same distance. The several illustrations cited by Sir Vithaldass, however, go to show that from the very same places in the Perars to two important towns in the Northern India, under similar conditions, the rates are not alike, *e.g.*, the case of rates for cotton from Hinganghat to Cawnpore and Delhi. While in this connection, it might as well be mentioned that although the G. I. P. Railway proportion of the through railway rate on full pressed cotton from Harda to Howrah, *via* Jubbulpore, is Re. 0-10-5 that Railway Administration persists in charging Re. 0-13-4 per maund over the same distance of their line when the traffic is booked to the cotton mills at Serampore. The Hon'ble Mr. Clark said that Railway Administrations by no means made difficulties when they were approached by traders, but it is to be pointed out here that the Agent of the Great Indian Peninsula Railway *did make* difficulties when he was approached on behalf of

the milling industries at Mirzapore and Serampore. It seems, however, that the Railway Board, on the matter being brought to their notice, did interfere, but the railway concerned has not, so far, agreed to charge the Mirzapore Mills the same rate over their line as they levy on similar traffic to Calcutta for the same distance up to Jubbulpore. In the case of the Serampore Mills, the matter is before the Railway Board since December last, but the case has not yet been definitely settled. In the first instance, the reply of the Railway Board was as follows :—

“ If you maintain your claim against the Railway Company on the ground of undue preference the matter becomes a legal one, which is beyond the province of the Railway Board to interfere.”

The Railway Board were then told, in reply, that it was not practicable, from the point of view of heavy expenditure, to take a case of this nature to a specially constituted court of law, under Chapter V of the Railway Act, and it was also specially pointed out that the late Mr. Robertson, C.V.O., had very frankly admitted this in his

report of 1903. The Railway Board were, therefore, asked to bring moral pressure to bear upon the Railway Company in question, but nothing has yet been heard.

The Hon'ble Mr. Clark was also good enough to say that "if the Government did not consider that the committee of enquiry is *now* desirable, it is that the first step, as it seems to them, is that the needs of the traders should be brought more clearly before the Railway Administrations." In this connection, several instances can be given to illustrate that such representations are often not considered favourably by the railway authorities, who also at times decline to give any reason for their decision. For instance, a regular traffic in country made piece goods and yarn has grown up between Bombay and Calcutta, and it would assist the further development of the trade if the bulk of the traffic could be carried by rail, but the despatches are at present mostly made by sea owing to the railway freight not being sufficiently low. Now, owing to the expansion in Bengal Coal Trade to Bombay by rail, a large number of wagons return empty from Bombay to Bengal, and the traffic in piece goods and yarn, if carried in such wagons, would not cost anything

extra to the railways, and most of the freight thus earned would be a distinct gain. A representation was made to the Railway Board for a reduction in the rate, through the Agents of the Great Indian Peninsula and the Bengal Nagpur Railways, and the Agent of the former line replied as under :—

“ An application was made to the Railway Board for a reduction of the rate for piece goods, twist and yarn from Calcutta to Bombay, *via* Nagpur, but they have replied that, as the East Indian Railway are strongly opposed to the proposal they are unable to agree to it.”

The grounds, on which the East Indian Railway oppose the proposal, have not been intimated to the applicants, who cannot understand why on the objection of a railway, which does not carry any portion of the traffic at present owing to its route *via* Jubbulpore being longer, the trade should be refused a rate, which the Railways, offering the shortest route, are apparently agreeable to accept. A further representation has again been made to the Railway Board stating

the case very clearly, and all the possible objections, that can be raised, have been very fully dealt with, and it remains to be seen what action the Railway Board now takes.

At this stage, it would be useful to examine in detail some of the remarks that were made by the able President of the Railway Board. He said that "what a railway wants is traffic, and it is to its interests to quote rates that will produce this traffic, whether it is to a port or local." This is as it should be, but the point is whether this principle is really adopted by the Railway Traffic Managers. The President of the Railway Board added that he had two rate books of the East Indian Railway and of the B., B. and C. I. Railway before him and that in these books there were rates for interprovincial traffic, which were lower than the railways could insist upon, but it will be shewn presently that such rates have, in a great majority of the cases, been the result of competition between the railways themselves and not introduced with the specific object of developing interprovincial trade. Now, we would take the E. I. Railway tariff alone, simply because in this railway's tariff there are less anomalous rates than in the tariffs of other lines. The East Indian

Railway special rates for traffic to and from the port of Calcutta alone occupy 250 pages of the book, and *for all the remaining stations* on that system the special rates are in the balance of 300 pages. From the remarks of Sir T. R. Wynne one would be inclined to think that in these latter 300 pages, the rates have been quoted with the object of advancing the interests of local traffic, and I sincerely wish that the President of the Railway Board was correct in his observations in this respect, but it would appear that the Hon'ble Sir T. R. Wynne had not had the time to go into details of these rates. Referring to the pages in the East Indian Railway Pamphlet No. 1 issued on 1st October 1911, one finds that in the Chapter relating to rates for stations, other than Howrah, there are 27 pages of specially reduced class rates, that have been quoted purely in competition with another railway or route. The balance of the special rates in this chapter are also mostly due to the same reasons. It may serve some useful purpose if it is mentioned here what some of these competitions are. For traffic between stations North and West of Umballa and stations east of Moghalsera the East Indian Railway competes with the Oudh

and Rohilkhund. Then a large number of special rates are quoted in competition with the Bombay, Baroda and Central India and the G. I. P. Railways. Some curious examples of such rates might be given. On page 537 of the said pamphlet there are entries of several rates for "baskets" between all junctions of the East Indian Railway beyond Allahabad and on page 557 will be found similarly quoted rates for "Cadjans." Competition with the G. I. P. Railway has brought about these rates. At first glance at the special rates for chillies in the said chapter one gets the impression that the special quotations from Mokameh, Patna, and Sahebganj have been introduced in order to encourage traffic from Behar to the United Provinces, but a closer examination will disclose the fact that the rates are between points, where the East Indian Railway have to face competition with the Bengal and North Western Railway. Then on pages 591 and 592 there are special rates for flour from Delhi and Cawnpore quoted by the East Indian Railway, because of competition with the North Western, the G. I. P. and the B., B. and C. I. Railways. Taking but a few instances of grain rates, it is noticed that there

exist special rates from Agra to the Jubbulpore Line and from Katni and *via* to Agra. These were not brought into force with the view to place the Northern India grain in the markets of the Central provinces and vice versa, but for the reason of competition with the G. I. P. Railway route. Such are the rates which the Hon'ble Sir T. R. Wynne said were quoted for the inter-provincial traffic at a lower figure than the Railways were authorised to charge, but the quotation of these rates below the maximum were forced upon the railways by their own action, in which the interests of the public were hardly, if ever, considered, or in other words the rates were quoted in competition between the several state lines. Sir T. R. Wynne requested the Hon'ble Members to read Ripley's book on "Railway Problems" and referred to that book in his reply. In the same book, however, there are certain passages that will strengthen the case of Sir Vithaldass Thackersay. The following remarks occur on page 157 of this book:—

“The objects of the Association as alleged in the preamble are the establishment and maintenance of tariffs of uniform rates, to prevent unjust discrimination

such as necessarily arises from the irregular and fluctuating rates, which inevitably attend the separate and independent action of transportation lines, and the securing as to business in which the carriers have common interest a proper co-relation of rates such as will protect the interests of competing markets without unjust discrimination in favour of or against any city or section."

The above only goes to support what the Hon'ble Sir Vithaldass said in the matter of cotton rates to Delhi and Cawnpore. Since the issue of Ripley's book there has been published lately another book on " American Railway Problems " by Mr. Carl. S. Vrooman. The last chapter of this book headed " final considerations " shews that even in an advanced country like America, where the voice of the public is paramount, it is felt that in the interests of the country a rigid Government control on railway rates is necessary. In Ripley's book also one finds the following passage:—

" The conclusion finally deduced from this train of reasoning is that public ownership of railways, or at least public regu-

lation of rates is imperative. In every case, where we find the price of a set services settled on grounds of right or wrong, no private person or corporation can be safely intrusted with their administration. So delicate a process, involving necessarily an interference in distribution of a more or less arbitrary sort, must be in the hands of the State."

In America, Government control on Railway Rates cannot perhaps be so rigidly exercised as should be possible in India, because the American Railways are owned and financed by private concerns. The Indian Railways were promoted by the Government, the land was given free, the tax-payers bore the brunt of 5 per cent. guarantee on the capital outlay, and paid, in some cases, by cash and are paying, in other cases, by annuities the capital of the trunk lines that have been acquired by the Government of India, and are responsible for the payment of interest charges on the company's share of the present capital, which interest charges amount to over 11 crores of rupees in a year, and yet the Government of India apparently approve of the policy that each individual railway company, though the companies

are merely working as agents of the Government for managing the railways, should be treated as a separate concern and that in the matter of railway rates the control of the Government, on behalf of the tax-payers, should be simply of a superficial nature in the way of controlling the maximum and minimum rates irrespective of whether the interests of the Indian industries receive proper treatment or not. Even in England, where railways are owned by private corporations, the following is one of the sections in the 'Railways and Canal traffic Act' :—

(1) " Whenever any person receiving or sending or desiring to send goods by any railway is of opinion that the railway company is charging him an unfair or an unreasonable rate of charge, or is in any other respect treating him in an oppressive or unreasonable manner such person may complain to the Board of Trade."

(2) " The Board of Trade, if they think that there is reasonable ground for the complaint, may thereupon call upon the railway company for an explanation, and endeavour to settle amicably the differences between the complainant and the railway company."

(3) " For the purpose aforesaid, the Board of Trade may appoint either one of their own officers or any other competent person to communicate with the complainant and the railway company, and to receive and consider such explanations and communications as may be made in reference to the complaint ; and the Board of Trade may pay to such last-mentioned person such remuneration as they may think fit, and as may be approved by the Treasury."

(4) " The Board of Trade shall from time to time submit to Parliament reports of the complaints made to them under the provisions of this section, and the results of the proceedings taken in relation to such complaints, together with such observations thereon as the Board of Trade shall think fit."

(5) " A complaint under this section may be made to the Board of Trade by any of the authorities mentioned in section seven of this Act, in any case in which, in the opinion of any of such authorities, they or any traders or persons in their district are being charged unfair or unreasonable rates by a railway company ; and all the provisions of this section shall apply to a

complaint so made as if the same had been made by a person entitled to make a complaint under this section."

The foregoing lines speak for themselves. The right of the public to make a complaint against a railway is fully recognised, when any person considers that a railway company is charging an unreasonable rate. The Board of Trade is empowered to call upon the railways for explanations and to settle the differences amicably. Further, even the Board of Trade is required to submit to Parliament reports of complaints made to them and the results of the proceedings.

It is earnestly requested that the Hon'ble members at the next session of the Supreme council will raise the question of the revision of the railway law in India on these lines, and seeing that the Indian Railways Act IX of 1890 is mainly based on the 'Railways and Canal Traffic Act' of Great Britain, there seems no reasonable ground or argument that can be raised or urged against the inclusion of the section quoted above in the Indian Act. The functions of the Board of Trade might be given to the Railway Board and the results of the enquiries made by the Railway

Board submitted to the Imperial Legislative Council. The very fact of all the Indian non-official members present in the council voting for the resolution moved by Sir Vithaldas Thackersay shews that the question is of considerable importance to the country, and fortunate as India is at this moment in having so sympathetic and considerate a Viceroy as the noble Lord Hardinge, who is ever prepared to put right any wrong done, it is hoped that the question will receive that favourable consideration which it deserves.

I must not fail to mention that Mr. R. D. Mehta J.P., C.I.E., has done a great service to the country by "his admirable and instructive articles" on "Railway Rates" in the "Empire," and the Hon'ble Sir Vithaldass and the Hon'ble Mr. Mudholker referred to these articles in the council debate.

58/1 AMHERST STREET :

Calcutta, April 1912.

} S. C. GHOSE.