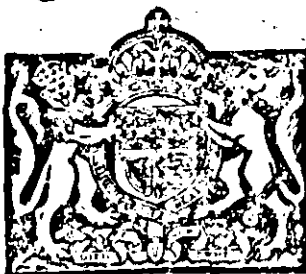


CONFIDENTIAL

**GOVERNMENT OF INDIA
RECONSTRUCTION COMMITTEE OF COUNCIL**

RECORD
of the
First meeting of the Policy Committee No. 3-A
on
**Transport held at New Delhi on the 15th of
January 1945**



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APPENDIX I.—Conclusions of Meeting of T. A. C. on 12th and 13th Jany. 1945.

I. AGENDA

1. ROAD DEVELOPMENT

(1) Is the classification of roads given in paragraph 4 of the attached Memorandum accepted as suitable?

(2) Should the Central Government assume (a) financial responsibility for, and (b) authority to control traffic on, National Highways and if so on what lines?

(3) Should the Central Government, subject to the limitations of finance, assist financially and technically in the development of other roads?

(4) Should financial assistance for roads other than National Highways be given for District and Village roads for preference?

2. MOTOR TRANSPORT AND ROAD RAIL RELATIONS

(1) Is it agreed that the development of motor transport for carriage of goods and passengers should be actively pursued and that a radical attempt should be made, in the public interest, to coordinate road and rail services particularly where they are in competition?

(2) As regards passenger services, which duplicate railways, should railways participate in passenger road services as the best practical means of securing coordination? How should this participation be effected:

(a) by independent operation; or

(b) by acquiring a substantial interest by negotiation in road passenger services, combined with the negotiations of operating agreements between road and rail services?

(3) As regards goods services which duplicate Railways in the future,

(a) should short-haul road traffic be permitted without restriction?

(b) should long distance goods traffic by road be controlled, and where necessary restricted, in the interests of overall transport economy?

(c) should this restriction and control be delegated to traffic commissioners?

(d) what should be the ultimate appellate or controlling authority, and

(e) within the framework of the regulation adopted, should railways participate in goods transport in the same way as is suggested for passenger transport?

3. FUNCTIONS OF THE PROPOSED ROAD BOARD

4. GENERAL

EXPLANATORY MEMORANDUM ON AGENDA FOR POLICY COMMITTEE 3A

1. *General.*—The Agenda deals with road development, with motor transport and with road rail coordination. No specific mention is made of Inland Water Transport. It is understood that the Governments of Provinces where I. W. T. is, or might be, important, have been studying the future problems, and the Government of India in the Labour Department have recently addressed Provinces on the large questions of river conservancy in relation to hydro-electric and irrigation developments as well as navigation. The Provinces most concerned have been asked to report the progress made so far in their own investigations, and it is hoped that information will be available at the meeting of the Policy Committee. In the meantime if any member has any point concerning coordination of Inland Water Transport with road or rail transport, which he wishes to bring up at the meeting, advance notice should, if possible, be sent to the Secretary to the Government of India, War Transport Department. A technical survey of the position seems to be required as a preliminary to further discussions and it may be useful to discuss how this should be carried out.

2. Copies of the two Reports mentioned below were sent by Posts and Air Department to the members of the Committee on the 7th March 1944. Duplicate copies are now sent separately, should any member have mislaid his. Return, at the meeting, of spare copies not wanted is requested.

(1) Report of the Conference of Chief Engineers on the Post-War Road Plan held at Nagpur on the 15th—18th December 1943, briefly "The Nagpur Report" or "The Nagpur Plan".

(2) Report of the Technical Sub-Committee to the Subject Committee on Transport on the Future of Road Transport and Road Rail Relations, briefly "The Report of the Technical Sub-Committee".

3. Particularly in the case of the second report the questions at issue are complex. They have been fully set out in the Reports, and the paragraphs that follow do not purport to cover the whole ground. Pending consultation with the Policy Committee and further discussions with Provincial Governments, the Government of India have, naturally, not formulated final conclusions on all the points at issue. They consider however that the two Reports are generally acceptable as the foundations of future planning.

4. *Road Development.*—(1) In the Nagpur Plan it was proposed that roads be classified into—

National Highways,
Provincial Highways,
District Roads, Major and Minor,
Village Roads.

and that National Highways should be the financial responsibility of the Centre.

(2) This administrative classification does not necessarily determine the standard of construction which depends upon density of traffic and allied considerations. The all-weather aspect is, however, more important in the "Highway" classes.

(3) On general grounds it seems right that the Central Government should assume financial responsibility for National Highways and, in respect of other roads, assist—

(a) as far as possible financially with the development of District and Village roads which are bound up with agricultural improvement and are complementary to railways; and

(b) technically, by setting up a strong organisation for research, intelligence and standardisation of specifications.

5. *Road Transport.*—(1) The Technical Sub-Committee recommended that the control of long-distance inter-provincial traffic on National Highways should be Central. This is logical; but if the Centre pays for the Highways, the authority of the Centre over the control of traffic on them should not be circumscribed, although in practice it may not generally be exercised save in respect of long distance traffic. It is desirable, therefore, that by agreement with the Provinces, residual power of control over all traffic on National Highways should be ceded to the Centre.

(2) The Technical Sub-Committee recommended that there should be no restriction on the development of bus services, save those necessary in the interests of public safety, convenience and the economic requirements of the areas concerned; that possibilities for the extension of motor transport for the carriage of goods on routes not served by railways should be fully exploited; that short haul carriage of goods by motor transport between places served by railways should not be restricted; but that in order to preserve the economy of railways and to enable them to continue to offer low rates for the transport of goods:—

(a) railways should participate in road motor transport, particularly for passengers, and

(b) long distance carriage of goods by roads should be regulated and restricted as necessary, by expert judgment on the basis of public economic need.

(3) As is generally known, the ability of railways in the past to quote low freight rates for goods which would not bear a higher rate was dependent not only upon the higher rates which certain other traffic could bear but also upon very substantial earnings from third class passengers and largely from third class passengers in the zone 0 to 50 miles. If therefore there is to be real coordination of passenger service without undue restriction of road services, fusion of financial interest is necessary. It is also necessary that the use of motor transport for "cream skimming" long distance goods traffic should be restricted. These two are the main aspects of the coordination which seems to be necessary. The post-war demand for road and rail traffic cannot accurately be foreseen but it is too much to expect that post-war India will escape the necessity for coordination.

(4) As regards passenger traffic in particular, two points supplementing the Report of the Technical Sub-Committee are pertinent. The first is that between 1928, when powers were first given, and the outbreak of war, the British Railway Companies had acquired interests in road passenger services to the extent of ten million sterling and that effective coordination had been attained with apparent advantage to the travelling public. The second point is that the long-range post-war recommendations of the Committee regarding railways participating in road transport have, in fact, become of immediate importance for the following reasons. The load on transport generally needs the maximum possible extension of road motor transport both for passenger and goods. If current plans mature, there may be, by the middle of 1946, more road transport vehicles than before the war when there was a surplus of buses on certain overcrowded routes. The new vehicles at present coming from Canada are intended solely for the prosecution of the war and maintenance of essential civil services. The small bus owner working independently cannot be adequately controlled and amalgamations are necessary. If railways remain outside for the present, the post-war slump in the demand for transport will see railways and organized bus companies in active opposition with every prospect of mutually unprofitable competition, before the inevitable amalgamation comes about. The occasion cannot be postponed.

(5) In respect of goods transport in particular, the correct view of coordination unfortunately appears to be that it is ultimately impossible to secure it, merely by mutual arrangement, between a public carrier bound to carry any goods that offer and charging on the basis of what the traffic can bear (that is the railways), and a road carrier charging approximately the cost of each service, independently of the goods carried, and upon whom it would be meaningless to impose the obligation to carry any goods that offer. To the extent to which railways can usefully participate in road motor transport, however, coordination can be sought in that way; but it has its limitations, and the position must be recognised that, while, on the one hand, control of short-haul uses of road transport is impracticable, on the other, the only effectual cure for uneconomical long distance "cream skimming" by motor transport is its prevention under regulation by independent expert authority. There should, however, be an appeal from the rulings of the expert authorities to some higher body charged with the evolution of a rational and scientific policy in these matters. Since the appeals will frequently relate to inter-provincial movements of goods, they should apparently lie to some authority under the Central Government.

6. *Immediate war problems in connection with goods.*—The demand for Road Transport to relieve railway congestion is at present great. If vehicles are released to independent public carriers for this, control of rates and of priorities will be very difficult, and a body of goods operators will be created for whom there may not be an economical function when things return to normal. As far as possible, therefore, the railways are endeavouring to operate goods road

transport during the war either directly or through contractors who would own the vehicles on the basis of a break clause and resumption by the railway of the vehicles when the goods services are no longer required. When the abnormal war condition no longer prevail there may still be a useful, if restricted field for operation by railways of goods services by road, and some of the services started by railways to meet war demands may be continued.

7. *Road Board.*—The Executive Authority in the subjects of roads and road transport is Provincial. The demands for the creation of an Indian Road Board do not always recognise this basic fact and the functions proposed for it by the Sub-Committee would be likely to cut across the responsibilities of Provinces in their fields. There appears nevertheless to be useful scope for such a body in an advisory capacity and for the exercise of certain of the functions of the Centre in connection with the preparation and execution of the road plan as may be delegated to it. The letter to Provincial Governments which is attached sets out the position. Government would welcome any suggestions by members of the Committee as to the functions of such a body.

COPY OF A LETTER No. PL1(1), DATED THE 12TH DECEMBER 1944, FROM WAR TRANSPORT DEPARTMENT, GOVERNMENT OF INDIA, TO ALL PROVINCIAL GOVERNMENTS

I am directed to address you upon the subject of the recommendations for the setting up of an Indian Road Board contained in the reports of the Technical Sub-Committee to the Subject Committee on Transport and of the Chief Engineers' Conference at Nagpur of which copies have already been sent to you.

2. It will be recalled that the Sub-Committee was asked to draw up a plan for the future of road transport and road-rail relations, its conception of the requirements was therefore based on what it considered necessary to promote the rational development of motor transport and road-rail relations on a long term basis and necessarily contained suggestions which cut across the existing constitutional distribution of subjects between the Centre and the Provinces. Its recommendations as to the machinery required for development of road transport and road-rail coordination are elaborated in Chapter VI of its report and include proposals for—

(i) the expansion of the provincial transport authorities by the inclusion of representatives of railways, or road transport interests and of inland water transport and coastal craft where these interests are important.

(ii) the appointment of wholetime Provincial Transport Commissioner "who should be the appellate authorities from the orders of Regional Transport authorities and should themselves be subject to the appellate jurisdiction of the Indian Road Board,"

(iii) the creation of a Central Road and Road Transport authority to be designated the Indian Road Board working directly under the Transport Member and the Department of Transport to deal with

(a) the development of roads and road transport,

(b) the administration of the general road transport policy,

(c) the regulation of road transport on the national highway system,

(d) appeals from the decisions of Provincial Transport Commissioners.

3. The Chief Engineers' Conference though expressing itself in language somewhat different appear to have had a similar conception of the functions to be exercised by the Road Board, but added a proposal for an Advisory Council representative of commercial interests, the Army, the Railway Board, the Agricultural and Economic Advisers to Government, the Indian Roads and Transport Development Association, the Indian Roads Congress, road transport interests, and a representative of the Province or State whose scheme was

under consideration at any time to advise the Road Board. It also specified certain functions which the Road Board could usefully exercise in regard to road planning such as the balancing of rival claims for priority in construction; coordination and direction of the efforts of all construction agencies; phasing of works so as to make the best use of demobilised men and plant released by the Army; regulation of competition between various construction agencies for labour and material and so guard against the creation of "boom" conditions; deciding rival claims for priority in bridge construction; deciding on allocation of available tools and plant. The recommendations of the Chief Engineers thus included immediate functions connected with the post-war road plan which the Road Board could usefully exercise.

4. The constitution proposed by both these bodies of the Road Board is—

- a Chairman,
- a Member for Road Transport,
- a Member for Road Development,
- a Financial Adviser, and
- a Secretary.

The Sub-Committee has pointed out that the number of administrative units is so large that there seems no possibility of providing for provincial representation on it. It has therefore suggested that apart from periodical meetings of the Transport Advisory Council there should be more frequent general or zonal meetings between the Road Board and Provincial Transport Commissioners to preserve unity and concurrence in policy and practice.

5. As regards long term functions, there are various constitutional and legal issues involved, and the replies of Provincial Governments, while expressing general agreement with the idea of an Indian Road Board, are not unanimous as regards the functions in regard to control and regulation of road transport that it should exercise. The question as to what powers it should exercise over road transport would depend very largely on the decisions reached as regards the financing of national highways, the policy to be followed in regard to road transport in general, and the proposals made in the Sub-Committee's report (set out in para. 2 above) for a modification of the Provincial organisation for controlling transport which would impinge upon the long term powers which it is proposed the Indian Road Board should exercise. The Central Government would like to have the considered views of the Provincial Governments upon these proposals as well as others contained in Chapter VI of the Sub-Committee's report but, while they recognise that it may not be possible to reach conclusions on all of them immediately, it would be of great advantage if they could be actively considered with a view to evolving an agreed policy.

6. Meanwhile, the Government of India consider it important that a departmental committee which they propose to call the Road Board, should be set up at the Centre, consisting of the Chief Controller of Road Transport and Development, Controller of Road Transport, Consulting Engineer to the Government of India (Roads), the Financial Adviser, a representative of the Railway Board and a Secretary whose functions would generally be to coordinate road planning, regulate its progress and execution (particularly of National Highways) and to perform other functions relating to priority, phasing and regulation of competition as outlined in para. 3 above. It would also have power to sanction schemes of research. The creation of such a body with the functions indicated would appear to be in accord with the views which Provincial Governments have already expressed, but the Central Government would be glad to have this confirmed at a very early date.

II. MEMBERS PRESENT

REPRESENTATIVES OF THE GOVERNMENT OF INDIA

The Hon'ble Sir Edward Benthall, *Chairman*, Member, War Transport and Railways.

The Hon'ble Sir Ardeshir Dalal, Member, Planning and Development.

The Hon'ble Sir Jeremy Raisman, Finance Member.

The Hon'ble Sir Satyendra Nath Roy, Secretary, War Transport Department.

Lt.-General Sir Thomas Hutton, Secretary, Planning and Development Department.

Sir Kenneth Mitchell, Chief Controller of Road Transport and Development.

Mr. D. R. Rutnam, Joint Secretary, War Transport Department.

Mr. M. K. Sen Gupta, Financial Adviser (Communications).

The Hon'ble Sir Francis Wylie, Political Adviser to the Government of India.

Sir Arthur Griffin, Chief Commissioner, Railways.

Mr. V. Narahari Rao, Additional Secretary, Finance Department.

Mr. T. M. S. Mani, Deputy Secretary, Planning and Development Department.

The following also attended by invitation:—

Sir Hugh Raper, Member, Transportation, Railway Board.

Sir Lakshmiapati Misra, Member, Engineering, Railway Board.

Mr. A. A. Brown, Director, Road-Rail Coordination, Railway Board.

Mr. A. S. Lall, Deputy Secretary, Finance Department.

Major-General G. N. Russell, Dy. Q. M. G.

Information Officer, I. & B. Department.

Representatives of Provincial Governments:—

MADRAS

Mr. C. H. Masterman, Provincial Motor Transport Controller.

Mr. H. R. Dogra, Chief Engineer (Communication).

BOMBAY

Mr. R. H. Hammett, Secretary to the Government of Bombay, P. W. D. (Irrigation).

Mr. T. T. Kothavala, Provl. Motor Tpt. Controller.

BENGAL

Mr. B. Sarkar, Secy. to the Govt. of Bengal, Communications Works Deptt.

Mr. E. B. H. Baker, C./Provl. Motor Transport Controller.

Mr. J. Chambers, Chief Engineer.

UNITED PROVINCES

Mr. T. B. W. Bishop, Adviser to H. E. the Governor of U. P.

Mr. E. de V. Moss, War Production Commissioner.

PUNJAB

Mr. J. W. Hearn, Provl. Motor Tpt. Controller.

The Hon'ble Nawab Haji Sir Mohd. Jamal Khan, Leghari, Minister of Public Works.

BIHAR

- Mr. A. E. Green, Chief Engineer and Secretary, P. W. D.
 Mr. H. K. Nivas, Special Officer, Post-War Reconstruction (Communications and Planning).

CENTRAL PROVINCES AND BERAR

- Sir H. G. Greenfield, Adviser to H. E. the Governor of C. P. and Berar.
 Mr. E. V. A. Peers, Joint Secretary to Govt. and Provl. Motor Tpt. Controller.
 Mr. B. St. Newton, Chief Engineer.

ASSAM

- The Hon'ble Sir Mohammad Saadulla, Prime Minister.
 Mr. F. E. Carnach, Secy. to the Govt. of Assam.

N. W. F. P.

- The Hon'ble Sardar Abdur Rab Nishtar, Finance Minister.
 The Hon'ble Sardar Ajit Singh, P. W. D. Minister.
 Mr. W. Lawley, Superintending Engineer, P. W. D.
 Mr. A. Rashid, Secretary, Provl. Tpt. Authority.

ORISSA

- Mr. B. K. Gokhale, Adviser to H. E. the Governor of Orissa.

SIND

- The Hon'ble Rai Sahib Gokaldas Mewaldas.
 Mr. Roger Thomas, Adviser to the Govt. of Sind, Agriculture.
 Mr. W. B. Calder, Superintending Engineer, Communication Circle.

Representatives of Indian States:—

- Dr. P. S. Deshmukh, Dewas-Junior Branch Dewas (C. I.)
 Sir Manubhai Mehta, Gwalior.
 Sirdar D. K. Sen, Prime Minister, Cooch Bihar.

Non-officials

- Mr. R. R. Bhole.
 Mr. Nur Mohamed Chinoy.
 Dr. Nalinaksha Sanayal.
 Mr. W. W. Ladden.
 Mr. J. W. E. Berry.
 Mr. K. Santhanam.
 Malik Sohan Singh.
 Sir Mohammad Yamin Khan.
 Rai Bahadur Sant Ram.
 Hon'ble Sir Bijoy Prasad Singh Roy.
 Mr. T. R. S. Kynnersley.
 Mr. M. A. Master.
 Mr. Kasturbhai Lalbhai.
 Mr. A. F. Hirtzel.

III. RECORD OF DISCUSSIONS AT THE MEETING

The Hon'ble Sir Edward Benthall, Chairman, in opening the proceedings spoke as follows:—

This meeting should be a landmark in the history of transportation in India. It represents the first occasion, since war put an end to our planning for peace time, when representatives of the Central Government, the Provinces and the public have met together to tackle the intricate problems of transport development.

The problems are well-known to all of you and the business of this meeting is not to restate the problems or emphasise their complexity but to approach them with a determination to proceed one step forward with their solution. Nevertheless it is appropriate that I should endeavour to state in broad terms what it is that the Government of India are aiming at. If I can make this clear, it may not only be of general advantage but may also help to convince those who are haunted by the feeling that the Government of India's object is to protect the interests of the railways regardless of other considerations.

PROBLEMS OF TRANSPORT COORDINATION AND DEVELOPMENT

Our primary object is, on the basis of the existing state of affairs, to raise the productivity of transport and to develop a transport system in India which at the cheapest possible cost in capital and running expenses will provide for India's developing needs, having regard specially to the fact that agriculture, industry, education, health and in fact most of the plans for post-war development depend upon a transport system which adequately reaches out into the districts and villages. To achieve this we have to examine the subject from the widest and most broadminded angle. We must continually look at the matter as one comprehensive problem of coordination and rational development of transport and not as a series of problems involving the interests of those concerned with road development, road transport, railways or shipping. We must consider how best we can develop and regulate transport as a whole for the benefit of the country as a whole and not of sectional interests, be they of Governments or of private individuals. We must remember always that in the years to come, if our policy is successful, India will for the first time enjoy an adequacy of transport and we must build to ensure that all forms of transport are fully exploited in a manner which will fit India for coordinated progress in peace and for the emergency of war should such a calamity again fall upon her.

It is not possible to cover the whole of the vast and intricate field in a single opening speech, which would invite others as long. But there are just a few things which ought to be said rather by way of illustration of the Government of India's policy than as a full statement of it.

Few people, if any, will disagree with the principles laid down in the Introductory Report submitted in 1933 by the Committee of Independent Experts to the International Chamber of Commerce and so aptly quoted in paragraph 2 of the Technical Sub-Committee's recent report on the future of Road Transport and Road-Rail Relations. It is, however, one thing to lay down principles and quite another to translate them into practice. If we are properly to develop India's transportation system on a rational basis, we must go back to first principles and make certain primary decisions from which other details of policy will follow. One of the first things we must decide is the degree to which we must develop rail, road, air, river and coastal communications respectively within our overall scheme of development. For the moment, let us consider only the respective development of road and rail since this is the major problem. The Nagpur Report recommends a target of the order of 400,000 miles of road development for the whole of India, including States, and although this figure is only a very rough estimate being based on empirical formula and is in process of being revised on the basis of plans prepared by Provinces as the result of a detailed survey of actual requirements and in the light of financial resources.

it is generally accepted that a considerable target of development should be aimed at. Some very influential opinion holds that the development of roads, particularly district and village roads, should rank very high in priority among the different categories of post-war planning and rehabilitation for India. It follows inevitably that such a large plan of road building and improvement must bring with it a very large increase in the volume of motor transport apart altogether from the natural increase expected on existing roads. The inevitability of this development is so self-evident that there cannot be found any opinion to contradict it and it is certainly accepted by the railway authorities. If then roads are to be pushed out into every district and every village, what is the future of rail expansion having regard to the fact that, in the decade before the war, the railways were beginning to feel the loss of their former monopoly of land transport and had not yet begun to reap the benefits which a properly coordinated and interdependent road-rail transportation system can bring to both forms of transportation? The point which I wish to make today is a simple one but one which will govern all our actions in the development of new transport routes, namely, that it should be accepted as axiomatic that there is no sense in building a railway if a road will do the work equally effectively, or unless for very good reasons, in building both in competition for a traffic which can be carried by one or the other. New railways should only be built where a traffic survey shows that a road is unlikely to be able adequately to take care of the traffic. It is clear that where heavy traffic is to be developed, particularly in low priced commodities such as mineral traffic, railways must be constructed and there are various other rail projects which, even in the face of motor vehicle competition, will prove desirable both as earning propositions and for the industrial and general development of the country. But it is obvious that, with the development of motor vehicle transport, many branch line projects which might formerly, in the days when the bullock cart reigned supreme, have proved justifiable will have to give way to the newer form of transport. The idea that it is necessary to build railways to within 15 miles of every village is a survival of the bullock cart mentality and it is necessary to revise our outlook regarding rural transportation with the coming of the motor lorry and the bus. Nor should it be forgotten that the war has proved that the Indian railways can carry some 30 per cent. more traffic than they carried before the war, a percentage which will be considerably increased when all the new rolling stock on order has been delivered and which should provide to a large extent for India's immediate post-war development on her existing lines. It seems likely then that the construction of new main and branch railway lines will be relatively slow—the Railway Board have been working on a programme of about 500 miles per annum of new lines—and that the main target of railway development of both goods and passenger traffic will be in the intensive development of traffic on the existing lines so as to give faster, better and, if possible—though of this there are small hopes—cheaper service to the public combined with better service conditions for the personnel of the railway services. This is the conclusion which the Government of India have formed and it is evidently consciously or sub-consciously one which has also been reached by many of the provincial administrations, who are the authorities largely representing the users of transport and who, when considering the developments of their provincial resources as a whole, have not asked us for large increases in branch line milages but have evidently envisaged that much of the work formerly done by branch lines will be done in future by motor transport with adequate efficiency and considerably less capital outlay. This view may be a disappointment to those who look for the outlay of many hundreds of crores upon the construction of new railways as well as the expenditure of many hundreds of crores upon the construction of new roads and the development of motor transport, but it is quite certain that the capital will not be available for both purposes from the common pool. To argue in favour of the building of both roads and railways on a gigantic scale simultaneously shows a certain lack of appreciation of the new factors which

have entered into the internal transport position and which have been so ably set out by the Technical Committee. I therefore invite the views of the Committee on this point among others and feel confident that it will carry support.

ROAD AND RAIL SERVICES

Turning now to the question of coordination between road and rail services it will be agreed by all that the Motor Vehicles Act of 1939 was a great step forward but unfortunately the intervention of the war has not permitted a proper trial to be made of it, nor is there anything to show that the system of checks and balances which this envisaged would alone achieve the objective.

The Technical Report on road-rail cooperation—which I think you will all agree is in the main a masterly exposition of the necessity of rail-road co-ordination in Indian conditions for which we are deeply grateful—came to the conclusion, as others have elsewhere, that a Joint Transport Budget and all which that implies held out hope of being the ideal method of integrating all transport interests in India. The advantages are obvious. A master controller might be able to plan, from the single point of view of the efficiency of public transport as a whole, the operation of road and rail services complementary to each other, eliminating redundancy in either sphere, canalising capital expenditure into the most productive channels and creating a community of interests between the various means of transport. Financial integration might at the extreme take the form of nationalisation under a central body of all means of transport road, rail, air, river and coastal or it might be done by a form of pooling of receipts. Such methods have been under discussion elsewhere. But some of the constitutional and financial assumptions of the Technical Committee on which this particular recommendation has been based are at variance with the basis of the Government of India Act 1935 and this makes the acceptance of their solution impracticable. In India the fact that roads are a Provincial subject and that Provinces have very different views on the whole subject, combined with the presence of Indian States and, it must regretfully be admitted a great scarcity of administrative personnel and experience for the creation and conduct of such a vast undertaking must for the time being make that proposal only an ideal to be kept in mind for the future in connection with any constitutional changes and not one of immediate practical application.

What are the alternatives?

We might allow price competition on the basis of equal opportunity between road and rail. But it is not possible here or anywhere else to create equal opportunity. It would hardly be economical in the widest public interest to allow freedom to road interests to place as many vehicles on the road as they wished in the same way as railways have power to increase their rolling stock, nor would it be right to allow railways to charge anything they liked for traffic which must go by rail, nor would it be possible to make motor transport companies common carriers, that is to say to impose obligation on them as on the railways to carry everything that offers, or to devise any satisfactory means of equalising the financial load of railway tracks financed out of loan money and of roads financed in the past by taxation. From the financial and general economic aspects it would not be right to allow railways to crush road transport by the weight of their financial resources and their ability to increase charges on monopoly traffic such as coal to the disadvantage of industrial development or to allow roads by sacrificing rates and fares at uneconomic rates or by uncontrolled operation to depreciate one of the nation's most solid and valuable assets, her railways, the financial stability of which must be secured. Neither of these could be tolerated.

The policy which the Government of India have therefore determined to put forward for consideration is to regulate competition between road and rail by control of fares, routes and traffic together with regulation of conditions of service, exercised by Provincial Transport Controllers in accordance with

principles to be agreed upon between the Centre and Provinces. Maximum co-ordination will be sought between road and rail interests, where possible, by the negotiation of financial participation by the State-owned railways in reliable motor transport companies either existing or still unborn, combined with the correlation of rates and fares and of the sharing of traffic between the two traffic media where they come into competition. Management would be largely in the hands of those with expert knowledge of road transport operation. If an efficient management already exists, it will not of course be turned out merely to make room for railway personnel. It will be observed that the policy of Government is to proceed by negotiation and not regimentation, negotiation in the common interest and at an early stage because we believe that by this means much fierce and unnecessary competition in rate cutting can be avoided and much loss saved to everybody. It will leave open a wide field for competition in service. Under the existing constitutional arrangements there is no question of the Centre endeavouring to trench on the sphere of the Provincial Governments by obtaining a dominating interest in road transport through the railways, but if they are to come to terms, the railways may insist upon negotiating a controlling interest in a particular company in order to secure protection for a State investment.

TRANSPORT COSTS

It may be familiarly argued that this will place transport in a position to impose high transport costs upon the public. Against this there is a double check in India, the power of the Provincial Governments to impose maximum road rates and fares and the power of the Central Government to do the same on railways. The powers of the Provinces would, of course, be exactly the same over companies in which railways were financially interested as over any other road transport company. A further safeguard would be the free issue of licences to private carriers also. A rates tribunal or tribunals to see fairplay would also form a natural part of such a policy.

We have been carrying out negotiations with the Provincial Governments for some time on this basis and last week have discussed the whole policy on the Transport Advisory Council. There is complete agreement between the Centre and the Provinces that coordination is necessary in the public interest and that Provinces should agree to regulate motor transport in accordance with a code of principle and practice to be drawn up by the Centre with the agreement of the Provincial Governments which must form a binding convention. The majority of Provinces were agreeable to railways taking a substantial interest in road transport but were opposed to their acquiring a dominant interest, though they did not object to railways negotiating a majority interest in particular companies in certain conditions. Certain Provinces are inclined to favour State, that is to say Provincial, ownership of road transport services in which case the need for coordination in order to prevent a conflict of interests between Central and Provincial finances will be accentuated. Other Provinces favour participation with the railways and the public in joint road transport companies. Although therefore we have not reached in conjunction with the Provinces a uniform policy for application in British India, we have reached a very large measure of agreement which forms the basis of a policy of practical application and of great promise of future progress; and we should welcome the views of the Committee on it.

The situation offers, of course, an extremely extensive field for negotiation between the Central and Provincial Governments and between road and railway interests, not to mention the river and coastal interests which will be concerned. It will involve one of the most intricate of all problems in post-war administration and will call for the best and most broadminded administrators which the Central Government and the Provinces can produce.

My remarks have so far been confined to the coordination of road and rail transport but our desire to coordinate other forms of transport also is equally

great. For instance Government, of course, recognises the need to develop inland water transport in its proper sphere and in harmonious relationship with the railways and road transport and that the rates structure of mechanically propelled inland water transport must be coordinated in harmony with the rates structure of the other media, particularly of course that of the railways. In Eastern India I hope that as a first step the local rail and inland water interests will get together in order to set out the problem and see how far they can reach agreement.

The Hon'ble Sir B. P. Singh Roy felt that the Chairman's speech was a very lucid exposition of Government of India's policy regarding road development and co-ordination of road and rail. The proposed four-fold classification of roads was very similar to the four-fold classification proposed by Mr. King to the Bengal Government, namely, inter-provincial roads, inter-district roads, district roads and village roads. He emphasised the importance of the improvement of village roads from the point of view of the economic development of the country and stressed the dependence upon communications of the development of education, agriculture and public health. In regard to the important question of the constitution of a Central Road Board and the appointment of Transport Commissioners for Provinces he urged that these transport authorities should be placed on a statutory basis rather than appointed by an executive order, thereby placing them in a position of independence and making them autonomous and removing them from the sphere of politics and enabling them to execute the policy laid down either by the Central Government or the Provinces. He quoted the good work done by statutory bodies such as the Calcutta Improvement Trust. For Provinces like Bengal and Assam the development of inland waterways was important and he pressed for the co-ordination of steamer services with road and rail services.

Mr. K. Santhanam, while paying tribute to the Nagpur Plan and the technical committee's report dealt more particularly with points on which he differed from the two reports. Taking first the constitutional aspect he thought it would be a great mistake to override the present frontiers of Provincial autonomy. If Prof. Coupland's suggestions were realised the chances were that railways would be provincialised rather than roads centralised. He did not object to the Centre using methods of persuasion and co-ordination but statutory methods of restricting provincial autonomy should be avoided. As regards the relation of railways to road traffic although he had been consistently supporting the protection of railways against unfair competition he could not agree to railways having control over road traffic without giving a *quid pro quo*. He thought the railways must share their profits and suggested that a certain share of the railway profits should be earmarked every year exclusively for the development of village roads in which railways are interested as feeders to railways. He stressed the undesirability of developing private interests in public utility enterprises such as transport. If India was to have large development of industries and agriculture, it was essential that the means for that advancement should be publicly owned and publicly managed. While there are some valid objections to the provincialisation of road transport he did not agree to its wholesale condemnation. He suggested that public utility companies should be started in all Provinces in which the Provincial Government, the local boards, the railways and the public each had say a quarter share. Such public utility companies might have subsidiary companies according to regional divisions, but each Province should have a central company in charge of road transport to which the regional companies would be more or less subsidiary. He thought the reports weakest in their failure to refer to the manufacture of road materials and thought that it should be laid down as definite policy that within five years of the end of the war all road materials should be manufactured in this country, the rate of the road development plan being slowed down if necessary. He included road vehicles with road materials and suggested that the manufacture of both in this country should become a major element of policy.

connected with postwar road development. He felt that the development of inland water transport had been retarded by railway policy and that hitherto postwar development of inland water transport had been shelved by the authorities responsible.

Sir Mohammad Yamin Khan explained that he would be giving expression only to his personal views. In view of the uncertainty of the future constitutional position he felt that the committee could only lay down a policy for the immediate present. He found difficulty in agreeing that railways should run motor transport in the future. He thought they could not compete with the ordinary motor transport operator on account of their heavy overhead charges. The small capitalist running a few lorries performs a distinct service should not be ignored. He disagreed with the suggestion of transport companies consisting of four elements mentioned by Mr. Santhanam. He wished railways not to come into competition with motor transport and thought this could be secured by laying down the policy that railways should cover longer distances and shorter distances be left entirely to private individuals. He opposed a monopoly being given to anybody, whether to State railways, privately managed railways or companies managed by the State in any shape whatsoever. While he agreed that roads could be developed he did not think that the committee could suggest that railways should give any kind of help to the roads. He opposed central interference in Provincial spheres and as he was opposed to any financial responsibility for roads being taken by the Centre he wished the Centre to refrain from management of roads. He concluded however by giving his wholehearted support to the principles laid down in the reports being accepted for a few years during the war, although he was unwilling to bind himself as to the future.

Mr. Kynnersley drew attention to two points, firstly to the necessity of not only agreeing to the Nagpur Plan but of getting on with the job, and secondly to the suggestion that in order to lower rates for the transport of goods the railways should have financial interest in existing passenger road services or failing that such services may have to be restricted. He felt that such a view might lend itself to the interpretation that traffic exists for the convenience of railways instead of railways existing for the convenience of the travelling public. He felt that the council should not be governed by the desire to make railways profit making concerns but that the efficiency of all means of transport could best be promoted by encouraging healthy competition between every form of transport. He thought that the extent to which motor transport services had damaged railway earnings in the pre-war era had been grossly exaggerated and that the Motor Vehicles Act 1939 provided a very high degree of co-ordination between road and rail interests through the powers it conferred upon Provincial Governments.

Dr. N. Sanyal thought there should be a definite target for postwar industrial and agricultural development and that the postwar road plan should be designed to meet the transport requirements of that target. He felt that the best means of co-ordination was complete nationalisation of all essential public utility services including transport services. Instead of trying to get Provinces to agree to the Centre taking some of their powers he thought a method could be devised by which the interests of all public institutions such as Provincial Governments, States, District Boards, Municipalities and the Government of India could be co-ordinated into one pool, all sharing in the profits and losses in any transport undertaking. The same should apply to all public utility services if suitable machinery for management could be devised. He thought the suggestion of a public utility company for transport consisting of the four elements mentioned by Mr. Santhanam might prove successful. He thought inland water transport should be nationalised. He referred to serious difficulties due to difference of railway gauges such as had caused bottlenecks at Santahar and other points where transshipment of goods was necessary. He

drew attention to the adverse effects upon irrigation and public health that had resulted from the development of roads and railways in Provinces like Bengal, and hoped that the same mistakes would be avoided in future planning.

The Chairman pointed out with reference to the enquiry as to whether there was any target for industrial and agricultural development on which the road plan could be based that although we had to go ahead with the road programme you could not say there was any final programme. Broadly speaking roads were very backward and there could not be adequate development without more roads, and so progress had to be made with the road plan without waiting for any cut and dried industrial or agricultural programme, although the two things were closely interconnected.

The Hon'ble Sir Ardeshir Dalal explained that Government had not any very definite targets for agricultural and industrial development but that the report of the Imperial Council of Agricultural Research had laid down a target of 100 per cent. increase in agricultural output in 15 years or a 50 per cent. increase in 10 years if conditions were favourable. He thought that industrial development would be on a much larger scale. As it was essential to have roads to move the agricultural and industrial output it was reasonable and proper to go ahead with road development.

The Chairman pointed out that the simplification of gauges and rating was engaging the attention of the Railway Board and that in the particular case of rating the Indian Railway Conference Association had been going ahead as fast as possible with that very complicated subject. As regards public health the Centre were largely guided by what the Provinces wanted in planning railway development. He thought that railway planning would come before this Policy Committee in due course.

Mr. Kasturbhai Lalbhai pointed out that when a line was to be constructed a survey was made and the probable return estimated. He did not know on what principle new construction of roads would be decided and on what principles preference would be based. He thought it would be futile to proceed with a road programme carried out by importing large quantities of materials from foreign countries. Wherever research was necessary it should be taken in hand at once before launching out on the programme and the materials required should be produced in the country. He thought there was great apprehension in the minds of the public that asphalt roads using imported asphalt would be given preference over cement roads constructed out of Indian cement. Coming to the question of road rail traffic if the principle was accepted that goods should be moved at the cheapest possible rate he failed to see the necessity for the railway having a controlling interest in road transport. If the road transport programme was to be undertaken it should ordinarily be undertaken by the State because it was a public utility programme and therefore there was no reason for private interest to step in. He thought, however, that it would be futile and not so efficient if in the earlier stages the road transport programme was undertaken by the State rather than left to private agencies. He thought that the existing control exercised by Provincial Transport Authorities afforded adequate protection to railway interests. He thought that if the cheapest possible transport of goods was required then the transport had to be either State owned or largely private owned with a small share held by the Centre or Provinces. He saw no use in starting on a road transport programme financed by the State and then finding it either over-capitalised or run inefficiently.

The Chairman pointed out that each road was not to be regarded as a commercial concern. In the case of a railway you have a traffic survey to see whether the railway will pay but in the case of a road you get no direct return. You open it largely for the general benefit of the users of that road and you cannot make a profit or loss account on the individual road.

The Hon'ble Sir Ardeshir Dalal pointed out that so far as cement was concerned there was no difficulty in manufacturing within India all that was required for roads. As regards road rollers and other machinery there was no special difficulty in manufacturing them within India and to his knowledge one or two concerns were contemplating the manufacture of road rollers. To start with, some rollers might have to be imported but in the course of time there was no reason why road rollers and other machinery should not be manufactured in India itself. As the manufacture of road rollers was for private capitalists a great deal would depend on the progress they make. He thought that the question of Government itself manufacturing all the machinery required for roads was a big question of policy for Government to consider.

Sir Kenneth Mitchell could not answer in figures the amount of money that would go out of India on the purchase of road rollers before full requirements are manufactured here, but pointed out that an order was being placed for some road rollers to be manufactured in India at once. In the meantime some machinery from outside had to be imported to make up the arrears of wastage during the war. A great deal of miscellaneous road making plant imported for war purposes would be available later and he did not think it would be necessary to import anything except road rollers and possibly some concrete mixers. The extent to which cheap Indian labour would dispense with the necessity for road machinery depended upon the rates of labour. Nobody could say what the postwar price of cement was going to be and how much capital was available for making cement roads. The question of how much would be saved on maintenance of concrete roads had to be considered. There would be other considerations as well. It seemed likely however that the capital would not be available to make a very large proportion of roads in cement concrete to start with.

The Hon'ble Sir Ardeshir Dalal pointed out that to his knowledge two concerns intended starting the manufacture of motor cars in India and one of the panels which Government was putting up was to consider the question of automobile manufacture.

Mr. Kasturbhai Lalbhai pointed out that in the past large orders were placed on other countries and that when local manufacturers tried to tender they were told that the material had already been imported and no more was required locally.

The Chairman pointed out that the primary object of this Committee was the development of roads and other transport and that Government's policy was to develop its industries so that the maximum material and plant could be manufactured in the country. No guarantee could be given that by mistake a particular order abroad might be too large, but there would be no deliberate over-ordering.

Mr. M. A. Master thought that no arguments had been advanced as to the necessity for road rail co-ordination nor had the difficulties of securing the required co-ordination under the existing arrangements been indicated. With all the regulations provided by law over motor transport he wondered whether it was desirable to take the industry out of the hands of private people and give a controlling interest in it to railways which formed a competing form of transport. He associated himself with all that Mr. Santhanam had said. He thought that the powers of the railway to keep freights near the coast down and increase them in the interior had caused a lot of cargo that would have been moved by coastal shipping to be diverted to rail transport.

The Chairman thought that if there had been any diversion of freight it had been from the rail to the sea.

Nawab Zaini Yar Jung on behalf of Hyderabad emphasised that his Government opposed the Central Government financing the construction or maintenance of roads within the State. The State would also not agree to the Central Government controlling traffic on roads within the State. He pointed out that the State had really succeeded in developing road trans-

port as well as rail transport. Certain zones had been specified for private enterprise so that by competition they might improve their services. The villages had been given efficient transport through railway buses and rail transport and the railways were the first to see that food required in various places was delivered quickly. The buses were run by a State railway road transport department whose finances were combined with those of the State railways.

Mr. E. de V. Moss wanted navigation of the U. P. rivers particularly in the east of the Province developed. He thought the service on these routes should be by small steamer or diesel marine engine craft. He thought that railways whose policy 30 years ago had led to the stagnation of inland water transport in the U. P. ought to take over inland water services.

The Chairman explained that this is a typical example of the reopening of various routes which would have to be discussed with Provincial Governments. It illustrated the necessity for better co-ordination in future planning. In each case the problem was to ascertain whether it would be better to serve a particular area by steamer or by railway or by road or by a combination of the three duly co-ordinated. It appeared that Mr. Moss was in favour of the nationalisation of inland water transport although that was the first time the Chairman had heard of it.

Sir M. Saadulla emphasised the importance of inland water transport on the Brahmaputra and Surma in Assam and explained how co-ordination was effected through the Assam Economic Advisory Board.

Mr. B. K. Gokhale said that the Oriyas were a very poor people and would look at the transport question from the point of view of the employment it would give to Oriyas. The railways had been most neglectful of the employment of Oriyas in the past and so if they came to have a controlling voice in motor transport, very few Oriyas would get employment. From that point of view it would be better to leave road transport to private enterprise. The Province was a poor one requiring capital for fields other than transport and therefore could not afford to lock up any capital in road transport. Another reason why private enterprise should be encouraged was that the Province was surrounded by States and would therefore have little say in the control of transport. While the need for co-ordination was appreciated, he felt that it could be easily achieved by legislation and control through Transport Commissioners and other authorities of a similar nature. He stressed the importance of developing inland water transport in Orissa and supported Mr. Moss in saying that it should be taken over by the railways.

The Chairman pointed out that the Orissa representative in the T. A. C. said that his Government did not object to railways taking a financial interest as long as it was not a predominant interest in road transport. Now it was urged that railways should not take any interest at all in road transport although it was suggested that they should take over inland water transport. It was clear that there was scope for further negotiations between the Centre and the Provinces.

The Chairman observed that it was not possible to sum up the preliminary general discussions and therefore the agenda would be taken up, and summing up made on each item. He would ask each member to summarise at the end of his speech and give specific replies to the different questions put in the agenda.

Dr. N. Sanyal thought that the proposed classification of roads in the agenda had been made particularly from the point of view of administrative convenience and thought that it was preferable to base classification upon economic and commercial considerations. He thought there should be classification of roads into (i) Primary roads, and (ii) Secondary roads. Primary roads provided the only means of communication between two points while secondary roads were merely alternative means of communication between the two points.

As the discussion was becoming rather general **the Chairman** ruled that the items will be taken more specifically as enumerated in the agenda. In regard

to item 1 (1) Dr. Sanyal thought that in addition to the present classification a direction should be given by the Policy Committee to the technical experts to have in view also the classification of roads under primary and secondary heads as previously defined by him.

ROAD DEVELOPMENT

Item 1 (1)

Sir Muhammad Yamin Khan agreed with the classification but thought the definitions not convincing. He would like National Highways limited to roads primarily meant for national defence. Others should be provincial roads. He felt that the only criterion contained in the proposals concerned roads where railways wanted to operate. He wished to change this criterion into that of primary concern with the defence of the country.

Mr. Santhanam thought that major district roads should be called regional roads, as in many Provinces rural roads covered one or more districts or water basin regions. The administrative district did not conform to proper road areas.

Sir Kenneth Mitchell explained that the classification did not imply who would maintain the roads, the Chief Engineers' proposal being that all roads should be maintained by or under the authority of the Provincial Government. The broad lines of the classification was that roads of national importance to the whole nation were classified as national.

Dr. P. S. Deshmukh agreed with the classification but thought there was room for adding one more classification namely inter-provincial or inter-State roads.

Mr. Roger Thomas agreed with the classification but thought that there might be some difficulty in deciding where a village or district road began and ended. Similarly there might be difficulty on a Provincial/State boundary if a major district British India road joined on to a village road in the State. He suggested classification into National Highways, roads from district headquarters, roads from Taluk headquarters and roads other than those leading from Taluk headquarters.

The Chairman observed that he took it that those who had not spoken were in favour of the classification and he summed up that on the whole the opinion was in favour of the proposed classification.

Item 1 (2)

Sir B. P. Roy agreed to the Centre assuming financial responsibility for National Highways.

Sir Manubhai Mehta thought the Central Government should bear a share of the cost of National Highways in States, as they would be used for military purposes as well.

Sir Muhammad Yamin Khan and Mr. Master thought financial responsibility should be undertaken by the Centre only for those National Highways which are strategic roads required for military purposes and that no other commitments should be undertaken by the Central Government.

Mr. Kasturbhai Lalbhai, Mr. Chinoy, R. B. Sant Ram, Mr. Berry, Mr. Hirtzel, Mr. Santhanam and Mr. Kynnersley all agreed that Central Government should assume financial responsibility for National Highways. With regard to the possibility of the Central Road Fund being done away with, Sir S. N. Roy said that the position will have to be examined but it was likely so far as British India was concerned, that the road fund may have to be discontinued. Taking into account the large sum that will be spent on National Highways the actual allotment to Provinces from the Road Fund would be relatively small compared with the allotment made from National Funds.

Item 1 (3)

Mr. Kynnersley, Mr. Master, Mr. Hirtzel, Mr. Berry, Malik Sohan Singh, Mr. K. Lalbhai and Dr. Deshmukh were in favour of the Central Government.

subject to limitations of finance, assisting financially and technically in the development of roads other than National Highways.

Mr. Santhanam agreed but also thought that all the cost of construction and maintenance of roads in Provinces should be borne by the Central Government because the major heads of revenue are allocated to the Centre.

Sir Muhammad Yamin Khan thought that during the war and a year after it the Central Government might assist financially and technically in other roads but for the future the matter should be left open for further consideration.

Item 1 (4)

Sir Muhammad Yamin Khan could give no opinion as he did not know what the future constitution would be.

Mr. Kasturbhai Lalbhai, R. B. Sant Ram, Mr. Hirtzel, Mr. Master, Sir B. P. Singh Roy, Mr. Chinoy agreed that such financial assistance as the Centre might be able to give for roads other than National Highways should be given for district and village roads for preference.

Dr. Sanyal thought there should be legislation in regard to the servicing and maintenance and routing of all roads throughout India and that it should be taken up by the Centre.

Mr. Hirtzel wished particular stress to be laid on those district and village roads which were feeder roads.

Mr. Master agreed broadly speaking that village roads should get preference but thought that whichever road was most required in a particular area should receive assistance first.

The Chairman thought that the proposal has been generally accepted subject to special cases such as existed in Bengal and U. P. where a number of district roads had to be constructed before village roads as otherwise the skeleton would not exist.

The Hon'ble Sir B. P. Singh Roy enquired whether the Centre would help towards maintenance.

The Chairman explained that central assistance was only for construction and that maintenance was entirely for the Provinces.

Mr. Santhanam pressed that the Centre should bear responsibility for both construction and maintenance.

The Hon'ble Sir Jeremy Raisman observed that it was useless to construct any roads unless the problem of maintenance had been solved. Some authority must maintain the roads after they have been constructed, otherwise the construction money was thrown away. It was quite impossible for the Central Government to assume financial responsibility for any roads other than National Highways in the same way as the Central Government had contemplated assuming financial responsibility, under certain conditions, for National Highways. In regard to the alleged inelastic finances of Provinces he pointed out that the Centre is under severe limitations in the matter of finance and that if it has certain elastic sources of revenue it has also certain elastic liabilities, as at the present moment for defence. In regard to income-tax the first distribution in 1937-38 gave Provinces Rs. 1 crore 68 lakhs since when there has been a great deal of increase until in the year 1942-43 Provinces got Rs. 12 crores 52 lakhs and in the present budget it seemed likely that a figure exceeding 20 crores would be distributed to Provinces. It was therefore entirely wrong to assume that Provincial revenues are entirely inelastic and that every form of expansion must be financed from the Centre or it could not take place at all. The question of assistance to roads other than National Highways must be viewed in relation to the whole problem of the finance of reconstruction and development. The assistance that could be given for roads other than National Highways would fall in the general body of assistance for reconstruction or development and it was impossible to say until the whole picture was before Government what Provinces are likely to embark upon and what the Centre

will be able to give them over the whole field. He made it plain therefore that the question of assistance in regard to district and village roads involved an entirely different order of liability from that in connection with National Highways. He did not rule out the possibility of assistance for the maintenance of other roads. He said that as far as he was aware there was no proposal for linking railway finance with the distribution of the Central finances at present in the field.

Sir M. Saadulla thought that at the T. A. C. the Provinces had been given very rosy picture of having National Highways and help from the Centre for developing district and village roads. The question of their maintenance cost was now a bogey to them. He calculated that the maintenance charge annually for the roads that had been put in the Assam postwar road plan would be in the neighbourhood of a crore and a quarter which was nearly 35 per cent. of the total income of the province. He thought that the Honourable the Finance Member's remarks held out little hope for assistance on roads other than National Highways.

Sir Kenneth Mitchell pointed out that in Item A (2) (ii) (b) of the T. A. C. agenda it had been clearly explained in regard to other roads that subject to such help as the Centre might give now *with development*, financial responsibility would remain provincial. There was little ground for the impression that Central help for maintenance might have been expected.

The Chairman summed up the discussion under I (4) that non-official opinion answers Yes with the exception of Sir Muhammad Yamin Khan, who while favouring preference to village roads, could not agree to any commitment from the Centre.

Mr. Santhanam did not want the report which was issued to give the impression that the non-officials only supported assistance for construction and not for maintenance.

Sir Jeremy Raisman drew attention to the fact that the finances of the Centre were just as limited as the finances of Provinces. If you try to pass commitments on to the Centre in one sphere you would find the Centre unable to help in other spheres. Any attempt at the present stage to make the commitment more precise than he had already stated would merely mean a definite preference to road maintenance over any other form of development activity on which Provinces may wish to embark.

The Chairman pointed out that the Finance Member had made it clear that finance for maintenance of roads was not ruled out but it must be taken into account with other objects of provincial contribution from the Centre. He thought the Central Road Fund had not been used for maintenance.

Sir Kenneth Mitchell explained that during the severe slump about 1932 when Provincial revenues suffered severely for a few years Provinces were allowed to use the Road Fund for maintenance. The need for it had now ceased to exist because the utilisation of the fund for maintenance was only a temporary measure. The Road Fund in principle is not used for maintenance. A postwar plan of 450 crores of which about 300 crores was to be expended in major Provinces dwarfed the effect of the road fund in respect of other parts of British India. A couple of 100 years would go to make up the road fund.

Mr. Berry said that if you made bad roads without proper specifications you would waste money on maintenance. If you made good roads not much money would be required for their maintenance. The Government of India thus had a whip hand and could say it would give money for maintenance only when roads were constructed according to specifications laid down in the best possible way. The Government of India could not be expected to put out money for maintenance of roads the construction of which they did not approve.

Mr. Bishop said that one reason against preference being accorded to village roads was that it was very doubtful whether a satisfactory agency could be arranged for their maintenance or for financing in the U. P. He never expected

to get money from the Government of India. It seemed very doubtful if money is spent on constructing inter village tracks they would be satisfactorily maintained.

Sir Jeremy Raisman agreed that it followed from what he had said previously that the cost of maintenance of village roads would be part of the general picture of provincial development which would be taken into account in determining what degree of assistance the Centre should afford Provinces from the resources at its disposal.

The Chairman thought that it could be recorded that non-officials appreciated the opinion expressed by the Finance Member.

2. MOTOR TRANSPORT AND ROAD RAIL RELATIONS

Item 2 (1)

Is it agreed that the development of motor transport for the carriage of goods and passengers should be actively pursued and that radical attempt should be made, in the public interest, to co-ordinate road and rail services particularly where they are in competition?

Sir B. P. Singh Roy agreed to both parts.

Sir Muhammad Yamin Khan was in favour if the intention was simply to stop unremunerative competition but was against the proposal if the desire was to oust private enterprise altogether or to come in its way.

The Chairman explained that it was Government's wish to co-operate with the existing companies or companies unborn upon which **Sir Muhammad Yamin Khan** expressed himself in favour.

Mr. K. Lalbhai was in favour of co-ordination but feared that if it was brought about through railways having a bigger say in freight charges the expected benefit from co-ordination would be lost. When it was explained to him that while Indian railway freights were 36 per cent. above U. S. A. freights the passenger fares were 1/3 U. S. A. fares, he agreed to both parts of the question.

R. B. Sant Ram agreed to proper co-ordination between different kinds of transport and the elimination of unfair competition.

Mr. Chinoy agreed but thought that co-ordination should not mean prevention of all competition.

Mr. Berry, Mr. Hirtzel, Mr. Sohan Singh agreed.

Mr. Santhanam also agreed considering it paramount to maintain the solvency of the railways. If necessary he would limit competition with the road to the extent that it was essential to maintain the solvency of the railways.

Mr. Master agreed to road-rail co-ordination, upon the distinct understanding that both forms of transport should be allowed to develop naturally. The object should be cheap, efficient and quick transport, which required a natural development of different means of transport. Co-ordination was necessary to eliminate cut-throat competition, but should go no further.

Dr. Sanyal thought the question did not permit of a simple answer. He thought Government of India should be in a position to lay down principles which would place both railway and road transport on the same level in regard to taxation and the facilities each obtained from public finance; and that thereafter machinery should be set up merely to examine how far either indulged in cut-throat competition in order to throw the other out of service. The Motor Vehicles Act contained machinery to prevent unfair competition between road and rail services and could be extended to cover inland water transport services as well. If the view was that nationalisation could not be brought about at the present stage the only other alternative was to allow freedom for each type of transport to develop in its own way subject to general control, with properly defined limits for Government control. He felt that no halfway house was possible. Either there should be nationalisation of the entire field of transport so that there would be complete identity of financial interest or perfect freedom should be given to each form of transport to render the best possible service to the community within the limits of certain restrictions imposed in the interests of the community.

Mr. Kynnersley agreed to the first part of the question.

Mr. Bhole agreed to the first part and also to the second in the interests of efficiency of the service and for the sake of healthy competition.

The Chairman summed up that he thought the answer to both parts of the question was Yes with one exception.

Item 2 (2)

Mr. Kynnersley was generally opposed to 2 (2)(b), as the Act provided adequately for protection of Rail interests.

Mr. Bhole had nothing to say, and **Mr. Master** could not agree to 2 (a) and (b) because he wanted each form of transport to develop in its natural way. He did not want railways to control motor transport. He would not have any objection to railways reaching agreement with a motor transport company that wanted to enter into such an agreement either by financial participation or for control of rates but he would not advocate that as a policy to be recommended by this Committee.

Mr. Santhanam strongly objected to railways going into the motor transport business because railways were public carriers and their participation as private carriers in bus services was opposed to all principles and would open the road to corruption. He thought the restriction of bus services would throttle the healthy development of roads. He did not want the railways to act as insolvency courts by coming to the assistance of a rival bus company that has got into financial difficulties as the result of cut-throat competition with railways. The 1939 Motor Vehicles Act provided machinery for co-ordination. Between public and private interest there should not be any dealing whatever.

Mr. Hirtzel, Mr. Berry, Mr. Chinoy agreed to (b).

R. B. Sant Ram was opposed to the participation of railways in motor transport companies because it eliminated healthy competition.

Dr. Sanyal was not in favour of the railways taking active financial assistance in road services and did not consider the courses suggested the best means of securing co-ordination. If the object was to recoup losses incurred on railways by taking financial interest in road services then Government should more logically completely nationalise road services.

Mr. K. Lalbhai was in favour of co-ordination but was not clear what was meant by substantial interest.

The Chairman explained that it might be 30, or 40 or 50 per cent. according to circumstances. Negotiations had been made on a 33 per cent. basis and also on a 51 per cent. basis. The railways would be prepared to have 40 or even 30 per cent according to the status of the constituent members of the joint company, each case being dealt with on merits.

Mr. K. Lalbhai thought that railways entering into an agreement with a company run on a managing agency basis was absolutely against public policy.

The Chairman pointed out that the policy was to try and get these joint road rail companies run by people who knew something about them. Railways did not pretend to be experts in road management. Therefore if railways got a road management in the form of a managing agency in which they had confidence they would not particularly object to the principle of managing agency.

Mr. Kasturbhai Lalbhai thought that there should be a clause in the agreement that if it was found necessary after 10 or 15 years the State or Provincial Government could acquire the entire company upon payment of fair compensation. He considered this essential in the case of participation by railways in road companies.

Sir Muhammad Yamin Khan was opposed to imitating what other countries had done and did not wish to take a lesson from Britain or South Africa or any other country because conditions here were entirely different. In regard to (a) he thought independent operation by railways of road transport absolutely impracticable and would involve waste of public money. He thought (b) absolutely against public policy.

Sir B. P. Singh Roy agreed to both (a) and (b). (a) should be resorted to only in exceptional circumstances and (b) where it was necessary.

The Chairman thought that little had been said in favour of (a) but that there were cases as for instance a terminal station which should be usefully fed by railway owned buses, where railways might be permitted by Provincial Governments to run feeder services. In reply to a question whether railway participation in joint companies would be by legislation or negotiation, the chairman pointed out that it would be by negotiation. In a case of 2 or 3 companies operating on a route parallel to a railway where only one of the companies was willing to form a joint company with the railway, the latter would probably combine with it and try to make working agreements with the other two companies. If working agreements with them were not possible the railways would have to face competition. The railways would not go in with "dud" companies. There may also be cases where the railways only entered into working agreements with road companies. All varieties of cases were contemplated. He thought that the majority had no objection to 2 (b), but there was also very strong difference of opinion.

Item 2 (2)(a)

Sir B. P. Singh Roy generally agreed.

Sir Manubhai Mehta had no observations.

Sir Kenneth Mitchell explained that the technical sub-committee thought there should be no question about carriage of goods by road up to 50 miles. Between 50 and 100 miles the question might be doubtful but over 100 miles particular justification would be necessary on economic grounds. Special consideration was necessary where there was a break of gauge.

Sir Muhammad Yamin Khan had no objection up to 50 and 100 miles in every case.

Mr. Chinoy agreed to unrestricted short haul up to 250 miles.

The Chairman thought there was general agreement that perishable and fragile goods required special treatment.

Sir Kenneth Mitchell pointed out that the intention of the technical committee was that perishable and fragile goods and other special cases where there was economic necessity to travel by road, would be treated specially and be permitted to travel longer distances.

Mr. Berry and **Mr. Hirtzel** agreed.

Mr. K. Santhanam agreed subject to the reservation that the principle was applied only to regions where bus services by road would be available all the year round.

Mr. Master agreed provided allowance was made for transshipment.

Dr. Sanyal agreed but he seemed to favour the restriction of the free zone to about 50 miles and required everything outside that smaller zone to be specially justified.

Mr. Kynnersley agreed and **Mr. Bhole** agreed with **Mr. Santhanam**.

The Chairman summed up that there was general agreement on 3(a).

Item 2 (3) (b)

Mr. Kynnersley was opposed to this and thought the solution was to adjust the railway rates structure so that railway rates should not exceed equivalent road rates. He did not think it necessary to go so far as to raise the railway rates on the lower rated commodities along with lowering of the rates on the higher rated commodities. He thought that railways should be allowed to increase the rates on articles such as coal because he did not want unfair discrimination against railways on this point.

The Chairman pointed out this should have a very unfortunate effect on the general development of industry.

Mr. Kynnersley said he was not talking of the war now but after the war.

When **The Chairman** pointed out that the coal was 40 per cent. of the railways' ton-mileage, **Mr. Kynnersley** thought that the coal rates might be altered a little bit in order to facilitate some compromise. Finally he agreed that

long distance goods traffic by road might be controlled up to a point. His answer at the beginning was 'No' but in view of all that had been said he was bound to answer 'Yes', although really speaking this was a question to which you could not say either Yes or No.

Mr. Bhole had nothing particular to say.

Mr. Master and Mr. Kasturbhai Lalbhai did not like any restrictions imposed except from the point of view of unhealthy competition.

Mr. Santhanam agreed adding that an additional reason for the control of long distance traffic was that heavier vehicles, which damaged roads, would be used. He thought passenger traffic easy to control but goods traffic would be difficult whatever rates structure might be imposed.

Dr. Sanyal agreed, but dissociated himself from the views expressed by **Mr. Kynnersley**. He thought it an absolutely impracticable proposition to devise a rate structure for road services based on the cost of the article or value of the service given to the public. As explained by **Sir Kenneth Mitchell** operators of goods services would continue to base their rates upon the cost of operation and it would be impossible to devise anything else. He thought that the control should be guided by a judicious examination of the commodity that is handled rather than by the distance.

Sir B. P. Singh Roy agreed with **Dr. Sanyal**.

Mr. Hirtzel, Mr. Berry, Mr. Chinoy and Malik Sohan Singh agreed.

Sir Muhammad Yamin Khan agreed subject to his remarks on the previous item.

The Chairman summed up that there was general agreement subject to certain qualifying remarks by different people.

Item 2 (3)(c) and (d)

Sir B. P. Singh Roy thought (c) and (d) overlapped. He was strongly in favour of a statutory Road Board if possible. He thought constitutional difficulties not insurmountable. In Provinces he would retain regional authorities from whom appeals would go to a Board constituted on a statutory basis and not to a single individual officer. The Provincial Board should be the final appellate authority against decisions of Regional authorities. The centre might in regard to matters connected with National Highways which they are going to finance like to have an appeal to a Central Board. He preferred no appeal to the Central Board. An appeal to a single individual such as the Traffic Commissioner would be a retrograde measure.

Sir Manubhai Mehta wanted provision for an appeal in case of difference of opinion between a State and a Provincial Transport Commissioner to the Central Road Board.

Sir Muhammad Yamin Khan thought an appeal must lie to a board rather than to an individual.

Mr. Kasturbhai Lalbhai and R. B. Sant Ram felt it absolutely essential to have a Central Board to adjudicate differences.

Mr. Chinoy did not object to the Traffic Commissioner provided the object was not to restrict road transport in the interests of railways. He thought the ultimate authority should be the Chairman of the Road Board. **Mr. Kynnersley** agreed with him.

Mr. Berry agreed to a Traffic Commissioner but visualised the need in certain major conflicts of the ultimate authority something above Railway Board or the Road Board or the Waterways Board. Road, railways and waterways matters would be in water tight compartments and if an issue could not be decided to the satisfaction of these three interests some one must act as a buffer. **Mr. Berry** thought the body that would decide these disputes might be *ad hoc* and might co-opt expert members to deal with special problems. It would be a standing body to advise and also an appellate body in case of conflict. **Mr. Berry** was using the word 'region' in the sense of two or three Provinces or States.

Mr. Santhanam thought Traffic Commissioners should not sit singly but sit with the board dealing with goods matters as well as passenger matters. Any expert knowledge of the Traffic Commissioners should be available to the transport board who being men of intelligence ought to be able to appreciate his reasons. **Mr. Santhanam** did not see any necessity for a central appellate authority.

Dr. Sanyal saw little justification for new officers called Traffic Commissioners. His experience of Provincial Transport Authorities was that they were by no means over-worked.

Mr. Bhole thought that control could be delegated to Traffic Commissioners. He thought that in the matter of regional traffic the appellate authority may be either the Provincial Government or its nominee and in other matters the Member for Transport or his nominee.

The Chairman in summing up thought there had been a general desire that there should be some sort of Statutory Road Board or Tribunal or Central Road Board at the centre as an appellate authority. The nature and functions of that body would have to be further explored after which Provinces would be written to again with a view to reaching agreement.

Sir S. N. Roy pointed out that a statutory authority at the Centre for appeals would probably require amendment to the Government of India Act 1935.

Item 2 (3)(e)

Messrs Kynnersley, Bhole, Master, Santhanam and Sanyal opposed this.

The Chairman wanted to know why this was opposed as goods traffic was likely to be less remunerative than passenger traffic. Also there was less likelihood of competition between Railways and Road operators for goods traffic.

Dr. Sanyal said that railways had been apprehensive of losses on passenger traffic. There should be no attempt on the part of railways to run goods services except in the case of feeder roads. As a general proposition he felt that railways should not come into the picture in regard to goods traffic by roads. Exceptions could be made for railways carrying vegetables and small parcels within the suburban limits of big cities where it was definitely economical to do so.

Mr. Hirtzel agreed on the whole with **Dr. Sanyal**.

Mr. Santhanam did not want railways to take up any business other than that of the railways.

The Chairman summed up that excepting railways running feeder services and services for collection and delivery, non-official opinion was not in favour of railway participation in road services for goods transport.

Mr. Masterman liked to modify the view expressed before the T. A. C. The Madras Government considered two main propositions axiomatic. The first was that motor transport must remain entirely a Provincial responsibility not only because it is so constitutionally but because it affects the every day needs of the people for which they and not a distant administrative centre were responsible. The second proposition was that co-ordination between road and rail transport was essential in the public interest to avoid uneconomic overlapping on the two forms of transport. The real question was how to achieve this co-ordination without surrendering provincial responsibility. The Madras Government do not agree to the Central Government's suggestion that co-ordination can be achieved by allowing railways to have financial interests in the running of transport by means of joint road rail companies. Their objections are that if railways are allowed even a substantial financial interest in such companies they must inevitably have considerable powers of management and control. This would mean that the control would to some extent pass from the Provinces to the Centre; and a second objection is that railways have no experience, skill or staff to run road transport; and a third—and more important objection is that the railways are not likely to be interested in the development of road transport on routes unconnected with railways. The Madras Government therefore opposed the formation of such joint companies as a method of

running road transport generally or universally throughout the Province. They would certainly oppose railways having dominating interest but that stand has now been modified. They would certainly oppose any existing efficient road operators being compelled in any way to participate in joint companies and this is where his proposed modification comes in, namely, that he did not think that the Madras Government would rule out the possibility of joint companies in particular areas which might be suitable for their operation owing to particular local conditions and where both parties agreed to participate in a joint company. The transport authority must decide where such companies would operate. There is one other factor namely, that the Madras Government are inclined to think that eventually motor transport should be owned by the Provincial Governments. It was admitted that ownership by the Madras Government makes co-ordination between road and rail transport all the more necessary in order to prevent conflict, not between the Centre and private interests, but between the Centre and Provincial interests. He thought co-ordination could be secured by Transport Commissioners in the first instance and supported the suggestion of a code to be prepared by the Centre with the concurrence of the Provinces setting forth the principles on which Provincial Transport Authorities would act in granting permits to road operators. It was accepted that road rail conflicts could generally be decided by the provincial transport authority acting in accord with the principles laid down in the code. There should be little difficulty in securing co-ordination with the public interest by these means. In case of real serious difference he did not think the Madras Government would oppose a final court of appeal in the shape of some Board. He could not conceive at the moment how such a Board was to be formed but it should be a body independent of both the Central and Provincial Governments. It should be clearly laid down in what matters an appeal against the provincial authority would lie and those matters would naturally be very few and strictly defined.

Mr. E. de V. Moss said that the present figure of U. P. personnel in labour units which would be demobilised after the war was 150,000 and may well reach 250,000 before the war was over. At the T. A. C. it had been suggested that as many demobilised soldiers as possible might be employed on road development schemes by forming them into co-operative units. He suggested that instead of using local labour for road development other provinces who were short of labour might use labour units from the U. P. Such labour would be more expensive than contractor's labour though it was hoped that they would not be unduly more expensive. In addition to fixed wages they would require rations, medical attention and some form of housing. Adequate outturn of work could be obtained by insisting on piece work. He thought the extra expenditure should be taken to be part of the postwar plan for improved conditions of labour generally. Government should set an example in this matter by being model employers.

Item 3.—Functions of the proposed Road Board

Sir S. N. Roy explained in greater detail the proposals contained in letter No. PL1(1), dated 12th December 1944 to all Provincial Governments. He explained that at the T. A. C. there was no opposition to the proposal and that it was really not necessary to refer the matter to the Provinces as what was ultimately contemplated fell within the sphere of the Centre, but having consulted Provinces originally, it was thought a matter of courtesy to place before them the present proposal.

The Honourable Sir M. Saadulla agreed subject to its being mentioned that the proposed Board would have functions restricted to subjects falling within the power of the Centre.

The Chairman accepted that this covered the intention better and everybody agreed.

Item 4.—General

Dr. Sanyal hoped that at a subsequent meeting of this Policy Committee, the question of the co-ordination of road, rail and inland water transport, to which

he had drawn attention by letter, might be one of the major items on the agenda.

Mr. Santhanam thought that the proposed formula for road development would lead to stagnation in Provinces like Madras and Bombay which have already got a substantial quota of roads. He wanted advance in all kinds of roads in every Province and wanted a more equitable formula to be evolved. He enquired whether this Policy Committee covered railway development and whether the railway plan would be placed before it.

The Chairman explained that it was his intention to put all these questions in front of this Policy Committee as soon as he could. Through pressure of work we could not get on quite as fast as we would like to.

The Honourable Sir M. Saadulla supported Dr. Sanyal's proposal that in future the I.W.T. should be brought before the consideration of this Policy Committee or the T.A.C. It was vital for Provinces like Assam and Bengal. As India was now manufacturing even war vessels, the possibility of developing small naval craft for plying on Indian rivers and of speeding up movements of country boats should be explored.

The Chairman recorded that it had not been possible to put draft conclusions before the committee broke up. The Chairman said that in editing the proceedings the sense of the speeches made would not be impaired.

After a vote of thanks to the Chairman the meeting terminated.

IV. CONCLUSIONS

1. ROAD DEVELOPMENT

(1) The Committee accepted the classification of roads into National Highways, Provincial Highways, District Roads (Major and Minor), and Village Roads—but certain Members suggested that some sub-classification or slightly different grouping might in practice be found necessary.

(2) The Committee recommended that the Central Government should assume financial liability for construction and maintenance of National Highways in British India. Two Members considered that the National Highway system should extend only to roads of strategic importance.

(3) The Committee considered that with due regard to the different technical problems in different Provinces the Central Government should through a suitable organization assist Provinces technically and that it should also as far as possible assist with the development of roads other than National Highways. As Central financial assistance for the maintenance of other roads was unlikely, although not ruled out, non-official opinion felt that this would considerably affect the size of the post-war roads plans that provinces could afford to undertake.

(4) The majority of the Committee agreed with the majority of the Transport Advisory Council that the primary object of a road development plan is to get the benefit of good roads to the villages. Such help as the Centre can give for road development apart from National Highways, should be applied to the improvement of district and village roads so as to effect a balanced plan. In some Provinces local conditions would necessitate considerable expenditure upon Provincial Highways and Major District Roads to provide as it were a skeleton on which to hang Minor District Roads and Village Roads.

2. ROAD MOTOR TRANSPORT AND ROAD RAIL RELATION

(1) The Committee recommended that the development of motor transport will be of great importance and that it will be essential in the public interest that all forms of transport, and road rail in particular, should be co-ordinated. One Member considered that there could be no half way measure between full nationalisation of all forms of transport and free competition.

(2) On the question of the participation of railways in road transport for the carriage of passengers, the Committee by a narrow majority agreed that co-ordination could be promoted by railways acquiring a substantial interest in bus companies by negotiation. The view was expressed that, in entering into such concerns Government through the State railways should be protected

by a clause in the agreement that the Central Government (Railway Department) or Provincial Governments could, if considered necessary, acquire the entire concern after 10 or 15 years upon a fair calculation of compensation and that this clause should in particular be included in every agreement in which the employment of a Managing Agent could not be avoided. The Committee considered also that, in certain special cases, railways might operate road passenger transport services directly, either between points served by railways or on routes feeder to railways.

(3) The Committee considered generally:—

(a) that short haul goods transport by road should be permitted without restriction; the extent of short haul, that is the size of the "free zone", being a matter for expert examination in different cases;

(b) that long distance goods traffic by road should be restricted in the interest of overall transport economy, due regard being given by the controlling authorities to the special requirements of perishable and fragile goods for rapid transport by road over longer distances;

(c) that the question of the nature of the controlling authority within the Province whether a whole-time Traffic Commissioner sitting singly, or the Provincial Transport Authority as a whole, should be further examined in consultation with Provinces;

(d) that the creation of a Statutory Board or some other impartial appellate and controlling authority at the Centre is generally desirable but that this matter also needed further examination; and

(e) that subject to certain exceptions in the case of feeder services the operation by Railways of road motor transport of goods would not normally be desirable. There is no objection to railways operating services for local collection and delivery of goods at all times; and railways should during the war operate road services for goods to relieve railway congestion.

3. FUNCTIONS OF PROPOSED ROAD BOARD

The Committee agreed to the proposal to constitute a departmental Committee to be known as the "Indian Road Board" to discharge functions in relation to matters of road and road transport falling within the competence of the Centre.

General

The Committee desired that there should be another meeting as soon as practicable at which proposals for development and co-ordination of other forms of transport, should be placed before it; particularly in respect of the development and co-ordination of railways and inland water transport.

Attention was also drawn to the necessity for combining with the road plans all possible development of Indian Industries, and the avoidance of importing large quantities of road making materials and road plant. It was explained on behalf of Government that exclusive use of cement and Indian tar might require such heavy expenditure as to retard the progress of the road plan if no imported materials were to be used, and also that, with the wear and tear of road plant during the war, some import of road rollers and small quantities of other plant would be necessary, since the plant at present available is inadequate even to maintain the existing roads and cannot meet the requirement of development. Every care should be taken that the plant imported should be restricted to the bare minimum necessary to carry over until Indian manufacturers can supply the need. The Committee also enquired what steps Government were taking to promote a motor vehicle industry in India. It was explained that this matter was within the purview of Policy Committee No. 4-B on Industries.

APPENDIX I.

As Provincial Representatives did not repeat at the Policy Committee the views they had already expressed at the T. A. C. the conclusions reached at the T. A. C. meeting are reproduced below.

Conclusions reached at meeting of T. A. C. on 12th, 13th January 1945.

1. (1) Against the Nagpur plan of a total all-India expenditure of 450 crores in ten years, of which, according to that rough yard-stick, approximately 310 crores was expected to fall in the 11 Governors' Provinces, including National Highways in those Provinces, the 11 project estimates at present amount to about 590 crores. To this will have to be added the estimates for Chief Commissioners' Provinces and Centrally Administered Areas:

(2) In the case of Bombay, the project estimates, excluding provision for National Highways, amount to 90 crores and the Provincial Government at present intend to devote one-third of the money available for reconstruction to the road plan. Provincial resources and such indication as has been received of Central contribution in the first five year period are expected to provide in this way, for the road plan, 20 crores in the first five year period. At that rate, the plan would take 22½ years to complete.

(3) In other cases, the Provinces have at present made no estimates of probable Provincial resources for this plan. They have so far been unable to do so in the absence of estimates of demands under all other heads of post-war reconstruction, and they expected the Central Government to indicate what they would give for roads. This the Central Government are unable to do for the same reason. Subject, however, to—

(i) Final examination of all demands for post-war plans and expected resources;
 (ii) the special responsibility of the Centre for Chief Commissioners' Provinces and Centrally Administered Areas over the whole fields including roads;
 (iii) the Centre being satisfied that a Province is ready to exploit its own resources fully;

(iv) co-operation by Provinces over the whole field of post-war planning; and to
 (v) specific conditions in respect of National Highways;
 the Central Government would be prepared to assume full liability for National Highways and to contribute towards the development of other roads. This contribution would involve a re-examination of the Road Fund in its application to Provinces. The Centre is prepared to discuss suitable alternative arrangements in the case of States:

(4) In the circumstances, the following steps will be taken in respect of the road plan project estimate:—

(i) Provinces will re-examine their estimates in consultation with the Central Government officers and reduce them to the minimum necessary in relation to all post-war demands and probable resources and subject to the limit of milages taken in the Nagpur plan;

(ii) Land acquisition procedure should be initiated at an early date wherever practicable. The final project estimates should be phased to start with a two year period (in which the need to provide suitable work for returned soldiers should be studied) followed by a three-year period followed by two further five-year periods. The expenditure provided against the first three periods totalling ten years should be measured broadly by the Nagpur "yard-stick". In applying that yard-stick reasonable allowance may be made for backward Provinces or where roads are very expensive.

(iii) The phased provision should be made in a form which will, as far as possible, enable the programme to be retarded or accelerated in relation to resources eventually available.

2. (1) The classification of roads into:—

- National Highways,
- Provincial Highways,
- District Roads, Major,
- District Roads, Other,
- Village Roads.

is accepted.

(2) It is agreed that—

(a) (i) it is desirable that the cost of development and maintenance of National Highways in British India should be Central;

(ii) subject in exceptional cases to the levy of special tolls by, or with the sanction of, the Central Government the use of National Highways should be free to every vehicle on which the tax due in its own Province has been paid;

(iii) in consideration of this expenditure by the Centre in the Provincial field, all motor vehicles which are the property of the Central Government, other than those used commercially, should be exempted from Provincial Motor Vehicle taxation;

(iv) the inclusion of any particular road in the National Highway system; the specifications and the programme of development to be adopted, should be matters to be decided by the Central Government after due consultation with Provinces;

(b) subject to such help as the Central Government can give with their development, other roads will remain a Provincial liability;

(c) the normal agency for the construction and maintenance of National Highways should be that of the Province concerned, but that the Centre should have the right to make other arrangements;

(d) the Central Government should again refer to Provinces the question of agency charges on National Highways.

(e) a primary object of a road development plan is to get the benefit of good roads to the villages. Such help as the Centre can give for road development, apart from National Highways, should be applied to the improvement of district and village roads so as to effect a balanced plan. In some Provinces, owing to local conditions, considerable expenditure must however first be incurred on Provincial Highways and major District Roads in order to give access to a number of minor roads. Bengal and the United Provinces in particular emphasised this reservation.

(3) As regards control by the Centre of traffic on National Highways, the majority agree to this in respect of inter-Provincial traffic, subject to clearer definition of what is meant by residual power to the Centre. They do not agree to cede control over inter-Provincial traffic on National Highways. One Province is prepared to consider control over traffic on National Highways being directed in accordance with policy mutually agreed between the Centre and the Province concerned, points of disagreement being referred to impartial arbitration. The Central Government will address Provinces again on the matter and will also have to reconsider their whole position in respect of the road plan.

3. (a) It is agreed that the Centre should undertake research and standardisation over the whole field—including the production of a model Highways Act; that the Central Research Station should as far as possible undertake special studies for Provinces; that the question of having branches of the Central Research Station will be considered; but that, when the Central plans for research are completed in consultation with Provinces, Provinces may have to set up their own smaller research and testing stations.

(b) Provinces have generally worked out the additional engineering staff they need, with their project estimates, and are considering how the men are to be trained—e.g., by enlargement of existing Colleges and the opening of new ones. One or two Provinces are likely to be able to spare men for training abroad in 1945.

(c) It is agreed that the road plan shall not be executed through local bodies.

4. Employment of returned soldiers to the maximum extent is an essential part of post-war plans. Specialists can be employed on road work, for instance earth moving units and concrete mixing and laying units, in quasi-Military formations. Wherever possible this should be on some piece-work or contract basis.

Returned soldiers, particularly combatants, are unlikely to be willing to work side by side with coolies under a contractor. If employed separately in their own units on daily wages, the work is likely to be very costly. The best prospects seem to be to employ returned soldiers in co-operative piece-work units; and the means of forming and financing of these units require immediate further study. Even with these units the cost of the work may exceed that by ordinary methods. Madras is prepared to meet part of the extra cost to a reasonable extent yet to be determined. Other Provinces consider that the extra should be defrayed from Central resources. An important detail is the formula to determine what the extra is and how it should be met.

A number of Provinces have calculated the extent to which returned soldiers can be employed against the problem represented by the project estimates, and have considered ways of employing them. Others have not yet examined the matter so fully.

Arrangements should be worked out as soon as possible in consultation with the Re-settlement Authorities for every form of employment of returned soldiers; although the absolute extent of employment cannot be determined until the rate of the programme is known, which is a matter of the money available.

5. The creation of an Indian Road Board with the restricted functions pertaining to the Centre indicated in para. 6 of the War Transport Department letter No. PI-1(1)/44, dated 12th December 1944, is generally accepted.

B. ROAD TRANSPORT AND ROAD AND RAIL CO-ORDINATION.

1. Road-Rail Co-ordination—General.—(a) It is the unanimous opinion of the Council that co-ordination of road and rail transport is essential in the public interest.

(b) Provinces should agree to regulated motor transport generally in accordance with a Code of Principle and Practice to be drawn up by the Centre with the agreement of Provincial Governments. Subject to minor modifications to suit local conditions. The Central Government undertake to draft this Code and to address Provincial Governments again on this matter but pointed out that the Centre must be satisfied regarding the efficacy of the code and of the machinery to enforce it before they could agree to the provision of Central finance for road development.

(c) As regards railways participating financially in road transport Companies, the majority of the Council opposed acquisition by railways of a dominating position in road transport as a whole. Six are agreeable to railway Administrations acquiring a substantial interest in Road Transport Companies, subject to the provisions of and under the Motor Vehicles Act; and, of the six, several would not object to railways acquiring a major interest in certain Companies for special reasons. In all cases acquisition of shares in joint Companies by railways should be by negotiation with the Companies and in consultation with the Provincial Authorities concerned.

(d) There was a wide difference of opinion concerning the policy of State (Provincial) ownership or participation in motor transport and, it was agreed that, while this was a matter for the Provinces to decide, it was all the more necessary in the event of Provincial ownership of motor transport to arrange co-ordination with the Central Government, as both Government's financial positions would be involved in the competition.

2. Motor Transport for the Carriage of Passengers.—(a) Are the principles accepted of maximum amalgamation of small operators into substantial concerns on main routes and controlled small monopolies on light traffic routes?

The ground having been nearly all covered by the general discussion and conclusions on the previous item, there was no detailed discussion on this item but the Council endorsed the principle of amalgamation of small bus owners into sound concerns.

3. Motor Transport for the Carriage of Goods—

(1) The use of motor transport for relatively short hauls for the carriage of goods should be encouraged.

(2) Subject to special consideration of perishable and fragile goods, the criterion for the carriage of goods by road over long distances between points served by railways should be the public need and economic benefit. With the relaxation of the present war traffic control of goods traffic by road must be instituted on the basis of expert judgment and scientific zoning. While the majority accept this as a principle to be incorporated in the proposed Code, they wish to make the reservation that the expert authority should be the Provincial Authority.

(3) While the small-goods transport operator may serve a useful purpose in certain conditions, the amalgamation of holders of public carrier permits under the Motor Vehicles Act into substantial concerns is desirable.

(4) Subject always to reasonable protection of existing permit holders, seven Provinces have no objection to railways participating in the carriage of goods by road either parallel or complementary to railways, but the agreement of one Province is subject to this being direct operation or through contractors, rather than in joint Companies. Two Provinces are not agreeable to railways operating road transport for the carriage of goods. One Province agrees only in respect of complementary routes not already operated by others, and one Province agrees only in respect of parallel routes and of complementary routes not at present operated by any other public carriers. No objection was taken to Railways operating their own collection and delivery services.

4. Control of Motor Transport—

(1) Provincial Government should appoint whole time Provincial Transport Commissioners who would be Chairmen of the Provincial Transport Authority and also the Heads of self-contained Transport Departments outside the Main Provincial Secretariats.

Bombay and Assam dissent. Certain of the smaller Provinces have not the transport or traffic to justify whole time appointments.

(2) The majority agree that it is desirable that the Provincial Transport Commissioner and the Chairman of the Regional Transport Authorities should sit singly when dealing with permits for goods vehicles, the Transport Authorities as constituted under the Motor Vehicles Act, 1939 continuing to deal with permits for public service vehicles. Four Provinces were opposed, two on the grounds that the need for differentiation in the Administration of the Act between goods and passenger transport was not clear; and the two who dissented from the former conclusion.

(3) The majority of the Council recognized that differences and disputes as to rating and other matters must inevitably arise between the various parties controlling, providing and using transport, and that, under the Constitution as it stands no specific provision exists for the resolution of such differences when Centrally controlled railways and Provincially controlled motor transport are both concerned. They recognize the need for the creation of some independent authority or tribunal, the nature, functions and constitutional means of creating which should be further explored by the Centre in correspondence with Provinces.

While opinion was divided on the desirability of including representation of transport interests in Provincial Transport Authorities—either whole-time or in respect of general policy discussions only—the Council generally favours the continuance or creation of advisory bodies on which the interests affected should be represented.

5. Taxation of Motor Vehicles.—Uniformity of the basis and as far as possible of the scale of motor vehicle taxation, and in respect of reciprocal exemption is desirable. The Central Government should circulate proposals to Provinces and should also take up with the Political Department the question of reciprocity with States.

6. Employment of Motor Transport Concerns of the demobilized members of the Armed Forces.—(1) As stated in the conclusion reached on item 4 of Part A of the Agenda, the early completion of advance arrangements for the maximum possible employment of returned soldiers and motor transport is a matter of the first importance, but it is one of great difficulty because at the end of the war the motor transport and civil drivers built up to meet war demands will largely cover, if not exceed, the immediate post-war demand for road transport. The Council consider that the best immediate prospects lie in arrangements for compulsory reservation of a certain number of vacancies arising after the war in existing concerns for returned soldiers, together with a study of legislation necessary and of the possibilities of the road-plan opening up new routes upon which a larger proportion of vacancies could be reserved for returned soldiers later.

(2) The matter will now be pursued actively by the Central Government in consultation with the Provinces and, if necessary, a special meeting of the Council or a special Sub-Committee will be convened.

7. Amendment of the Motor Vehicles Act.—This item was not discussed. The Central Government will consider the amendments necessary as a result of the foregoing discussions and otherwise, and will address Provinces with proposals.