Discussions of the Committee of th
Road-Rail Conference

Held at Simla on the 27th and 28th April 1933.

GOVERNMENT OF INDIA

Department of Industries and Labour
Public Works Branch.

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Discussions of the Committee of the Road-Rail Conference.

Thursday, the 27th April, 1933.

The Committee of the Road-Rail Conference met at 2-30 P.M. in the Assembly Committee Room, The Hon'ble Sir Frank Noyce in the Chair.

The following were present :—

GOVERNMENT OF INDIA.

The Hon'ble Sir GEORGE SCHUSTER, K.C.S.I., K.C.M.G., C.B.E., Hon'ble Finance Member.

The Hon'ble Sir JOSEPH BHORE, K.C.S.I., K.C.I.E., C.B.E., I.C.S., Hon'ble Member for Commerce and Railways.

The Hon'ble Sir GUTHRIE RUSSELL, Chief Commissioner of Railways.

Mr. B. C. BURT, C.I.E., M.B.E., I.A.S., Imperial Council of Agricultural Research.

ADVISERS.

Industries and Labour Department.

The Hon'ble Mr. J. A. SHILLIDY, C.S.I., I.C.S., Secretary to the Government of India.

Mr. K. G. MITCHELL, Road Engineer with the Government of India.

Railway Department (Railway Board).

Mr. L. H. KIRKNESS, D.S.O., O.B.E., V.D., Secretary, Railway Board.

LOCAL GOVERNMENTS.

Madras.

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

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

Bombay.

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

Adviser.—Mr. J. L. GRANT, I.S.E.

Bengal.

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

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

United Provinces.

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

Advisers—

Rai Bahadur CHUTTAN LALL, I.S.E.

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

Punjab.

Representative.—The Hon'ble Sir JOGENDRA SINGH, KT., Minister for Agriculture.

Advisers—

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

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

Burma.

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

Bihar and Orissa.

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

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

Central Provinces.

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

Advisers—

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

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

Assam.

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

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

North-West Frontier Province.

Adviser.—Captain STUART, R.E.

The agenda consisted of the following points for discussion :—

Resolution No. 1.—The application of the principles accepted in this resolution will to some extent be covered by the terms of the other resolutions ; it will be largely dependent upon the machinery to be set up. But it is desirable to discuss what is meant by "uneconomic competition" and how it is to be proved to exist.

Resolution No. 2.—(*i*) While details of the machinery will have to be settled is it agreed that all interests must be associated with the determination of what should be covered by the expression "public safety and convenience" in relation to the control of motor transport ?

(*ii*) Is it agreed that the requirements of public safety and convenience in the case of motor transport are in essence the same as in the case of railways and in particular that the control of motor transport should prescribe :

(*a*) reasonable standard of maintenance of vehicle in the interests of comfort and safety ;

(*b*) the fixing and publication of fares ;

(*c*) time tables ;

(*d*) the issue of tickets ;

(*e*) the keeping of accounts ;

(*f*) medical inspection of drivers ;

(*g*) insurance against passenger and goods as well as third party risks ;

(*h*) adequate inspection and enforcement of the regulations in these respects ;

(*i*) limitation of hours of work ; and

(*j*) collection of pilgrim and terminal taxes when imposed on railway traffic ?

(*iii*) In respect of part (*b*) of the resolution how is competition contrary to the public interest to be defined ? Is it agreed that the same *criteria* would apply as in the case of "uneconomic competition" above ?

Resolution No. 3.—No further discussion appears to be necessary.

Resolution No. 4.—It is presumed that local Governments will undertake the necessary review.

Resolution No. 5.—Would local Governments agree to the appointment of an expert committee to examine the whole question and to report, the report to be submitted to local Governments for examination ?

Resolution No. 6.—No further discussion is necessary at this stage.

Resolution No. 7.—There appear to be no specific points to be discussed further until local Governments have considered the matter more fully.

Discussion of Memorandum "Roads under a federal constitution".

Resolution No. 8.—It is desirable to discuss the machinery—

(*a*) at the Centre—federal council ;

(*b*) at the headquarters of provinces—provincial boards of communications ; adequate railway representation ;

(*c*) divisional control of motor transport and advisory committee ; railway representation on these and possible widening of functions to form small counterparts of Communications Boards.

Chairman.—Gentlemen, we are now entering on the second stage of our deliberations. Our object is now to give the Resolutions which were passed by the main Conference, which, if they remain as at present would obviously be nothing more than pious aspirations, what may be described as " a local habitation and a name." I have no doubt whatever that the spirit of good-will and co-operation which marked the deliberations of the main Conference will continue here and that our discussions will lead to valuable results. I should like to repeat what I emphasised at the main Conference and that is that we are here merely to discuss. The questions we are discussing are of the utmost importance and obviously require the most detailed examination, examination which it is not possible to give them here and now. What we want is a preliminary expression of your views and I need hardly assure you that what you say will not in any way be regarded as binding your Governments, and that, on the other hand what we say will not be regarded as a final expression of our views. We are here to have a heart to heart talk and I do not therefore propose that our proceedings should be conducted in the same formal manner as in the main Conference. I have no doubt that the representatives of the provinces will agree that this is an occasion on which, if the opinion of their advisers is considered to be of value, they should be allowed to participate in the discussion. I should like to add, before we pass to the discussion of the points which we have put down in the papers which have been placed before you, that we have, as a result of our examination of the Resolutions which were passed by the main Conference, been able very considerably to shorten the agenda. I am quite sure you will all welcome that.

We now proceed to the discussion of Resolution No. 1.

The Resolution as adopted at the Road-Rail Conference was as follows :—

RESOLUTION No. 1.

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

(a) future Railway development and of

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

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

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

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

Chairman.—I am sorry to say that, owing to the hurry in which we have had to deal with the matter our agenda proper is not as complete as it should have been. There is an omission which does not affect the substance of the Resolution but it will affect future discussion. The agenda proper reads :

" The application of the principles accepted in this Resolution will to some extent be covered by the terms of the other resolutions ; it will be largely dependent upon the machinery to be set up. But it is desirable to discuss what is meant by ' uneconomic competition ' and how it is to be proved to exist."

And this is the omission :

" Do the criteria laid down in the report of the Mysore Motor Transport Committee which are very similar to those embodied in the British Road Traffic Act commend themselves (to the Committee) ? Those criteria are : (1) the suitability of the route or routes for the traffic ; (2) the extent to which the needs of the proposed route are adequately served ; (3) the extent to which the proposed service is desirable in the interests of the public ; (4) the needs of the area as a whole in relation to traffic ; and (5) co-ordination of all forms of passenger traffic including transport by rail."

Mr. Bowers.—Have the Government of India any views on that ?

Chairman.—We would rather like to get your views first.

Mr. Conran Smith.—*Prima-faciê* these criteria would largely meet the needs of the case, but the actual application of them would presumably lie with the local communications board in each individual case. These criteria as drafted are fairly comprehensive.

The Hon'ble Mr. B. P. Singh Roy.—I agree.

The Hon'ble Sir Jogendra Singh.—I agree.

Mr. Owen.—There is nothing said as regards the extent to which the traffic is likely to damage the roads. I do not know whether that should be included. But it may come under (1).

Chairman.—I think that is a point worth considering. We will make a note of that and make a reference to it in putting this to Local Governments for further examination.

Mr. Owen.—That is a point with which the Bihar and Orissa Government have been bothered about lately. They have been advised by their legal advisers that under the Indian Motor Vehicles Act they

have no power to restrict or control traffic in the interest of the surface of the roads.

Mr. Macfarlane.—In the Punjab we are faced with a difficulty. On *kutcha* roads where heavy lorry traffic makes their satisfactory maintenance impossible we have separated off narrow widths as service roads for fast moving light car traffic and are maintaining them where possible to the standard of canal banks. Lorries are prevented from using them by the construction of a trench between the two surfaces and by the erection of posts and crossbars of sufficient width and height only to admit light cars. The legality of this has been questioned and in some cases lorry drivers have destroyed our barriers. It is possible to legalize matters by scheduling these roads under Section 25 of the Punjab Motor Vehicles Rules, by Gazette notification, restricting public lorries to the main surface only and we are now to consider the advisability of doing so.

The Hon'ble Mr. Lainé.—Another point worth considering is the scope of the existing traffic on the road in relation to the scope of the proposed traffic. For instance there may be a railway running one train a day. It will not serve the needs of the locality adequately.

Chairman.—Does not that come under (*b*)—the extent to which the needs are adequately served.

The Hon'ble Mr. Lainé.—I am sorry. It does come under that, I had mis-heard the Chairman's remarks.

Mr. Bowers.—I should like to know how to define uneconomic competition with regard to the needs of the public. I have an example in Bombay on the Bombay Agra road leading to Thana. Along that road there are a number of gardens. The road is parallel to the railway which runs very frequent trains and has a number of stations. Recently all the garden owners have been sending their goods by lorries and the Railway is losing all that traffic. It must be uneconomical, but it certainly meets the needs of the public. If goods are sent by rail to Victoria Terminus they have to be handled six times during carriage to the Crawford Market. If they go by lorry, they go straight to the Crawford Market. It is uneconomic both from the point of view of roads, because of additional maintenance charges and of railways on account of loss of traffic.

Chairman.—In that case it will be for the authority which has to decide this question to examine the matter in the light of this fact. It is obviously impossible for us to say what the local authority would say. But surely it would come under (*c*)—the extent to which the proposed service is desirable in the interests of the public. It will be for the local authority to decide.

The Hon'ble Nawab Sir Mohammad Yusuf.—We generally agree with the basic principles. It should be left to the provinces to make useful suggestions in this connection.

Chairman.—All that we want now is to know in what light you view this idea.

Mr. Macfarlane.—In the case mentioned by Mr. Bowers, you have got your Board. They may say "In this particular case let the railway take the stuff, or let the road take the stuff." Who is going to issue orders in that case ?

Chairman.—The Local Government obviously.

Mr. Macfarlane.—Can the Local Government issue orders to the Railways ?

Chairman.—I thought you were referring to the road traffic.

The Hon'ble Sir Guthrie Russell.—The Local Government could not issue orders to the Railway.

Chairman.—What we are really out for now is in regard to the future rather than in regard to the present. The question is what we should try to do in the future.

The Hon'ble Dr. Deshmukh.—I cannot say for the moment what machinery will be suitable to determine all that.

Chairman.—The question of machinery comes later. We are merely dealing with what you consider uneconomic competition, whether the sort of criteria we have suggetsed would do.

The Hon'ble Dr. Deshmukh.—The criteria suggested are suitable.

Captain Stuart.—I think they cover the case.

Chairman.—The criteria suggested are agreeable to the Local Governments.

We now pass on to Resolution No. 2.

The Resolution as accepted by the Road-Rail Conference was as follows :—

RESOLUTION No. 2.

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

(a) The control of public service and goods motor transport should be regulated in the interests of public safety and convenience.

(b) The number of vehicles licensed to ply for hire should be restricted so as to prevent such competition between all forms of transport as may be contrary to the public interest.

Chairman.—Our agenda upon this Resolution is divided into two parts. The first part is this :—

"While details of the machinery will have to be settled, is it agreed that all interests must be associated with the determination of what should

be covered by the expression " public safety and convenience " in relation to the control of motor transport ? "

Mr. Conran Smith.—I suggest the addition of the word " affected " after the word " interests ", otherwise I think it is unobjectionable.

Chairman.—That is what we meant.

The Hon'ble Sir Jogendra Singh.—We agree to that.

Mr. Gubbay.—Agreed to.

The Hon'ble Mr. Lainé.—I take it what this means is : who is to be on the proposed Provincial Communications Board ? If so, I agree that all interests should be represented.

Chairman.—That is the important point.

Mr. Bowers.—We agree with that, Sir. All interests should be consulted.

Chairman.—I wish to make it clear that the final decision on the side of Local Governments rests with them and on our side it rests with us.

The Hon'ble Nawab Sir Mohammad Yusuf.—We agree with the view expressed by Mr. Bowers. It must be for the Local Government to decide whether there is sufficient public safety.

The Hon'ble Dr. Deshmukh.—The association should be merely for the purpose of consultation and nothing beyond that : not so far as orders are concerned.

Captain Stuart.—We agree to this.

Chairman.—Now we come to a much more detailed matter, part (*ii*) which reads as follows :—

" is it agreed that the requirements of public safety and convenience in the case of motor transport are in essence the same as in the case of railways and in particular that the control of motor transport should prescribe :—

(a) reasonable standard of maintenance of vehicle in the interests of comfort and safety ;

(b) the fixing and publication of fares ;

(c) time tables ;

(d) the issue of tickets ;

(e) the keeping of accounts ;

(f) medical inspection of drivers ;

(g) insurance against passenger and goods as well as third party risks ;

(h) adequate inspection and enforcement of the regulations in these respects ;

(i) limitation of hours of work ; and

(j) collection of pilgrim and terminal taxes when imposed on railway traffic ?

Mr. Conran Smith.—I accept the first part as far as the word " railways ". But as regards the second part, it has to be recognised that the enforcement of these conditions will eliminate a large proportion of bus traffic in Madras, because a large number of buses in Madras are privately owned by small individual owners and I think it will be almost impossible to insist in their case upon such things as keeping of accounts and particularly insurance against passengers and goods as well as third party risks. Whether or not it is desirable to eliminate these small bus owners is a larger question. It might result in only the well regulated companies continuing to exist. But I am fairly sure that the immediate effect would be the elimination of small buses. As regards (*j*), I think I said the other day that the Madras Government has already recommended that pilgrim tax should be imposed on railway and bus traffic alike provided there is a free zone of 30 miles.

Chairman.—As you will see from the agenda it is not a formidable one and if members wish to have some little time to consider the items I have no objection to adjourning the meeting till to-morrow morning at 10-30. I do not think that there can be any doubt that we can get through the agenda to-morrow.

Some Members.—We can go on now.

Chairman.—Very well.

Mr. Mitchell.—There is one point I should like to make about insurance. I think the general impression is that insurance against third party risks and against passenger risks would be very expensive. Mr. Kirkness and myself had some talk with insurance companies about it. They told us that the rates quoted at present were very high because on the one hand they were not perfectly certain about the extent to which the regulations were enforced and on the other they were unable to quote because as insurance was not compulsory the only people who went in for insurance might be those who feared a smash.

Chairman.—There is just one point I should like to make before I call upon any one else to speak and that is this. It will be seen in the resolution as passed it was laid down, " The control of public service and goods motor transport should be regulated in the interests of public safety and convenience ". It seems to us that the criteria we have detailed here are all in the interests of public safety and convenience. It is merely an attempt to give some substance to the resolution passed by the main Conference.

The Hon'ble Mr. B. P. Singh Roy.—Some of these items I shall make compulsory and some optional.

Chairman.—They will all be optional with Local Governments. We are merely suggesting these to Local Governments for adoption.

The Hon'ble Mr. B. P. Singh Roy.—(*a*) I will make compulsory. (*b*) I will not make compulsory because there may be new routes where the fixing and publication of fares may not be quite convenient at the beginning. So also (c) and (d). (e) is a very difficult condition especially with new routes. (f) I shall not make compulsory. (g) As my friend on my left has pointed out, is it desirable to drive away the small bus owner because its effect would be that, and subject to what Mr. Mitchell has just told us public opinion in Bengal would be very much against it. So I am not in a position to say one way or the other, but my personal inclination is to have it compulsory. (h) I would have compulsory. (i) Should depend on the routes on which they ply. In the new routes it would not be fair to make it compulsory. (j) Is not a very serious problem in Bengal. I will make it optional.

Mr. Conran Smith.—I wish to add with regard to (j), that if the keeping of accounts and the issue of tickets are optional and not compulsory the collection of the pilgrim taxes is going to be exceptionally difficult. In regard to the elimination of the small bus owner it is perhaps for consideration whether it would not be desirable because it might render it possible for the larger and better organised bus owners to enter into an agreement with the railways. But I would not commit myself to any definite opinion at this stage.

Chairman.—Nobody is definitely committed to anything that he may say here.

The Hon'ble Sir Jogendra Singh.—I quite recognise it is an ideal to be worked up to, but at present I do not think it is quite practicable. I would accept (a), (f), (h), (g) if insurance companies are prepared to take the risk, and (j). The Punjab Government would not drive the small bus owner from the roads because he is a retired soldier or a peasant who has sold his land and bought a taxi, and it would be dangerous to drive them off the roads. I think the Punjab Government will have to give it their best consideration before coming to a decision about it.

Mr. Owen.—In the first place there will have to be an amendment of the Motor Vehicles Act which will have to go through all the Provincial councils.

Chairman.—That could be Central legislation.

Mr. Owen.—The second point is that the attempt to enforce such standard as these by statutory rules would involve an enormous amount of expense. It would mean a new department of police traffic and it would be uneconomic. From the point of view of bus owners the enforcement of these rules would mean the forcing up of fares and it is arguable whether it would be economic; and, from the point of view of the public interest, I venture to doubt whether these requirements are essential in the case of short journeys. I do not think these rules will be desirable. For example how are you to enforce hours of work. It could be done only by a big staff and inquisitorial methods. The fixing of fares must only mean maximum fares and not minimum fares. If these rules are enforced you will be creating a semi-monopoly and there are also a number of practical difficulties.

The Hon'ble Mr. Lainé.—I agree that a reasonable standard should be maintained. With regard to (b), (c), (d) and (e), I look upon these as at present unenforceable except possibly in cases where you give a monopoly or semi-monopoly to a bus company or bus owner over a certain route. In that case I see no particular difficulty in giving effect to some of these regulations on roads on which we provide some form of traffic control, for instance traffic gates. We have a staff already on the spot to control timings and control traffic generally in the interests of the public. With regard to (f), I see no reason why the driver of a motor vehicle should not be medically examined before he is given a professional driving certificate. If necessary he can be asked to submit himself for re-examination at intervals. With regard to (g), I look upon it as desirable but impracticable for some time to come. Ordinarily bus or taxi owners would not make enough money to recoup themselves for the cost. With regard to (h), if the regulations here mentioned are omitted there would not be very much to inspect. In Assam, we inspect our public service vehicles periodically and we reserve the right to call them up for inspection at any time. That is occasionally done. With regard to (i), I look upon this as impracticable because in the majority of cases it is a one man service. Our rural motor services are one man 'shows'. The licensee owns his taxi and runs it himself. We consider it impossible to apply the restriction in the case of owner drivers and that is what most of the plyers of public service vehicles in Assam are composed of.

Mr. Bowers.—(a) is very desirable though if judged by this standard about 50 per cent. of the "one man shows" would be eliminated. It will be possible to introduce in Bombay (a), (f) and (g) immediately and (b), (c), (d) and (e), (h) and (i) could be introduced on the well established routes at once and gradually extended to other routes. As regards (j), it is rather difficult unless you are going to do away with the free zone.

The Hon'ble Nawab Sir Mohammad Yusuf.—The conditions in different provinces vary. My view is that the requirements of safety and convenience are not exactly the same as in the case of railways. We should take care that by imposing hard conditions we do not drive away motor traffic. We cannot kill that service in the interests of the public. It is also a source of income to us. While I can agree to (a) I am sorry I cannot agree to (b). It is the business of Government to see that the vehicles are up to a particular standard. With regard to the fixing of fares this cannot be done unless the service is done by a fairly efficient and wealthy company. Then again where the services are plying in rural areas it is very difficult to fix any time table. I would say it is not possible to enforce it at all. I think (g) is premature. The traffic has not developed to such an extent as to impose this as a sort of additional taxation.

The Hon'ble Sir Joseph Bhore.—Is it not in the interests of the public ?

The Hon'ble Nawab Sir Mohammad Yusuf.—This would alarm the bus owners and they may say "we shall have nothing to do with this service". It is also in the interests of the public that too many restrictions should not be placed on this traffic. People have invested substantial sums of money and in the interests of the public we should do nothing which will drive away this traffic.

The Hon'ble Sir Joseph Bhore.—If in any case you felt that the enforcement of this condition is likely to drive away traffic, you could make exemptions. I should certainly leave it to the discretion of Local Governments.

The Hon'ble Nawab Sir Mohammad Yusuf.—Anything in the nature of discrimination should be avoided.

The Hon'ble Sir Jogendra Singh.—The question is what is public interest. Is it the interest of the people or our interest ? Is it public interest as understood by the people or as it is understood by us ? I may say that the enforcement of any such rule would be politically inexpedient and impracticable from an administrative point of view. How is the keeping of accounts and the issue of tickets in the interest of the public ? It may be in the interests of the company but not of the public ?

The Hon'ble Sir Joseph Bhore.—I was confining myself to point (*g*). My point was that as against the interest of the bus company there is the wider interest of the public to be considered.

The Hon'ble Nawab Sir Mohammad Yusuf.—As I said, we have to look at it from a different point of view. On the one hand no doubt it may be put forward that they should be insured. But there are various other factors to be considered. For instance, in our province the service is not so developed as in other provinces, and if we impose this condition the service will probably be killed, and further it may cause inconvenience to the public. On the other hand we may be practically giving a monopoly to a particular firm. All these considerations come into play. Considering the state of things in my province it is not possible for me to accept this although it may be regarded as an idea to be aimed at at some future date.

The Hon'ble Sir Guthrie Russell.—Practically every week we hear reports of buses running into level crossings and passengers being killed. Surely they should have some redress ?

The Hon'ble Nawab Sir Mohammad Yusuf.—But we have got to look at it in its proper perspective. Bearing in mind the various circumstances it is not possible for me to agree that these people must be compulsorily asked to insure.

I agree to (*h*). Then with regard to (*i*), limitation of hours is not practicable so far as my province is concerned. We agree to (*j*). It is only fair that some form of pilgrim tax should be imposed. It exists on railways and it should also be imposed on buses and lorries.

Mr. Bowers.—If I may speak on this subject again, Sir, I think that our first consideration should be public safety. The bus owned by a single bus owner is the most frequent source of accidents. What we find is that in order to get customers several of these buses will start from a village at the same time, and race to the next village, so as to be first to collect any passengers waiting there. With no speed regulations and no time table this is bound to happen. I think we should agree that all these points under discussion are desirable in the interests of the public, but that it is open to any province to postpone the application of any of the points if it desires to do.

The Hon'ble Nawab Sir Mohammad Yusuf.—The public is the best judge with regard to convenience and minimum comfort and all that. Government only comes in on the question of safety. Otherwise we do not come in at all. It is for the public to decide what is really minimum comfort, as conditions and ideas will vary in different parts of the country.

Chairman.—If the public were the best judge of its own convenience we should have free and unrestricted competition in every respect. You would have no regulations in regard to sanitation for instance.

The Hon'ble Nawab Sir Mohammad Yusuf.—There the Public Health Department comes in. But, generally speaking, we cannot impose the same restrictions as are imposed on the railways. They have a monopoly.

Mr. Frampton.—We recently had a committee to consider the revision of our rules and also enhancement of taxation for motor vehicles. These rules are practically ready for publication. They are held up owing to the fact that the figures supplied to the committee of the income of these bus-owners are of rather doubtful accuracy. We are collecting fresh information from districts as to how far the actual figures would justify us in imposing the taxes proposed.

As far as these particular rules suggested here are concerned, with regard to (*a*) I would rather cavil at " comfort ". If the public do not demand a high state of comfort as, for example, cushions to sit upon, there seems hardly any reason why Government should insist that they should have such a standard of comfort.

Chairman.—I am inclined to agree and in the resolution I would read ' safety and comfort ' rather than ' comfort and safety '.

Mr. Frampton.—We should be content with " safety " rather than with comfort. So far as safety goes our rules provide for the carriage of spare wheels, reasonable cleanliness of the vehicle, etc. With regard to (*b*) and (*c*) we propose that there should be a divisional controlling authority which will issue permits for motor lorries and limit the number of vehicles on each route, determine the fares to be charged and fix time-tables for motor lorries, etc. The only difficulty of course is in carrying them out, but we accept the principle. (*d*) and (*e*) we have not provided for and I do not see how we can. We can consider these things before the rules are published. I shall take it up when I go back.

The Hon'ble Nawab Sir Mohammad Yusuf.—On the whole it is not possible for us to commit ourselves to the view that we must accept all these restrictions. It must be left to the discretion of the Local Governments to decide.

Mr. Frampton.—Then with regard to (*f*) we have provided for this in our rules. The driver must have a certificate of character and a medical certificate and pass a driving test. Then (*g*). This is the most difficult problem. Our Committee agreed that they should be compulsorily insured against third party risks. I took up this question with a company in Lucknow. The Committee were told that it would cost Rs. 300 on each bus, but on a "mass production" scale I was told by one Lucknow Company that they were prepared to offer us insurance for Rs. 150 with unlimited insurance for passengers and third parties as well. The difficulty then was that if we were going to put on a "tax" of Rs. 150 for insurance, we should have to reduce our registration fees, etc., and also we might have opposition in the Council. We have had to drop that proposal of insurance though we recognise that it was desirable. But our policy is to provide for safety, if we cannot do it by insurance, by trying to ensure that our lorries shall be run not by the small bus-owner who cannot pay a penny by way of compensation but by keeping the service in the hands of men who can provide a reasonably safe service. That is the principle on which we hope to work.

As regards (*i*), we propose that a permit should be limited to the distance to which the driver can drive without fatigue in a day, and no vehicle should get a permit to ply for a longer distance than that.

As to (*j*), we have not considered it but perhaps I may promise to take it up when I go back.

Mr. Mitchell.—Did not your Committee say that if you limited the number of buses the bus-owners would be prepared to agree to a tax of Rs. 600 ?

Mr. Frampton.—Yes, but we are very doubtful about the figures.

Mr. Mitchell.—But the bus-owners agreed to it if the number of buses were limited and cut-throat competition eliminated.

Mr. Frampton.—We believe these views were expressed by an interested concern which was verging on insolvency and suggested it as a way out of bankruptcy !

Mr. Kirkness.—Did not your committee also recommend that a pilgrim tax should be collected ?

Mr. Frampton.—I was not on the committee at the time.

The Hon'ble Dr. Deshmukh.—I must point out that my views will be more or less personal, because although I hold the Public Works Department Portfolio, it is the Home Member under whom all these things come. My personal view is that under ideal conditions they are very reasonable, if not essential conditions, but if we look to the practicability of the thing, only (*a*), (*h*) and probably (*f*) and (*g*) appear possible ; I do not know how far it will be possible to impose the pilgrim taxes and we are very doubtful about (*j*). I do not think it will be at all easy to give effect to the rest.

Chairman.—There is no question of imposition of pilgrim tax ; if you have not got it, the question of imposing it does not arise.

Mr. Roughton.—There is a terminal tax which is a substitute for octroi. In order to enforce terminal tax on road routes, you would have to re-impose all the octroi restrictions which have been abolished in order to substitute terminal tax for it.

Mr. Owen.—Passengers by rail to Puri have to pay terminal tax, but there is a free zone for local passenger traffic. It will be difficult in

the case of a bus passenger to decide whether he came within the free zone or not.

Captain Stuart.—I think we can agree to all these things, except that we definitely have not got the staff to enforce all of them.

Mr. Conran Smith.—There is one other point. Government may be accused of interfering with the convenience of the public if the small bus owner is eliminated at any rate until the larger companies are organised. There is a danger of a period intervening when the travelling public cannot have their convenience served, as it is now by the individual bus owners.

Chairman.—Any restrictions will be imposed after due notice.

I think the result of our discussion on this resolution has been that there is general agreement that the requirements of safety and convenience in the case of motor transport call for some restrictions, but that the different provincial representatives are unable to agree as to exactly what those restrictions should be and naturally reserve to themselves the right to examine the question further in the light of the discussions here and their own consideration of local needs.

Mr. Owen.—Except so far as the words "it is desirable that there should be restriction" might be held to imply that this is not the case at present. Actually of course there are restrictions regulating all the more important things regarding safety and convenience of the travelling public already.

Chairman.—I recognise that.

Having arrived at what I venture to think a very considerable measure of agreement on this point on the principles and not in regard to the details, I will pass on to part (*iii*) of the agenda on this resolution which reads :

> **(iii) In respect of part (b) of the resolution how is competition contrary to the public interest to be defined ? Is it agreed that the same *criteria* would apply as in the case of "uneconomic competition" above ?**

Mr. Conran Smith.—Part (*iii*) of this Resolution and Resolution No. 1 are almost synonymous.

Chairman.—If anybody disagrees with the view that part (*iii*) of this resolution and our remarks on resolution 1 are synonymous, perhaps he will say so.

Mr. Frampton.—There is the difficulty put forward by the Bombay representative about a clash between the criteria. Such cases will be always cropping up. The criteria can be laid down, but it is difficult to decide which one is to be followed when there is a clash.

Chairman.—It will be for the local authority to decide in view of all the circumstances of the case. We can only lay down very general criteria. The practical application must rest with the local authorities. I quite agree that it is very difficult to apply these criteria to existing traffic. What we are looking to is future development.

Mr. Frampton.—If I have to issue a permit in the conditions which were described, what should I do ?

Chairman.—Won't you be able to apply the criteria in that case ? Criteria (*a*), (*b*), (*c*), (*d*) and (*e*). These are applied by the authorities in England. Why should there be any insuperable difficulty in applying them here ?

Mr. Frampton.—I foresee considerable difficulty when, say, criteria (*a*) and (*b*) point one way and (*e*) and (*d*) the opposite way.

The Hon'ble Mr. J. A. Shillidy.—It would be for the authorities in that case to reach a judgment as best they can in all the circumstances of each particular case.

Mr. Owen.—Resolution 2 (*b*) and resolution 1 have got to be considered on entirely different lines. Resolution 1 contemplates taking certain special steps to co-ordinate and restrict road or rail traffic in certain special circumstances, namely, where uneconomic competition has been proved to exist. Resolution 2 (*b*) contemplates that statutory rules under the Motor Vehicles Act should be framed on a certain principle every where throughout the length and breadth of the country.

Chairman.—You are under a misapprehension. We are now getting on with our agenda and we are not dealing with the resolutions passed yesterday. The same criteria is suggested in both cases.

Mr. Owen.—I feel that public interest must be much wider in resolution 2 (*b*) where we are dealing with statutory rules under an Act. Under the Act as it stands, rules provide for the prevention of danger, injury or annoyance to the public, etc. ; that is the definition of public convenience. It is much wider surely than purely economic consideration.

Chairman.—We are dealing with competition contrary to the public interest.

The Hon'ble Sir Jogendra Singh.—The point is whether competition is always against public interest.

Chairman.—No, we do not say it is. This agenda does not state that competition is contrary to the public interest. It simply says " How is competition contrary to the public interest to be defined ? " Nobody maintains that all competition is necessarily contrary to the public interest.

The Hon'ble Dr. Deshmukh.—Although we agree that the criteria as defined in resolution 1 are suitable, restrictions would be imposed only in exceptional cases. Ordinarily there would be no restriction. It is only in cases where it has been brought to our notice or on our own initiative we are convinced that there is necessity to restrict traffic on a particular route that we will do it—if the railways prove or anybody else proves that that restriction would be in the public interest it may be put on. Ordinarily no restriction on licensing will be put.

Mr. Roughton.—We won't start examining the case unless somebody approaches us.

The Hon'ble Mr. Lainé.—It seems to me absolutely impossible for us here to attempt even in general terms to determine the criteria to be applied. Conditions differ in different provinces. Motor traffic may have made considerable strides in one province, and may be in an infant stage in another province, and it must be left to the Local Government and the Local Board of Communications to work out their own criteria with reference to their own conditions.

Chairman.—That is quite true and that is why we merely say, in dealing with questions of public interest, we may apply the criteria we adopted in resolution No. 1, to which we are all agreed. Do these commend themselves ?

The Hon'ble Sir Joseph Bhore.—I agree with what Mr. Owen has said, but I cannot myself define the point that he wishes to imply, in which he refers to public interest as being wider. Would it be the general interest of the community at large or the taxpayer generally ?

Mr. Owen.—I may put it in this way. The proposal under consideration amounts to this, that the Motor Vehicles Act should be amended. At present the Act says that the rules should provide for the prevention of danger, injury or annoyance to the public. To that should be added apparently that the rules should provide for the restriction of the licensing of commercial vehicles, etc., in order to prevent uneconomic competition. My view is that that is a piece of *mabap* legislation. It is a very very wide restriction on private enterprise.

Chairman.—They have got it in England.

Mr. Owen.—I admit that.

The Hon'ble Mr. Lainé.—In Assam we only attempt to control the service plying on our hill roads. In the plains what usually happens is that the applicant goes into the Deputy Commissioner's Office and says " I have got a perfectly good car or bus outside and I want to register it ". We do not ask him where he proposes to ply or from what point to what point. We examine the vehicle to see whether it is generally suitable for public traffic and give him a registration number, etc., and then he is allowed to ply wherever he likes. If he finds the particular route he selects paying, he will continue to ply on it, or else he may change over to another route. It would be very difficult to impose criteria.

Chairman.—I think what it comes to is this. It is generally agreed that the same criteria would apply as in the case of uneconomic competition, but if it is felt that public interest is wider than uneconomic competition, it is a matter for consideration whether additional criteria would be necessary.

A Member asked Mr. Mitchell to explain what happens in England when a man comes before the Traffic Commissioners and asks to be allowed to run a bus on a stated route.

Mr. Mitchell.—I cannot tell you exactly, but generally what happens is that when notice is received, the various interests which are already running motor services in that area or the railways or their counsel appear before the Commissioners and state their objections. The Traffic Commissioners consider the objections and, applying the criteria as to the sufficiency of the existing service, decide as to whether the additional service applied for is necessary in the public interest or not.

Chairman.—I do not think we can get any further than that. It is generally agreed that these criteria are in the public interest but the question whether further criteria are necessary is a matter for examination.

Resolution No. 3 as adopted by the Road-Rail Conference was as follows :—

RESOLUTION No. 3.

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

No remarks were offered.

Resolution No. 4 as adopted by the Road-Rail Conference was as follows :—

RESOLUTION No. 4.

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

Chairman.—We have no suggestion to make except to commend it to the consideration of the Local Governments.

Mr. Owen.—We have been advised by our Legal Adviser that it would not be legal to do that unless we either legislate ourselves to amend the Motor Vehicles Act or it is amended so as to widen the scope of Section 11.

The Hon'ble Mr. Lainé.—There was a suggestion put up before the Assam Government by a firm as to the feasibility of construction of what may be called *autostrada*. The idea was the firm would construct the road and they would have a monopoly of the traffic on that road for a given number of years.

Chairman.—Would it not be a matter within the powers of the Local Government ?

The Hon'ble Mr. Lainé.—I am not sure. We have not examined it in detail. It might however be considered to be a proposal put forward in the interest of rural development.

Chairman.—It is well worth careful consideration. Mr. Lainé speaking without the book, my own impression is that this is a matter entirely within your own province.

Mr. Frampton.—The resolution says, " even to the extent in exceptional cases of granting monopolies ". It implies that there are other methods of doing it. Could it be indicated what they are ?

Mr. Mitchell.—The resolution as originally drafted was, " by the granting of monopolies or otherwise ". The Conference amended it in these terms.

Chairman.—I do not myself see what other facilities you can give

Mr. Mitchell.—It might be preferential taxation and so forth, but that would not come under the rules.

Resolution No. 5 as adopted by the Road-Rail Conference was as follows :—

RESOLUTION No. 5.

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

Chairman.—The Hon'ble Sir George Schuster would like to make a few remarks on this resolution and as he is unable to be present to-day, we will hold it over to-morrow.

We pass on to Resolution No. 6.

Resolution No. 6 as adopted by the Road-Rail Conference was as follows :—

RESOLUTION No. 6.

6. This Conference considers that—

(a) the present road development account should be continued for the duration of the present constitution and would urge that provision for its continuance be made in the new constitution ;

(b) the class of roads to which the road development account should be applied, including the maintenance of roads constructed from that account, be reconsidered ;

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

Chairman.—I do not know whether any member of the conference would like to say anything on this Resolution. The only point I need explain is that the terms of the amended Resolution to be laid before the Central Legislature will of course be placed before Local Governments for their views and fortunately we have got plenty of time before the next session of the Legislature. We shall get it into shape and put it before Local Governments.

Mr. Puckle.—Will the Central Government take steps themselves without the provinces moving in the matter, to try and get the necessary amendments in the federal financial scheme under the White Paper ?

Chairman.—The Honourable Sir George Schuster wants to talk on No. 7 and he will probably make some remarks on this point also. That is as far as we can go to-day. The only Resolutions left over for discussion to-morrow are Nos. 5, 7 and 8. We shall meet at 11-30 to-morrow.

The Committee then adojurned till 11-30 A.M. on Friday, the 28th April 1933.

Friday, the 28th April 1933.

The Committee of the Road-Rail Conference met at 11-30 A.M., the Hon'ble Sir Frank Noyce presiding.

Chairman.—Gentlemen, as I understand Sir George Schuster will have to leave rather early, we will take Resolution No. 7.

The Resolution as adopted by the Road-Rail Conference was as follows :—

RESOLUTION No. 7.

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

The Hon'ble Sir George Schuster.—I wanted to have a rather closer talk about this question of financing road construction from road funds. I do not want to say anything which will be interpreted as encouraging people to take up unsound schemes and of course I was very pleased to see the cautious attitude taken by the provincial representatives about committing themselves to large expenditure from loan funds. That obviously is a sound attitude, but it seems to me that in the present period of depression if you can find a way of getting money circulated in the country, which is going to create works which are really going to help the economic productivity of the country, then, if it can be so arranged that the immediate burden is not a heavy one, it would be justifiable to aim at a programme designed to tide over the next, say, three years. Because what we have got to do now is to carry ourselves over the trough of the present terrible depression ; and at present there is no doubt that all the measures that we have taken are in a sense forcing us still lower down the vicious spiral. We cut down current expenditure all round in order to balance our budgets and that means less money to spend in the country. We cut down our capital expenditure in order to maintain our credit. It all helps to create a sound position as regards public finance but it makes the general economic position worse. That is however the only line of action that has been possible for us up till now. But looking at the matter from the point of view of the Central Government, I do feel that we have now got the position in hand as regards capital expenditure and I can say things which I could not possibly have said last year. I can now say that if there are plans for sound capital expenditure within reasonable limits, we on the Central Government side can certainly encourage them. I think myself that when we have been through three years of this depression, we are entitled to hope that the end of it is at least nearer than it was, and I think that the task of every public authority now is to try and do something to give a stimulus and set the economic circulation of the country going again, always remembering of course to keep in mind that one must not pile up unmanageable liabilities for the future. I think all the countries that have tried to tackle the depression prematurely, particularly the United States of America, have simply made the evil much worse than it was and landed themselves in most terrible difficulties. We did not do anything of that kind ; we avoided in spite of pressure all those measures. I think we preserved a sound position but I do feel that the time has come now when we may try to find openings for constructive work.

Now, as regards this question of roads from loans I do not profess to speak in any way as an expert on road finance. I have never had anything to do with it and I do not claim to know how the maintenance charges and that sort of thing works out. But I want to put before you a certain way in which the position might be regarded merely by way of illustration. I do not suggest that the figures which I shall give are necessarily accurate, but they may indicate to you a method of thinking out this matter which may be helpful. I will put it in very simple terms. Let me take this position. Supposing a particular province took up a crore of loan money for a road programme, and supposing they decided to spend 50 lakhs of that on improving the surface of existing roads with the view to reduction of maintenance charges. If they got the money at 4 per cent. interest, on that 50 lakhs they would have to pay 2 lakhs a year. Is it unreasonable to expect that as a result of that expenditure of 50 lakhs on improving the surface of roads, they might, at any rate for three or four years to come, reduce their maintenance costs on those roads by something like 5 lakhs ? Let me take that at least as a possible assumption. Therefore on that particular part of the transaction they would at any rate for a few years to come be three lakhs a year better off. Then suppose they spend the other 50 lakhs on the construction of new roads. There again I imagine that in the first two or three years the maintenance charges would be very low. If the roads were soundly built, they would be almost negligible. The position then that we come to is this. They would again have to pay another 2 lakhs a year on interest on that second 50 lakhs, and they will, according to my illustration, be three lakhs better off on the first half of the programme, so that if we ignore the maintenance charges on these new roads, for the next two or three years they will be one lakh a year better off on the whole deal. The 50 lakhs on the new roads might include as part of it an earth road construction programme and part of the 50 lakhs might be spent on buying tractors and graders, say, about a lakh to go on that which would, I understand, allow for the purchase of ten sets. I understand that earth roads cost, not allowing for construction of bridges and culverts, about Rs. 500 a mile and that the yearly maintenance charges are about Rs. 100 a mile. In the case of earth roads of course the maintenance charges would begin straightaway. But there would be as a result of the other parts of the transaction that I have suggested, something in hand; I have put it at about a lakh a year. There would be that margin in hand to cover the immediate cost of maintenance on the earth roads. I recognise that the picture is much too optimistic, and that there are many things which I have not taken into account. But it may perhaps suggest to you ideas for working out a comprehensive programme which you can look at in this way. You can say, "We shall get an immediate benefit from the expenditure of that money ; it will very largely go in payment of wages in the province and therefore it will increase the general purchasing power of the people ; it may help to improve the local prices of grain and help us to collect our taxes ; so that in the next two or three years we shall certainly get

benefit out of it. After that we shall be left with the advantage of having these improved roads and these new roads which we shall build. But we shall then of course have to face a full maintenance bill ". On the other hand the full maintenance bill might still be not very much bigger than it is at present because part of the money would have gone to improving roads which at present are a very heavy charge. But still after the first two or three years the maintenance bill will go up and naturally you will have to consider how that will be met. To some extent it would be possible to rely on its being met from an improvement in revenue, for I think it would be reasonable to say that in two or three years' time we may hope that we shall be in a better economic position than we are today. I do not think that is an unreasonable line to take. In any case a better system of roads will in itself have done something to improve the economic position. But if it is desired to have any certainty in addition to that, (I am afraid I have not discussed this with my colleagues), I suggest that it might be provided that the maintenance charges on roads constructed in this way could be treated as a fair charge on the special road fund allocations, the special petrol tax. That of course brings us up against the difficulty that the continuance of the petrol tax is not absolutely certain, but as regards that I should like to say this, that certainly from the financial point of view we do not want to take that away again. We have never in any of our calculations about the future allowed for any change in that arrangement. We in the Finance Department would certainly co-operate with the provinces in trying to get our constitution so framed that the continuance of the present road tax arrangement is assured. So we are on the same side as the provinces are in that respect and looking at the matter in that way I suggest that it might be a good thing to enter into arrangements now which would give you a sort of moral claim on the continuance of the Road Fund in the future. As I have already said, I speak as a layman on this subject, and with great diffidence. I merely want to put certain ideas in your minds on which you might work out plans, because we should certainly like to see plans worked out subject to the main condition that the plans must be sound plans which will really benefit the country in the future. We would very much like to find ways of encouraging expenditure now on the execution of such plans. I cannot speak definitely until we see the plans and I do not want to make any definite promises. I would only say this. After seeing the proposals that come forward, if we are satisfied that they do really represent a sound economic programme we shall do our utmost in consultation with each province to find ways to make the execution of those plans financially possible. I know that as a result of the discussion the other day practically all the provinces said it was very nice to have the suggestion made, but so far as they were concerned it remained a pious expression of opinion. I hope very much that it can go a bit further than that. For example, while all the arrangements in the Punjab are very sound, is it not possible that on the lines I have suggested you might be able to work out a plan which would be beneficial to you ? The United Provinces are very jealous of any suggestions coming from outside, but in your case is not the position one where you have something like 7,000 miles of road which require reconditioning ? That being so, in your case is it not possible that the whole plan might be one of re-conditioning existing roads ; and that such re-conditioning of the roads standing on its own merits might be a financially sound plan which actually improved the revenue position ? Then again, Bombay took a particularly discouraging attitude on this question; but after all in Sind you have a special area which seems to me to require a very special treatment and a very special programme. I should very much like to see a programme coming up which showed that the problem of communications in Sind was being properly tackled. And I would remind the Bombay representative that even though it may be very difficult on a road construction programme to show a clear and definite dividend, nevertheless it is very easy if communications are not properly developed to have the unfortunate experience in the future of incurring a serious and definite loss because you are not able to deal with the traffic which develops. We in the Central Government have a very direct interest in the matter of the problem of communications in Sind—in seeing that the Sukkur Barrage area is being properly tackled. Then again turning to Assam as an illustration of another kind of condition, of course I know that in their case there are special difficulties and that the prospect of being able to draw on the road fund for maintenance charges does not carry Assam very far because they get such a small share. It is possible that in their case there may be special considerations to be taken into account. We would like to know what the Government of Assam really think would be a sound economic programme, and then we can consider with them what we can do to help them. I think that is really all that I have got to say on the matter except this, I am afraid everyone will notice that in my elementary figures I have omitted any question of sinking fund and that of course would have to be considered and would upset the figures that I have given to some extent. That is a matter which we might discuss together. I had that in mind when I said that, when or if any plans were put up, if we were convinced that they were sound we would do our utmost to make them financially possible.

Chairman.—I should like to say, before the discussion proceeds any further that, although Sir George Schuster has said he had had no opportunity of consulting his colleagues, so far as my Department is concerned we endorse everything that he has said.

Mr. Conran Smith.—From the point of view of Madras with our very large existing mileage and the very pressing problem of maintenance, the proposal to improve road surfaces and thereby reduce road maintenance charges is *prima facie* very welcome. I know that it is premature to raise a further point about the financial implications, but I should like, if I may, to say, that presumably the continuance of the petrol subvention involves *amendment to the White Paper. If that amendment were carried*, it would presumably also permit the Central Government to allot a further proportion of the petrol tax for financing a road loan. But it is necessary to bear in mind the cautionary *statement in this memorandum* on page 3 which states that "any proposal that *in addition to these obligations* the Federal Government should undertake new obligations to provide funds for the cost of road construction must be regarded as outside the limits of practical possibilities within any period which can be foreseen." Does that mean that it would be entirely impossible for the Federal Government, assuming that the amendment to the White Paper is accepted, to make a further allotment to the provinces from the petrol tax to finance road loans?

The Hon'ble Sir George Schuster.—It is a question of financial effect. If the units would like to have a further allocation from the petrol tax knowing that by doing that the Federal Government was weakening its power to make transfers of income-tax for example, then it could be considered. We cannot get away from that. We are up against hard facts. But it might be that the possession of additional funds for roads would be in the economic interest of the provinces.

Mr. Conran Smith.—It must then be definitely assumed that it will adversely affect the allocation of income-tax or other revenues to the provinces.

The Hon'ble Sir George Schuster.—You cannot get away from that. Whatever we give under one head reduces our powers to give more under others, except to this extent, that if the expenditure is really a sound expenditure, it may improve the general financial position. If the plan is economically sound, then it is to everybody's advantage that it should be undertaken for it might improve the revenue position both of the Central and Provincial Governments, and instead of diminishing the prospects of further transfers of revenue by the Centre it might ultimately increase them.

Mr. Conran Smith.—There is one further point. If the White Paper is amended so as to make this subvention possible in the future in the new constitution will that entail control and right of interference by the Federal Government over road expenditure on these rural communications?

The Hon'ble Sir George Schuster.—That is rather a big question. I do not think such an answer necessarily follows. But that question can be discussed later. I think that comes up under the Memorandum on a Federal Road Scheme.

The Hon'ble Mr. B. P. Singh Roy.—As is well known the financial position of my province is perhaps the worst and we are greatly interested in the financial allocation proposed in the White Paper. We would not like to see that allocation disturbed in any way. Improvement and maintenance of roads in Bengal would only be possible if we are guaranteed the maintenance, but I do not take a very optimistic view of things. I think the suggestion made by the Honourable the Finance Member will give us sufficient food for reflection—whether the improvement of roads will not release a portion of our maintenance cost for the next few years. Our capacity to improve roads through loan will depend largely on the continuance of the petrol grant, I have nothing more to add. I would also like to know whether this petrol grant from the Centre would mean general control over roads by the Central Government. I do not think that provinces would like it.

Chairman.—There is no doubt whatever that the views of the provinces will have to be taken into consideration in dealing with the question. The strong feeling expressed here will carry great weight.

The Hon'ble Sir Jogendra Singh.—I have always advocated that in days of depression we should have a programme of development and I am gratified at the policy which the Government of India is now initiating. When I was speaking the other day I was speaking as the mouthpiece of the Finance Department. Speaking on my own behalf as Minister in charge of Roads and Buildings, I can sincerely promise that I will examine all the projects that we can possibly take up and if I get the support of my friend Mr. Puckle, I shall send them to the Government of India for such grants as we can secure. I need not now go into the details of what the Hon'ble Sir George Schuster said. I suppose these will be considered when all proposals are before the Government of India. I suppose you do not wish to limit the grant on the half and half basis.

The Hon'ble Sir George Schuster.—No.

The Hon'ble Sir Jogendra Singh.—I hope the policy indicated in the matter of roads will be pushed in other directions also, because there is a great deal that can be done to put money into circulation and thus relieve the agriculturist and increase his purchasing power. I do not think I need say any more.

Mr. Puckle.—May I ask a question ? As regards the construction or reconditioning of earth roads from loan funds, is it your view that this is in all cases legitimate ? You are not creating a new asset. You are merely putting an existing asset in a state of repair which will not last more than a year or two. It is a new idea to ask that you could use capital funds for purposes like that.

The Hon'ble Sir George Schuster.—I was speaking in very simplified terms. I was considering the making of new earth roads which after all are to this extent capital asset that as I understand the position, the original cost is about Rs. 500 per mile and the maintenance cost is only 100 rupees per mile. To that extent such roads are a capital asset. But I quite agree that one has got to be very cautious in spending loan money on roads which involve very heavy maintenance charges.

Mr. Puckle.—There is one other point, regarding income-tax and motor taxation. The Punjab Government have always held that it is inconceivable that the Central Government should have an unbalanced budget, but the person who calls for the tune must pay the piper and in that connection we pressed for the right of a surcharge on income-tax in the provinces in order that the people who were going to spend money should also have some responsibility for raising some of it. I am speaking without any authority, but I think if we have got our field of possible motor taxation extended, if we had power to raise the money and be responsible for spending it we would probably prefer to give up a corresponding amount of income-tax.....

The Hon'ble Sir George Schuster.—I think that is very sound in principle, if I may say so.

Mr. Owen.—There seem to us from Bihar, though we are not authorised by the Provincial Government to speak on the subject, almost insuperable difficulties in giving practical effect to any such hypothetical scheme as has been outlined before us by the Finance Member. If in Bihar for instance we were to start on a scheme of even half a crore, that would mortgage two thirds of our present petrol tax subsidy even if we were allowed to use it on the payment of interest on that loan. We would only get 3 lakhs a year and 2 lakhs is the interest charges on half a crore loan, and it would leave us with the whole of the service charges of the loan to find ourselves and the whole of the increased cost of maintenance by the construction of new roads. In our province our sources of revenue are so inelastic owing to the fact that we are permanently settled that the financial difficulties seem almost insuperable, and I doubt whether they would find it worth while to take up a loan scheme at all, bearing in mind the fact that the new Councils will of course have to reconsider the whole thing.

The Hon'ble Sir George Schuster.—Of course I realise that Bihar and Orissa is very much in the same position as Assam to which I referred. You get so little from the petrol fund that it does not carry you very far, but I still think that you could prepare a plan of what would be a sound road programme if you feel that development of communications will really bring about an economic improvement. We would then go into your own financial position with you on that. I still think that it would be worth while to review your whole position.

The Hon'ble Mr. Lainé.—I explained the other day that we had arranged with the Government of India for a loan of crore of rupees in connection with our road programme scheme. I have not got the exact figures with me but actually we have drawn some 30 or 40 lakhs, and then because we were no longer able to meet the interest and maintenance charges we decided to close down for the time being. If we decide to resume our programme and to take the balance of the loan, I take it that the rate of interest charged on that balance would be less than the rate at which we agreed to take the original loan.

The Hon'ble Sir George Schuster.—Certainly you will get the advantage from the improvement in the Government of India's credit.

The Hon'ble Mr. Lainé.—Would we get a similar advantage in respect of the interest charged on the 30 or 40 lakhs already taken ? (Laughter.)

The Hon'ble Sir George Schuster.—That is a past loan raised at a particular rate of interest which cannot be changed.

The Hon'ble Mr. Lainé.—There was one point about which I was not very clear. I understood the Hon'ble Sir George Schuster to say the other day in connection with new schemes to be financed from future loans that the schemes would have to be submitted to the Government of India for prior approval before they agreed to raise the requisite loan. Would that not be a departure from the present policy ?

The Hon'ble Sir George Schuster.—The present Provincial Loans Fund scheme is for all practical purposes in abeyance because actually we have had to put an embargo on all new capital expenditure. If we lift that embargo I do not think we can go further at present than to say that we would lift it in the case of approved schemes. We would want to be satisfied about any new scheme, not merely road schemes, to be financed through the Provincial Loans Fund. We should want to examine it more fully than it has been done in the past. But as regards the special road schemes, what was in my mind was that if we were satisfied they were really sound and economic propositions, we might be prepared to go a little further and I suggested that we would do our best to help the provinces to overcome any financial difficulties. I do not want to commit myself further than that, but as I have said, I feel that we in the Central Government are definitely interested in anything that will improve the economic position of the country and we would be prepared to take that interest into account in considering schemes of this kind.

The Hon'ble Mr. Lainé.—I am not in charge of 'finance' in Assam but before I came away I had a talk with the Finance Department, and was assured that in no circumstances will they consent to any fresh loans being taken at the present juncture. I can only hope that Sir George's encouraging remarks will induce our Finance Department to reconsider their attitude.

The Hon'ble Sir George Schuster.—When you go back, if you get a shorthand note of what I have said, and along with the other reports, you show it to Sir Micheal Keane, I have no doubt he will take an interest in the question. I can write to him and explain my ideas more fully.

Mr. Bowers.—I am afraid as far as Bombay is concerned I am in a difficult position. On the one hand we do not want to commit ourselves to anything which would jeopardise our chances of receiving relief from the Central Government in respect of income-tax receipts. On the other hand we are definitely of opinion that the federal Government has a certain responsibility over the federal roads of the country of which Bombay has a very large mileage so that it rather looks as if we would eat our cake and have it too. It is definite that the Finance Department of the Bombay Government will not consent to raise any further loans on the security of Bombay's resources, and if loans raised on the security of the resources of the Government of India will make any difference in the amount that we receive from income-tax receipts the Bombay Government will have to review the question very carefully before they finance any road scheme from loans raised by the Central Government. As regards the proposal made by the Finance Member for spending money on the reconditioning of roads we find that if we borrow money to recondition roads on which we spend about Rs. 1,300 a mile annually on repairs we could just pay the interest charges, arrange for the amortisation of the loan and pay the maintenance charges on the re-conditioned road from savings on the present maintenance charges, but it would not improve our financial position in any way. As regards Sind we fully recognise that roads in that area must be developed, but the Bombay Government cannot possibly finance the construction of these roads from their revenues, and they cannot commit themselves to any loan as Sind is going to be separated shortly. We do not know how far Sind would appreciate an extra burden of 50 lakhs which we consider to be immediately necessary for financing road construction during the next ten years. I think the Government of India will certainly have to come to the assistance of Sind as regards the roads required for the opening up of the country.

The Hon'ble Sir George Schuster.—Have you considered asking the Government of India to do that ?

Mr. Bowers.—We have got a scheme at present to cost about 50 lakhs spread over the next ten years, and I believe we are proposing to address the Government of India on the matter.

The Hon'ble Sir Mohammad Yusuf.—It is not possible for me to give an opinion off hand which is likely to commit the United Provinces Government in any way to this proposal. Sir George Schuster has said that we should carefully examine the whole thing and so far as that aspect is concerned we would be prepared to examine the whole thing. If I were to give my own personal opinion it would be that there should be a block grant from the Central Government and so far as drawing up the programme is concerned, that should be entirely left to the Local Government. We might be consulting the co-ordinating authority in various matters in connection with the general development of the roads, both main and subsidiary. We should feel some nervousness even in giving any definite information on this question because we are faced with a very large question of the allotment or rather the surrender of revenue from the central to the provincial source and that is a matter of over-riding importance to us. It is not possible for us to say anything which is likely to disturb our position adversely because we do feel that there should be an equitable reallotment of the source of income from the central to the provincial. Coming to the question of the programme, generally I should not be opposed to a proposition like this but the question arises whether we should be prepared to raise a loan for that scheme. It is clear that we cannot possibly entertain any such proposal. It is completely out of the question. We have not the money for the maintenance of our present roads but if the Central Government were to give money for the scheme, if it is a sound economic scheme, then there will be a case for carefully considering the whole thing and as this question is intimately connected with the larger question of allotment of source of revenue, it is impossible for me to commit myself to any position at this stage. I should be prepared to support the spirit of the scheme as indicated by the Honourable the Finance Member. I reserve complete freedom to consider the whole position and even ultimately to reject the whole thing if it will affect the interests of the province adversely.

The Hon'ble Sir George Schuster.—Your remarks remind me of the rhyme, " In matters of business the fault of the Dutch is giving too little and asking too much ". I am afraid you ask for more than I could contemplate in my wildest moments.

The Hon'ble Sir Mohammad Yusuf.—I am in sympathy with the Resolution and we are grateful to you for saying that you will entertain schemes which are likely to help the general economic development of the country. These are pious words and it is not possible for us to commit ourselves without examining the whole thing carefully.

The Hon'ble Sir George Schuster.—You assume that to raise a loan would make your position worse, but there are cases in which expenditure would be beneficial in the long run.

The Hon'ble Sir Mohammad Yusuf.—That is so ; but this is an all-India question involving the economic position of the whole of India and it is for the Central Government to deal with this independently.

The Hon'ble Sir George Schuster.—If on examination you find that it is not worth while to take up a particular scheme, we will be as unwilling to touch it as you are.

The Hon'ble Sir Mohammad Yusuf.—All I can say now is that the matter will have to be very carefully examined.

Mr. Bowers.—May I ask whether in view of the material advantages to be derived by the Government of India from the improvement of communications in the country, that Government will assist the Local Governments in the matter of the amortisation of loans.

The Hon'ble Sir George Schuster.—I am not going to say anything more than I have already said on this matter. My earlier remarks contain the answers.

Mr. Teflon.—If Burma decides to come into the Federation I should like to return to Burma armed with a copy of the Hon'ble Sir George

Schuster's speech. In 1928, we submitted proposals for reconditioning certain roads which showed that the reconditioning would reduce considerably the cost of maintenance. The Finance Department of the Government of Burma were quite unprepared to entertain that scheme because they had not the necessary funds at that time. If now funds for such schemes can be obtained from the Government of India it would seem desirable to resubmit the proposals to the Government of Burma for reconsideration.

The Hon'ble Sir George Schuster.—In 1928 the Government of India were spending more than they had got on railways. We have now very much reduced our railway programme.

The Hon'ble Dr. Deshmukh.—Schemes of the nature indicated may help towards dispersing depression and they may react on the finances of the provinces as well as the centre. As far as we know the savings in maintenance may not meet the interest on loans. That is at any rate the case with the Central Provinces, where, as a whole, the cost of maintenance is low owing to the proximity of metal quarries to the roads. Mr. Hyde, our Chief Engineer, has several times examined the question and has come to the same conclusion except in the case of Berar. There the conditions are different. We think we might be able to prepare a definite scheme especially in connection with areas where there is a definite request for the construction of roads and where people are prepared to accept the levy of a toll or cess. There are likely to be such areas in our province.

Captain Stuart.—In the present state of the North-West Frontier Province funds are not greatly required for the construction of new roads. As regards reconditioning existing roads it seems most improbable that capital expenditure on improving existing roads can be justified at present without further examination.

The Hon'ble Sir Jogendra Singh.—May I know whether these schemes can include roads running parallel to railways ? (Laughter.)

The Hon'ble Dr. Deshmukh.—It is not at all easy to think of any roads which will not directly or indirectly affect the railways.

The Hon'ble Sir Jogendra Singh.—I do not agree. We have many roads which act as feeders to railways.

Chairman.—We cannot carry on this discussion further this morning. We shall have to remit the whole subject to the Local Governments for further consideration.

The Hon'ble Sir George Schuster.—I only want to say that I believe it is worth while for Local Governments to think over this subject again and that our own attitude in this matter will have to depend entirely on our judgment when we see the schemes. If we are satisfied that the schemes are good one, and are likely to prove economically beneficial, we will do our best to help the provinces to make them financially possible.

Memorandum* on Roads under a Federal Constitution.

Chairman.—We shall now take up the very important memorandum on "Roads under the Federal Constitution" which has been placed before you. It is clearly stated in paragraph 6 that the real point is whether

*Printed as Appendix to these discussions.

power should be taken in the new constitution to enable the Federal Government to become a partner in certain roads and whether they should play any part in the development of roads other than under the federal scheme. The question also arises as to what adjustments, if any, of the classification outlined in the White Paper will be desirable.

Mr. Conran Smith.—I think it is the general opinion of the provincial representatives that if the Federal Government is going to decide to have federal roads they will have to meet all the cost of construction and maintenance. If this is possible, then there can be no objection.

Chairman.—Are you not asking for too much ?

Mr. Conran Smith.—I think I am asking rather much but it is the general view, and it is the only basis on which the proposals will be acceptable. There are one or two small points in connection with paragraph 12 on page 4 (*a*) and (*b*) which are covered by what I have already said. With regard to (*c*) the provincial representatives are not likely to accept without further examination the last four lines of (*c*).

The Hon'ble Mr. B. P. Singh Roy.—I entirely agree with that view.

The Hon'ble Sir Jogendra Singh.—We discussed the matter yesterday and I am of the same view.

Mr. Puckle.—May I raise a financial point ? Under the new constitution as outlined in the White Paper the Central Government can impose excises and may give a share to the Provincial Governments. That, on paper, provides for a continuance of the present road fund. But, as I think Sir George Schuster said himself, supposing Burma stands out, there will be very little left out of excises for the road fund. Is it proposed to suggest to the Joint Select Committee that all taxes on petrol, whether in the nature of customs or excise, should be, at the discretion of the Central Government, distributable in part to the provinces for road purposes ?

The Hon'ble Sir George Schuster.—What we actually have suggested is this. At present import duties are put down under class I taxes ; and we have suggested as an alteration that that should only apply to import duties "except to the extent that they are offset by corresponding excise duties". That will cover petrol. As a matter of fact we did already have to make one suggestion for a change, which has been accepted in the White Paper, as regards salt. In the case of salt they have put the whole in class II. I have very little doubt that they will accept the suggestion which I have explained, namely, that import duties where they are balanced by corresponding excise duties should fall under class II.

Mr. Owen.—We are not authorised to speak on the subject. It does seem to us that some modification of the lists in the White Paper will be required to give the Federal Government the right at least to make subventions on certain roads of Federal interest. We have not many such roads except the Grand Trunk Road, and if the Federal Government wish to improve the condition of that road and thereby increase the cost of maintenance, and capital cost will be incurred in doing so, we presume the Federal Government would be willing to bear that additional cost.

The Hon'ble Mr. Lainé.—I agree more or less with what has been said. I do not see any objection in principle to the proposal and if the Federal Government of the future are prepared to pay the piper, I do not see any reason why they should not call the tune to that extent.

Mr. Bowers.—We consider that certain roads should be a Federal charge and specially roads which are of Federal importance which pass through Indian States. The Government of Bombay would not, I believe, insist that the cost of constructing, reconditioning and maintaining should be borne entirely by the Federal Government and except for such portions of those roads which lie within the boundaries of Indian States would probably agree to share the cost of Federal roads on a fifty—fifty basis.

The Hon'ble Sir Mohammad Yusuf.—I agree with the remarks made by the representatives from Bihar and Orissa and Assam. As we have not had an opportunity of considering this matter it is not possible for me to give our opinion at this stage but we shall be glad to have it considered by our Government. As regards (1) the question is what is meant by a Federal charge.

Chairman.—That is made clear in paragraph 12 (*a*).

The Hon'ble Sir Mohammad Yusuf.—Generally I am inclined to agree to (*a*) provided funds are given by Central Government, both for construction and maintenance and my position is the same with regard to (*b*). But so far as (*c*) goes, with regard to regulation of traffic, that part of authority must necessarily be left to the Local Government who can better do it through the divisional authorities. In a nutshell, I am not generally opposed to it provided the funds for the construction as well as maintenance are forthcoming from the Central Government.

Mr. Teulon.—I presume that no roads in Burma will be classified as Federal roads.

Chairman.—I think that is probably right. I could not say off-hand. At any rate Government will consider it.

The Hon'ble Dr. Deshmukh.—The Government of the Central Provinces have not considered the question and so I am afraid I cannot give the opinion of the Central Provinces Government. My personal views are similar to what has been said by the representative from Madras. I have some difficulty in understanding how the Federal Government can give financial aid without a corresponding decrease in the distribution of income-tax receipts to the provinces. If this is going to be the case, the proposal is bound to be much less attractive.

Captain Stuart.--The Army Budget already bears part of the cost of certain of our roads. So I imagine the Frontier Government will have no objection to the proposals laid down in the memorandum, specially as we are entirely dependent on the Centre for finances in any case.

Chairman.—I think you have been all a little hard on the Central Government in expecting them to pay the whole cost. It comes to this that you are all agreed that there is no objection whatever to roads being classified as Federal if the Central Government are prepared to pay. What we can do therefore is to consider our proposals in the light of that view.

"CENTRAL LEGISLATION IN REGARD TO THE CONTROL OF MOTOR VEHICLES".

Chairman.—Now we will discuss Part VIII separately. The gist of that is that it may be convenient in certain cases to have central legislation to secure uniformity in regard to the control of motor vehicles. Under the Motor Vehicles Act as it at present stands, the rule-making power, except in the case of motors which temporarily come into and leave India, is vested in the Local Governments. It is not our desire or intention to interfere with the Local Governments' discretion in regard to the control of motor vehicles. But we do rather feel that it may be convenient, if uniformity is desired, to permit legislation being carried through at the centre. That I think is all there is in it.

Mr. Mitchell.—It is suggested that the legislation should be central and the rule-making power should remain provincial. It is better to have one piece of central legislation instead of having 15 or 20 different Acts passed by the different legislatures, each amending the Act in its own way.

Mr. Conran Smith.—I quite appreciate the reasons given on this proposal designed to avoid the necessity of legislation in each province in certain cases, but I do not think I could accept them without further examination. It is a matter which requires a great deal of careful study and examination. There is possibly some ground for suspicion on the part of Provincial Governments that such control of motor vehicles might mean interference with the question of taxation, although it does not appear so from the papers before us. We have at the present moment got an instance, because the Government of India are insisting on Local Governments exempting their army vehicles from provincial taxation. So far as the Act in Madras is concerned, it is so framed as to permit of no exemptions at all. The position of Madras is that the Local Government has to pay provincial tax on its own vehicles, whereas the Government of India wants exemption so far as army vehicles are concerned. As regards the main points I have said, they require examination before any definite statement can be made.

The Hon'ble Mr. B. P. Singh Roy.—I do not think I can express any opinion on this subject without further examination, but on the whole I think provinces are not likely to gain by the arrangement proposed under the new constitution.

The Hon'ble Sir Jogendra Singh.—I more or less agree with what has been said before. So far as the change in the list I and II is concerned, we have already agreed. As to the change to be effected in List III.....

Chairman.—We are dealing with the control of motor vehicles now.

The Hon'ble Sir Jogendra Singh.—There is the question of concurrent control. It is a reserved subject and we really did not discuss it. I am not in a position to express any opinion on that, but so far as I can gather I think Provincial Governments will be against transferring any authority, which they at present enjoy, to the Central Government in the matter of regulation of motor vehicles.

Mr. Owen.—The essential question is, I understand, whether the Central Government should have concurrent control of motor vehicles

If so, the present position should be retained by which Provincial Governments have full discretion to legislate so as to amend the Motor Vehicles Act and have complete control within the provincial boundaries. Concurrent central powers of control must allow to the provinces a free hand to run their own show as they do at present. Certainly the Motor Vehicles Act will require amendment. I do not know whether the question of the procedure, which we suggest might be followed in dealing with the question, is relevant now. If it is decided that the Motor Vehicles Act has got to be amended—and I think it will have to be decided that it must be—in order to give the new powers of control which have been discussed, that is to say, control not only in the interests of safety and convenience of passengers, but also in order to ensure economic competition and considerations of such objects as are provided for in the English Road Traffic Act, 1930, then it seems desirable that provinces should first be consulted in writing officially on some such general proposal, and then they should send representatives to reach conclusions and then a model Road Traffic Act might be drafted and circulated for adoption by provinces. Some such procedure as that should be adopted. Our discussions contemplate Traffic Commissioners to issue licenses, consider suitability of competition of road and rail and so on. That will require a considerable re-casting and re-modification of the Motor vehicles Act and Rules, and if it is considered desirable to make uniform changes in provinces on some such lines as these they must be consulted first. This is a subject administered by our magistracy and police under our Home Department, for whom I am not authorised to speak. But they would certainly oppose removal of control from magistrates.

Mr. Mitchell.—Our idea was that all that would be necessary would be to amend the Motor Vehicles Act in the Central Legislature, which can be done, and then Local Governments can make rules under the powers given by the Act. That would be a shorter procedure.

Mr. Owen.—Provided the Central Legislature can manage it in the right way. One important detail in the present Act is that it does not contemplate the licensing of motor bus services but only of individual buses.

The Hon'ble Mr. Lainé.—I agree with Mr. Owen.

Mr. Bowers.—I agree with what Mr. Owen has said.

The Hon'ble Sir Mohammad Yusuf.—I am of the same opinion.

Mr. Frampton.—I notice that in our draft rules we have provided that driving licenses granted under these rules shall be valid throughout British India, subject to such conditions as may be imposed by the Governor General in Council. I presume that will have to come out now.

Mr. Teulon.—I agree with what Mr. Owen has said.

The Hon'ble Dr. Deshmukh.—The Central Provinces Government does not object to this, but I am afraid I cannot give any definite opinion.

Captain Stuart.—I agree with Mr. Owen.

Chairman.—Mr. Owen's opinion holds the field. It represents our view also.

The Conference then adjourned for lunch till 2-30 P.M.

The Committee re-assembled after Lunch at 2-30 P.M. The Hon'ble Sir Frank Noyce was in the Chair.

RESOLUTION No. 5.

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

Chairman.—I think we can resume our discussion. We go back to resolution No. 5. Sir George Schuster will probably turn up a little later, but I do not think there is very much to say. It is a very technical subject and it seems to me that the only way in which a co-ordinated plan could be drawn up would be by a small expert committee. The report of that committee would obviously be carefully considered by the Local Governments ; it is a matter primarily for the Local Governments and on an examination of their views we can then decide whether it would be advisable to ask them to meet again with us to consider it together. It might be an appropriate subject for discussion by such machinery as may be designed to be established at the Centre. The only thing I would add would be that I think it will be agreed that the cost of the committee should be borne by the Government of India. That has not been examined by the Finance Department but I have very little doubt that my view would find support from the Finance Member.

Mr. Conran Smith.—There is no possible objection to the examination of this question by an expert committee. The report will be examined by the Local Governments.

The Hon'ble Mr. B. P. Singh Roy.—So far as Bengal is concerned we have already achieved it and I do not think it is necessary for us to have an expert committee.

Chairman.—All that would be necessary in your case would be for this committee to consult with you and get your views.

The Hon'ble Mr. B. P. Singh Roy.—There is no objection to that.

Mr. Puckle.—It seems to me that until the Government of India are in a position to undertake the redistribution of motor taxation the time is hardly ripe for such a committee. For the provinces to co-ordinate their own provincial taxation and local bodies' taxation—that is comparatively a simple matter, but if you are going to examine the whole basis of motor taxation, the crux of the whole question is how much of the field of taxation you are going to leave open to the provinces. I gather there is not a blade of grass in the field that the Provinces are likely to get in the near future.

Chairman.—The Finance Member is absent, but it is quite possible that this expert committee might recommend something in that direction.

Mr. Puckle.—As far as that goes we would welcome it.

Chairman.—Personally I cannot see how we can get much further without some such expert investigation.

Mr. Owen.—I am not quite clear what the terms of reference would be to this committee. It is important to know them before we decide whether a central committee or a provincial committee would be better. The present position is that the Central Government is able to tax motor transport through import and excise duties and in the White Paper it is stated that they shall continue to have that power. I am not clear whether it is open to any Committee to reopen that question. If the terms of reference refer to matters affecting the distribution of the burden of taxation between different kinds of motor vehicles or the determination of the economic incidence of taxation on motor transport a lot of these things would depend on provincial considerations and would necessitate the collection of materials from the provinces in the first instance.

Chairman.—That is perfectly true. Undoubtedly the committee would have to work on data supplied by the provinces.

Mr. Owen.—This morning I tried to tabulate the sort of things that such a committee would go into. One question would be the Central principle of provincial taxation every where, with abolition of powers of local bodies to tax. In Bihar we have done this ; but in each province the taxation is different, and each province might have to collect materials as to the amount of compensation to be paid. Another question will be the distribution of the burden of taxation between different classes of motor vehicles, private motor and commercial motor, and under the latter you have got three classes, buses, lorries, and taxis—that again depends on provincial conditions. In one province you may have to encourage one kind of vehicle, and in another, another kind. We have had to examine these things because we passed a Motor Vehicle Taxation Act three years ago and all these things cropped up. That is why I say it would require a provincial committee to collect facts before a Central Committee could make proposals on lines more or less suitable to the provinces.

Chairman.—Do you think it will take long for the provincial committee to get to work on that ?

Mr. Owen.—Certain uniform principles as to what sort of facts would require to be collected will have to be given. All these would depend on the conditions in the different provinces. It seems a little difficult to see what the expert committee would consider till you get the terms of reference.

Mr. Mitchell.—I think that there is definitely one thing which could be established. At present there are two or three taxing authorities, the central, provincial and local. They act independently. There is a limit to what the industry can bear and it has to be determined. Then there is the question as to what extent motor transport should pay for roads. Undoubtedly there is a very great deal of material which will have to be collected and compiled, but at the same time the general lines on which the enquiry will have to be carried out would have to be decided first as you said.

Mr. Owen.—It seems to me that the provinces would be jealous of their powers and they would not like the central committee to attempt to determine provincial taxation, *e.g.*, that the taxation on motor vehicles is to be limited to such and such an amount because the Central Government is proposing to take a larger amount from petrol and import duties.

Chairman.—There would be no question of determination by the central committee. We have no desire whatever to interfere with the power of the provinces in that way. It is merely a question of examining the matter and framing some co-ordinated plan which they can adopt or not as they like.

Mr. Owen.—Without the terms of reference it is difficult to say.

Chairman.—So you agree that an inquiry might be made, subject to the determination of suitable terms of reference.

Mr. Owen.—That leaves it vague enough.

Chairman.—Then it really comes to this, that so far as Bihar and Orissa are concerned, they would like to see the terms of reference.

The Hon'ble Sir Jogendra Singh.—I agree with Mr. Owen in this matter.

The Hon'ble Mr. Lainé.—I have no objection to this provided the Local Governments are consulted beforehand as to the terms of reference. The expert committee proposed should also draft their proposals in consultation with Local Governments and when the picture is complete, Local Governments should have a further opportunity of revising their views. There are apparently two kinds of co-ordination contemplated, *i.e.*, between province and province and between the provinces and the centre, and then there is co-ordination within the province itself. I agree that so far as co-ordination between province and province is concerned, or between the Provinces and the Centre, the expert committee will be able to give very useful help, but so far as co-ordination within the Province is concerned, that will be a matter for the Local Government.

Mr. Bowers.—I think it is necessary to have an expert committee which will prepare a questionnaire for each province and report on the possibility of having a co-ordinated plan.

Rai Bahadur Chuttan Lall.—Last year the United Provinces Government appointed a road taxation inquiry committee and their decision was that within the province there should be taxation by a single authority, namely, the Local Government and the taxes by district boards and municipal bodies should be abolished. The United Provinces Government consider that nothing more is needed in this matter.

Mr. Teulon.—I agree with Mr. Lainé.

Mr. Roughton.—I do not think there is any necessity for excessive consultation with the provinces beforehand. Let the Committee begin its work and let its proposals be put before Local Governments and we will decide then whether we will take them up or not. I think that will be quite sufficient and will avoid unnecessary delay.

Chairman.—I take it then that Local Governments will want to see the terms of reference. I take it that that is the general opinion.

We will now take up the last item..........

The Hon'ble Sir Jogendra Singh.—I wish to say about the memorandum* that we do not agree to the change in the List No. 1, item 33. I think we made it clear yesterday.

Chairman.—You do not want concurrent jurisdiction. We will make a note of that.

Before I proceed with Resolution No. 8, I should like to say that what is said in the Memorandum on "Roads under the Federal Constitution" represents the length to which the Government of India are prepared to go. The proposals put forward by Mr. Miller go much further than that. We naturally realise the implications of the constitutional position much more than does the Indian Roads and Transport Development Association. I hope that Dr. Deshmukh is quite clear about that.

The Resolution as adopted by the Road-Rail Conference was as follows :—

RESOLUTION No. 8.

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

(a) Advisory Council at the Centre.

Chairman.—Now, as regards the machinery, I am more concerned with the machinery at the Centre. The functions of the machinery set up at the Centre would be advisory. The suggestion is that there should be an organisation at the Centre which would have the Federal Minister in charge of the subject as President and representatives of the departments of the Government of India concerned such as the Railway Department, the Imperial Council of Agricultural Research as representing agriculture, the Commerce Departments as representing inland Waterways together, of course, with Provincial representatives and so on. The question for instance of the taxation of motor transport will come up after the receipt of the expert committee's report. That would be reviewed by this organisation at the centre. The objects of this central organisation would be carried out in the spirit of this Conference.

Mr. Conran Smith.—We all agree that it should be advisory. The question is how finality is to be secured when there is a clash of interests. The organisation at the centre would be purely advisory and there would therefore be no finality in such cases.

Chairman.—There would be a full exchange of views before a suitable settlement was arrived at.

The Hon'ble Mr. B. P. Singh Roy.—I have no other suggestion to make except that it should be purely an advisory body both at the Centre and in the provinces. It should consist of five members at the Centre.

*Memorandum on "Roads under a Federal Constitution.".

Chairman.—There is one important omission in what I said. We must have in addition at least two non-official members, one from the Legislative Assembly and one from the Council of State.

The Hon'ble Mr. B. P. Singh Roy.—It should consist of two non-officials representing the two Houses of Legislature, a member of the Railway Board and an officer of the Department of Industries and Labour, and the President. They may have the power to co-opt, if necessary.

The Hon'ble Sir Jogendra Singh.—I think provincial representatives should find a place on this body. I have no other suggestions to make.

Mr. Owen.—Will the Federal Council meet more than once or twice a year ?

Chairman.—No. I think not more than twice a year.

Mr. Owen.—Then the real work will be done by a permanent staff and the Council will decide on the policy once or twice a year ?

Chairman.—Yes.

The Hon'ble Mr. Lainé.—Personally, I am in favour of the proposed Federal Council and I see no particular reason why there should be provincial representatives on the Council. A better way would be to have a permanent Secretary who would tour round the provinces and make it his business to keep the Council in touch with the provincial boards.

Chairman.—Don't you think there would be an advantage in having an annual meeting between the Centre and the provinces ?

The Hon'ble Mr. Lainé.—I was thinking more of day to day administration. What I thought was that if the permanent Secretary could tour the provinces and keep the Council in touch with local developments and local opinion, it would be beneficial to the provinces as well as to the Federal Council and the Central Government.

Chairman.—As the Hon'ble Mr. B. P. Singh Roy is leaving soon, we should like to have his views on (*b*) and (*c*).

The Hon'ble Mr. B. P. Singh Roy.—As regards (*b*), I think the provincial committee should also be advisory. At present we have a committee which is rather a big body, which consists of Chairman of district boards, Railway representatives and those from the Automobile Association and some officers of Government. I would reduce the number to five, the Minister, two non-officials, one representative of the railways in rotation, and one representative of the Political Department.

Chairman.—What about divisional control ?

The Hon'ble Mr. B. P. Singh Roy.—The Commissioner of the division, two non-officials (preferably chairmen of district boards), some railway official and the D. I. G. of Police. But my suggestions are purely provisional and we should like to have time to discuss the matter.

Chairman.—Mr. Lainé, are you suggesting that the Road Engineer would be the Secretary of the Federal Council and tour the provinces ?

The Hon'ble Mr. Lainé.—That was my idea.

Mr. Bowers.—I should like to know first whether the Federal Council at the Centre will have any functions with regard to proposals put up by the Provincial Governments for raising loans on communications works.

Chairman.—I think that would really be rather a question for the Government of India. It will always be open to the Government of India to refer to the Council any points on which they wish to have their advice.

Mr. Bowers.—You anticipate that the Council may meet about twice a year. Would the advice of the Federal Council be necessary before Government sanctioned a loan ?

Chairman.—By no means : it entirely depends on the Finance Member.

The Hon'ble Sir George Schuster.—I should be very unwilling to bind myself to refer to a body that met only about twice a year.

The Hon'ble Sir Jogendra Singh.—Will the Advisory Council have any jurisdiction to advise the Railways also, say, with regard to transport of agricultural produce and things of that sort ?

Chairman.—As I said, they would be called upon to advise on any question the Government of India referred to them. And Sir Guthrie Russell assures me that he will be glad to have their advice.

Rai Bahadur Chuttan Lall.—We do not know exactly what would be the functions of the Federal Council and unless we know more about it, it is difficult to say what useful purpose it will serve.

The Hon'ble Mr. Shillidy.—It will be purely advisory.

Rai Bahadur Chuttan Lall.—We will probably have no objection so long as the body remains advisory but the point is whether the appointment of provincial representatives would serve any useful purpose. That we cannot say unless we know more definitely what its functions would be. We may have no objection to the formation of a Federal Council but the point has not been considered by the Local Government.

The Hon'ble Dr. Deshmukh.—Our views are somewhat similar to those of Mr. Lainé. We are not convinced of the need for anything more at the Centre than a portfolio of communications. It would receive advice from some body constituted like the present Road Development Committee in road matters which sanctions proposals and calls representatives from the provinces.

Chairman.—That is the Road Conference you are thinking of.

The Hon'ble Dr. Deshmukh.—I mean something on those lines.

Chairman.—That would give the Road Conference much wider scope than it has at present. The Road Conference obviously only deals with roads. We want to deal with communications in all their aspects.

The Hon'ble Dr. Deshmukh.—It would be the Road Conference extended in its functions. The gist of my proposal is that we meet once or twice a year, as we have done now. That should in our opinion suffice. A body constituted to perform purely advisory functions, as we are trying to do at present may not be necessary. What we have done in this Conference would probably be sufficient for one whole year and a small technical body to advise this Ministry of Communications at the centre from time to time may serve the purpose.

Chairman.—I cannot see much difference between your views and mine.

The Hon'ble Dr. Deshmukh.—This is only a sort of consultative body to be called when there is need for it and not a body which is constituted permanently. That is the difference. In principle there is not much difference.

Chairman.—I do not think there is very much difference between your views and mine.

The Hon'ble Dr. Deshmukh.—If it is merely an advisory body it would probably be sufficient to call a meeting like this without giving it the name of a board or anything of that sort.

The Hon'ble Sir Jogendra Singh.—I think it would be an advantage to have a body like that. So I think it would help you to have a permanent body.

The Hon'ble Dr. Deshmukh.—I am not very strong on that point, if other members feel that a body constituted on the lines of the Imperial Council of Agricultural Research would be more suitable, I would not object.

Chairman.—What we are anxious to do is to ensure regular meetings between the Centre and the provinces for exchange of views.

Captain Stuart.—I agree with the principles laid down by you. The Central Board would presumably be responsible for the collection and dissemination of technical information.

Chairman.—Mr. Mitchell says, that we do that now when we have time. Our object would be to make the Road Engineer do more than he is at present able to do in that direction.

Mr. Bowers.—How are you going to satisfy yourself that the scheme proposed by a province has fully taken into account the necessity for co-ordinating all forms of transport ?

Chairman.—I think the Government of India would place the matter before their technical advisers and that there would be discussion between the Government of India and the Local Government. I do not quite see how the Federal Council could advise on a scheme of that type. The advice of the Federal Council would be worth having on general questions of policy. Ordinarily, unless some such question of policy is involved, it is a matter of discussion between the Government of India on the one side and the Local Government on the other.

Mr. Puckle.—Do you envisage a Central Ministry of Transport for all forms of transport ?

Chairman.—It is a question which we shall examine, whether it is advisable to combine the railway, roads and other means of communication into one portfolio here.

Mr. Puckle.—Provinces would have more confidence that its plans would be looked at from all sides fairly if the plans went to one Ministry of Transport, instead of going to more than one authority.

Chairman.—It is a point of view which we shall consider in dealing with our own examination of the question.

(b) Provincial Boards of Communications.

Chairman.—We now come to part (*b*)—machinery at the headquarters of provinces. We want to hear what you have to say.

Mr. Conran Smith.—I take it that the advisory board of the Province so far as Madras is concerned will be an improvement of and revitalising of the existing road board with the addition of railway representation. I think it is desirable to have agents of all the railways which run through the Madras Presidency represented on that Board. At present in Madras the Board is unwieldy and meets very seldom, because it is expensive—travelling allowance bills of the District Board Presidents come to a considerable sum. We should, I think, reduce the size, but make the addition of railway representation. We also need to have certain experts on it, representing possibly the district board engineering service or some one competent to advise on road matters.

Mr. Kerr.—I have nothing to add.

The Hon'ble Sir Jogendra Singh.—We have a Communications Board and if it is necessary to revise its constitution, we shall do so. At present it has 19 members and there are 2 representatives of the railways on it. The general transport interests are fully represented and I do not know whether the railways would require a stronger representation ; if they do, we shall certainly consider it.

Mr. Owen.—Sir, I am unable to commit my Government, because I do not know their views on the question. We have a Road Board and I gather that the only thing required, as in the case of Madras, is to include railway representatives. I do not think we have railway representatives now.

The Hon'ble Mr. Lainé.—Personally I am all in favour of the proposal. I take it that the proposed Provincial Board would correspond more or less to our present road board—slightly expanded. Railway interests would be represented, and so also would the steamer companies and waterways. We would also no doubt be prepared to take in a representative of the Indian Road Development and Motor Transport Association. Our present Board consists of members of the Legislative Council from all groups ; the tea planting industry is fairly well represented and we have representatives of both of our Valleys and there are two or three official members as well. Neither railways nor steamer companies are represented at present. We will no doubt be prepared to give them representation as soon as we have any money to spend.

Mr. Bowers.—We at present have a provincial board and we have 4 divisional boards. Four members of the provincial board are selected from members of the Legislative Council and other interests are also represented. They meet two or three times a year and their functions are purely advisory. I think these Boards would be of more use if Government referred more matters to them for consideration.

Chairman.—Would the Bombay Government be prepared to have railway representation ?

Mr. Bowers.—Yes, certainly.

Rai Bahadur Chuttan Lall.—We had a Provincial Board of Communications and it has been temporarily abolished. It was a purely advisory body and each Railway had one representative on it, so that there were 5 railway men on the Board. The Local Government may possibly revive it.

Mr. Teulon.—In Burma a Communications Board already exists. The Roads Sub-Committee of which consists of the following members—not less than 3 from amongst the *ex-officio* and nominated members of the Communications Board and not less than 8 Members selected from amongst the Members of the Legislative Council who have been elected to the Board.

All Road Projects for Major Works are approved by the Committee before they receive sanction in the Finance Department.

The Agent, Burma Railways, has since its inception been a nominated member of the Board and the Roads Committee.

So far as I am aware the Government of Burma are satisfied with the Board as constituted. Presumably it can be modified to suit the new Constitution if it is found desirable to do so.

If the Railway consider that it is not sufficiently represented there should, I think, be no difficulty in the Railway securing additional nominated members.

The Hon'ble Dr. Deshmukh:—At the headquarters of the province we think that two forms of machinery may be required :—

(1) Machinery to settle road policy, and

(2) Machinery for deciding such questions as restrictions on roads, etc.

As regards (1), the Provincial Board of Communications, of which we have one already, will probably suffice ; but there is no objection to the inclusion of railway representatives and representatives of other interests. So far as (2) is concerned, provincial boards would be unsuitable. We do not contemplate that such questions will be frequent. Ordinarily there will be no restriction but the party desiring restriction should make an application. It might be heard by a tribunal of officials and non-officials. It would submit its recommendations to the Government for orders. At present our Board consists of the Director of Industries, 3 Chairmen of District Councils, the Minister, who is the Chairman, the Chief Engineer and 3 members of the Legislative Council, and that has worked admirably, except that there has been no representation of railways. I think we have already got the representative of the motor industry also.

Captain Stuart.—Our present Board consists of 3 official members and the Minister and I think discuss projects under the road development scheme. Government accept the principle of representation of all interests, including railways and road transport.

The Hon'ble Sir Jogendra Singh.—Our Communications Board receives grants from the Local Government and administers them and we have a permanent Secretary who sees that these grants are properly used. We have also a Traffic Advisory Board.

Chairman.—It is very satisfactory to find that the Conference as a whole is in favour of provincial boards and I am sure that Sir Guthrie Russell is also gratified that they are in favour of adequate railway representation on them.

(c) Divisional Boards of Control.

Chairman.—Have you any remarks on (*c*).

Mr. Conran Smith.—The divisional control proposed in (*c*) will not be suitable for Madras—as it may possibly be in other provinces—because Madras has not got the system of Divisional Commissioners. Personally I am of opinion that something like Traffic Commissioners would be preferable although my ideas on that subject are rather hazy. The chief objection to Traffic Commissioners would be the expense. It seems to me that it might be quite possible to have honorary Traffic Commissioners, in the same way as we have Honorary Magistrates, who would deal with the areas indicated in sub-section (*c*) of this resolution.

Mr. Kerr.—I think Bengal would be inclined to agree to these Divisional Committees, because it would reduce considerably the size of the provincial committees and the provincial committee would then be of workable size. I am in favour of a small committee at headquarters. At present it is very difficult for committees consisting of 20 members to dispose of work. The Divisional Committee would considerably reduce the amount of work of the Provincial Committee.

The Hon'ble Sir Jogendra Singh.—Personally I am in sympathy with divisional control but it is not a subject within my portfolio. I will place the suggestion before the Hon'ble Member concerned and I think he will be agreeable to have divisional control, and as for advisory committees to be attached to each division I think it will receive his careful consideration. For my part I don't think it practicable to have Advisory Committees in Divisions.

Mr. Owen.—This subject in our province is also dealt with in what corresponds to the Home Department and I am quite certain that any proposal to remove the existing licensing control by district magistrates would be strongly opposed by that department though I am not authorised to say anything about it. But it does seem to me personally a compromise might eventually be found practicable by which the divisional commissioner would sit with a board consisting of magistrates or in the more distant future appointed from a panel of District Board representatives, but the body will have to be a very small one and a working executive body and there would at present be serious practical difficulties. As far as railway representation is concerned I do not see any possibility of the Local Government agreeing to the railway representative being one of the executive commissioners licensing motor transport.

Chairman.—I do not think it is the intention. The wording is rather compressed. It is not intended that the railway representative should have a voice in the actual control.

Mr. Owen.—Even on that I do not quite see what is the need for an advisory committee. You have got your provincial board of communications which would be an advisory body, collecting materials, making its recommendation to the Ministry. The Ministry will then issue its executive instructions to its licensing authorities who must be at present individual magistrates and could possibly eventually be a board under the divisional commissioner and also ensure that the necessary statutory rules were passed to give power to those licensing authorities. I do not see the need for an advisory committee and I do not see how it would be practicable to combine and executive work like that.

Mr. Mitchell.—I do not think there is any suggestion of combining the advisory and executive functions. You can have Traffic Commissoners on the English model before whom people who have anything to urge in respect of the granting of licenses can appear, or else associated with the Traffic Commissioner you may have representatives of the various interests concerned who would advise him as to what their point of view would be in regard to the granting of a particular license. There would be no question of that committee having executive powers; they would merely advise the executive authority.

Mr. Owen.—The present licensing authority in each district is a single district magistrate aided by the police. I understand the proposal to be so as to ensure that wider interests are represented than those of the district that the licensing should be done in the future not by the district magistrate of each district but by a committee, with the divisional commissioner presiding—a body consisting of 3 or 4 district magistrates. They would consider the applications for license in the whole division and would pass orders thereon. I cannot see any place for an advisory committee advising those officers. A more democratic form of licensing committee would be what they have in England where they have got a nominated chairman nominated by the Minister and two or three nominated members nominated from a panel of representatives of District Councils, etc. That is a thing which the present Home Department of the Local Government will certainly not like though future Home Departments might. In either case I do not see there is any function for an advisory committee other than the functions of this communications board which would advise the Ministry. I do not see still any place for a railway representative on this licensing control board as distinct from the communications board.

The Hon'ble Sir Jogendra Singh.—I think that is more or less the view in the Punjab.

The Hon'ble Mr. Lainé.—It seems to me that this is a question which will have to be decided according to the conditions prevailing in the provinces. So far as Assam is concerned, the province consists of two very definite geographical units which constitute at present the divisional commissionerships. In Assam we are inclined to think that the divisional boards of communication might serve a useful purpose provided their functions are purely advisory. I agree with Mr. Owen in deprecating any suggestion for giving them executive functions, or powers.

Mr. Bowers.—We already have our divisional road boards, one for each of the four divisions in the Bombay Presidency, I think that the advice of these boards would be most useful if proposals for licensing additional motor transport on existing routes or for opening up new routes were submitted to them.

Rai Bahadur Chuttan Lall.—The Local Government has under consideration a proposal to place the control of motor transport upon a divisional basis. It has not been constituted but the proposal is that the area for the controlling authority should be a Commissioner's division, and that the president of the controlling authority will be the Commissioner, the members are to be (*i*) a Superintendent of Police to be selected by the Deputy Inspector-General of Police, (*ii*) the Executive engineer or engineers in the P. W. D. in the area concerned, (*iii*) one chairman of the district board to be selected by the president of the authority, (*iv*) one chairman of the municipal board to be selected by the president of the authority, (*v*) one district magistrate to be selected by the president of the authority and (*vi*) one rural M. L. C. to be nominated by the Government. There was also a proposal to have a railway representative but it was lost on vote. I personally do not see any objection to the inclusion of a railway representative in the divisional traffic controlling authority. I do not consider it necessary to expand the functions of this controlling authority so as to comprise certain of the functions of the Board of Communications.

Mr. Teulon.—I very much doubt whether the Government of Burma would care to start a divisional board. There is no divisional board there and licensing is done by the district magistrate. I should like therefore to associate myself with Mr. Owen's remarks.

The Hon'ble Dr. Deshmukh.—We see no need for a committee larger than a district board and smaller than the provincial board. Multiplication of committees will be expensive and cumbersome. We contemplate interference with road transport only in exceptional cases and for this the control of the Provincial board and the district boards committees we have at present will suffice. I think the mutiplication of these boards will not be conducive to any more efficiency.

Captain Stuart.—We have no commissioners' divisions in the North-West Frontier Province and it does not affect us.

The Hon'ble Sir Guthrie Russell.—From our point of view (*c*) is the most important. We want to see the regulations carried out. I generally agree with Mr. Owen's proposals. We must ensure that whatever regulations are brought into force are carried out.

Chairman.—This is obviously a matter for the decision of the provinces in the light of local circumstances and needs. Therefore I do not feel called upon to offer any further comments. That concludes the study of the resolutions.

Chairman.—The Hon'ble Sir Guthrie Russell would like to say a few words.

The Hon'ble Sir Guthrie Russell.—I wish to raise a question. I have delayed doing so till this stage, as strictly speaking it relates to no particular question, but it appears to me to refer to the main question which we have been discussing—the development of the country on proper lines. During the last 4 days we have heard a good deal about the advantages of road transport over rail transport. In fact in certain cases it has been hinted that if the railways are not obsolete they are fast approaching a state of obsolescence. I have offered on behalf of the Railways to step aside and allow areas which have no form of modern transport to be dealt with by road and motor transport, except in special cases which I specified. This morning and two days ago the Hon'ble Sir George Schuster put forward certain proposals for carrying out this object. For various reasons these do not appear to be acceptable. If the Railways are to prosper the country must be developed. If the Provinces are not prepared to build roads, do they wish the Railways to go ahead with their schemes for feeder lines? We have a large number of schemes which have been held up which, if they are not to compete with road transport, would be favourable at the present rate at which money can be borrowed. Do the Provinces wish the Railways to go ahead with these schemes and to ask the Hon'ble the Finance Member to provide money for them?

Chairman.—What parts of the country have you in mind? If you can give details, it would be helpful.

The Hon'ble Sir Guthrie Russell.—Particularly Madras.

Mr. Conran Smith.—Would not each proposed scheme be considered by the Board of Communications?

The Hon'ble Sir George Schuster.—Sir Guthrie Russell is raising an immediate question affecting the next year's budget.

Mr. Bowers.—So far as the Nira Valley area is concerned, the Government of Bombay would like you to go ahead with your proposals for a railway. I have just seen a preliminary report on the transport facilities required in that area, which indicates the necessity for a railway and its advantages over roads.

Mr. Conran Smith.—In the absence of the Board of Communications, would the Railway Board refer the proposal to the Local Government?

The Hon'ble Sir Guthrie Russell.—Certainly.

Mr. Conran Smith.—I can see no objection to that as a first step.

Chairman.—Each case must be dealt with on its merits. I understand that Sir Guthrie Russell will get his proposals out and send them to Local Governments for early examination.

Mr. Conran Smith.—The Mitchell-Kirkness Report shows that there are certain road projects which are preferable to railways and *vice versa*. If any particular railway project could be immediately referred to the Local Government, they could give their views on the merits of the case.

The Hon'ble Sir Jogendra Singh.—The position in the Punjab is that I have already asked my Chief Engineer to examine the position and if Sir Guthrie Russell has any projects for the Punjab we shall be very glad to consider them and if they offer better advantages than the roads, they should certainly be taken in hand. Each case will be considered on its merits.

Chairman.—That is all that Sir Guthrie Russell wants. Are there any other points which any member wants to raise?

Mr. Owen.—In connection with that important Resolution (*c*) which suggested that road development programmes should be framed in order to reduce the cost of transport of agricultural produce to markets and improve their efficiency, is it intended that the subsidy from the petrol tax could be utilised legitimately for improving the roads for the use of bullock carts because it is rather an important departure in various directions from past policy?

Mr. Mitchell.—If you improve the roads, they will be open to all kinds of traffic.

The Hon'ble Mr. Shillidy.—If these Resolutions go through and are generally accepted, plans which were previously turned down might be put up again and they will be approved.

Chairman.—If the money raised from the road development account is to be used for much wider purposes than are at present used, the matter will have to go through the Assembly. The road development fund was started under a Resolution of the Assembly and we will have to go to the Assembly, if we want to widen its purpose.

That, gentlemen, concludes our proceedings. I thank you once again most heartily for the valuable help you have given us in dealing with what as I said in my concluding remarks the other day is one of the most vital economic problems facing the country. I may say that it has been a very great pleasure to me to preside over this Conference. With your help, my task has been very much easier than I expected and I feel quite sure that the results are going to be of the greatest value. I must congratulate you on the speed with which we have got through the second part of our proceedings.

With a vote of thanks to the Chairman proposed by the Hon'ble Sir Jogendra Singh and seconded by the Hon'ble Dr. Deshmukh, the proceedings terminated.

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APPENDIX.

ROADS UNDER A FEDERAL CONSTITUTION.

I.—Introduction.

1. The present bridged and metalled road system of India dates from the middle of the 19th century when the improvement to this standard of the great trunk roads began. The trunk road system has been built up under the general supervision of a unitary Government of India which was able to arrange, often by bearing the cost, for the completion and maintenance of important routes traversing various territories, irrespective of purely local needs or finances.

II.—The Present Position.

2. But in the gradual devolution of self-government to and within Provinces roads were, up till quite recently, of such purely local importance that they were often in the front rank of subjects devolved ; and with the passage of the Government of India Act "roads" became, with a minor reservation in respect of those of military importance, a provincial subject, and save in Assam, transferred.

3. Relics of the position under the Unitary Government still, however, remain in certain anomalous exceptions to the general rule to which attention must be drawn. In the past certain roads were built and maintained in State territories by the central or by a provincial Government at its own cost, the State having merely ceded the necessary land. In some cases the responsibility for such a road built by the central Government has now devolved upon a province, but not invariably, and, where States have not accepted the liability, these are now maintained either by the Governor General in Council, or by a province. An example of the former is about 170 miles of the Bombay-Delhi road maintained by the Agent to the Governor General, Central India : and of the latter, about 90 miles of the Grand Trunk Road between Ambala and Lahore maintained by the Punjab Government The matter was examined by the special committee appointed to investigate certain facts relevant to the economic and financial relations between British India and Indian States, from whose report it appears that the annual cost is Rs. 11.35 lakhs (Rs. 4.31 lakhs being from central, and Rs. 7.04 lakhs from provincial revenues), excluding establishment charges at about 20 per cent. ; and in Central India there is a staff principally for these roads. The expenditure involved is considerable and the cases widespread, and it seems that some adjustment is necessary.

4. Upon the position created by the present constitution, moreover, has been grafted the present road development account, the creation of which was one of the recommendations of the Indian Road Development Committee of 1928, which found *inter alia* that road development was passing beyond the financial capacity of local Governments and local bodies and was becoming a national interest that might to some extent be a charge on central revenues [Jayakar Report, paragraph 96-B (2), page 53].

III.—The Proposals in the White Paper.

5. The proposals in the White Paper would place roads, bridges and ferries, and, with an unimportant exception, the control of motor transport in the "exclusively provincial" field : and under these proposals it would not apparently be open to the federal Government even to contribute towards the cost of roads of military importance maintained in a large measure for, and heavily used by,

federal military transport, or to require these to be maintained. But the proposals in the White Paper in respect of the classification of subjects are not final and are, it is understood, open to amendment in detail as may be desirable in the interests of the coming federation.

IV.—The Present Issues.

6. In these circumstances the question arises of what adjustments, if any, of the classification outlined in the White Paper will be desirable.

If this question is to be discussed the main issues may be stated as follows :—

(*a*) Should any roads be a federal charge ?

(*b*) Should the federal Government play any part in the development of roads other than federal roads ? and

(*c*) What would in consequence be the nature and extent of the responsibility which would devolve upon the federal Government ?

V.—The Place of Road Administration in the Constitution of other countries.

7. (*a*) *Under unitary Governments.*—Before discussing these issues a glance may be taken at the position in other countries. In Great Britain road management emerged in the present century as a function of local self-Government with an increasing tendency for the broader-based bodies, *e.g.*, County Councils, to relieve the lesser. This evolution took a further step with the passage of the Development and Roads Improvement Act of 1909, the creation thereby of a Road Board, and the assumption thereunder by the national exchequer of some liability. After the war, there emerged the Roads Department of the Ministry of Transport administering the road fund. In France, the National Service of Roads and Bridges was created in 1716 and re-organised in 1811 by Napoleon I, since when it has remained substantially unchanged. Through it the national Government maintains Class I roads (*Routes Nationales*), other roads being in charge of the "Departments" or more local authorities.

(*b*) *Under Federal Governments.*—But the arrangements in federal countries will be of great interest. In Australia there is a Federal-Aid Roads Board, administering substantial federal contributions towards the construction and reconstruction of roads of more than State importance. In Canada, a branch of the Dominion Department of Railways and Canals co-ordinates development and administers federal appropriations. In South Africa, the Union Parliament votes funds in aid of road development. In the United States of America, there is a very complete "Bureau of Public Roads" under the Federal Secretary of Agriculture, which co-ordinates and directs the development of "Federal-aid" roads, administers very large federal-aid appropriations, and embodies an elaborate research organisation.

VI.—Special considerations affecting the present position in India.

8. Two conclusions can be drawn from the record of other countries ; first, that the general experience of Federal constitutions in the world has led them to provide for some intervention by the Federal Government in the policy of road communications of more than mere local importance, and, secondly, that the exercise of this function is accompanied by some financial obligation on Federal revenues.

9. How does this experience of other countries apply to India ?

A. As to the first point, the special conditions which exist in India appear to strengthen the case for some unified direction of policy. Two important factors alone need be mentioned. First, the Provinces of India are in no sense self-contained economic units and the need for a unitary policy of communications is especially great. Secondly, the stake of the country in the Railways is enormous

and it would be disastrous to all interests if the development of roads and motor transport were to lead to an unnecessary duplication of facilities and the creation of uneconomic and cut-throat competition.

As to this latter point it is well to emphasise that in regard to the protection of the Railway position there is no conflict between Federal and Provincial interests. No greater mistake could be made than to suppose that the Railways are an exclusively Federal concern and that the Provinces can safely pursue their own interests in road development regardless of the effects on the Railways.

This matter is of such vital importance that it would be well to explain the main considerations. In the first place, according to the Federal financial plan which has been embodied in the White Paper as a result of the constitutional discussions, the Federal Government is to hand over certain sources of revenue to the Provinces as and when it is able to do so. If the Federal financial position makes these transfers impossible they cannot be made, and the financial position of the Federal Government and its power to make transfers of revenue will be to a very great extent dependent on the financial position of the Railways. If the Railways are to continue in their present position of not merely earning no contribution to the general revenues of the Federal Government but not even earning in full the interest charges due to the Federal Government, the day when the Federal Government can transfer revenue to the Provinces will be indefinitely postponed. The Provincial Governments will then have a direct interest in the financial prosperity of the Railways.

In the second place, if the Railways are robbed of their paying traffic by road competition they will be forced to increase their rates for the business which road transport cannot manage, namely, long distance carriage of low priced produce. This is mainly agricultural produce and the interests of the Provincial Governments would be directly affected if these rates have to be increased.

For these reasons the public authorities of India, Federal, Provincial and local, will always have a special interest, in securing a unified policy as regards road transport which meets the economic needs of the country as a whole.

B. Turning to the second point—the question of the financial obligations of the Federal Government in regard to road policy—there are special features in the Indian position which must be explained.

The plan for Federal Finance which has resulted from the Round Table Conference discussions in London and which has been embodied in the White Paper proposes very substantial transfers of revenue from the Federal Government to its units under defined heads.

The main transfers are :—

(*a*) Transfer of at least half the jute export tax to the producing Provinces.

(*b*) Provision of grants to certain deficit Provinces.

(*c*) Transfer of 50 per cent. to 75 per cent. of the proceeds of taxes on income to the Provinces.

(*d*) Concurrently with (*c*) surrender to the federating Indian States of direct cash contributions (or their equivalent) which are now being made.

Apart from these transfers the constitutional plan contemplates other changes which will reduce the amount of Central revenues, such as the separation of Burma and the inauguration of a Reserve Bank.

It is difficult in the present abnormal times to prophesy the future course of revenue over many years, but it can be said with absolute certainty that if the Federal financial programme, as indicated above, is finally embodied in the constitution, then any proposal that *in addition to these obligations* the Federal Government should undertake new obligations to provide funds for the cost of road construction must be regarded as outside the limits of practical possibilities within any period which can be foreseen. Arguments that taxes paid by those using motor transport (such as the excise and import duties on petrol) ought to be earmarked for road development, whatever their theoretical force, would have to be ruled out of court. A system which took account of such arguments could only be introduced if the Federal financial plan were to be abandoned or postponed.

It is necessary to make this clear at the outset. Subject to this there may be some value in considering what would be an adequate and sound financial plan for Road Development, and whether, in order to open the way to such a plan, it is desirable to recommend any modification in the White Paper plan regarding the classification of subjects or the distribution of sources of revenue.

In the following paragraphs the case is argued and a general plan is sketched out. It must clearly be understood that this plan is merely put forward as a basis for discussion; as, before proceeding any further with the consideration of the matter, the Government of India are anxious to take the occasion of the present conference to ascertain the views of Provincial representatives.

VII.—Outline of plan for discussion.

10. The case for financial assistance from Federal revenues might be stated as follows.

The policy in India must be dictated by India's needs, adapted to her conditions and adjusted to finances; and the following considerations are pertinent. Firstly, the circumstances of India, the vagaries of revenues derived from agriculture, and the advent of motor transport on to a large mileage of water bound macadam roads, combine to require that financial assistance from the centre should not be confined to development but must be relied on in some measure for maintenance also. Secondly, certain trunk and strategic roads are of national value and importance and their completion and maintenance may throw an undue burden, having regard to local benefit, upon Provincial revenues. Thirdly, all roads contribute to national wealth, from which Federal revenues stand to benefit in many ways. Lastly, the federal Government is directly interested in co-ordinated road and railway development.

11. On these grounds it might be argued that financial assistance from the centre will have to be continued if the necessary development and improvement of roads is to come about; that this assistance should not be confined to grants for development, which may at times of financial difficulty in the Provinces be somewhat irrational, but should be applicable in some measure to maintenance; that contributions from the centre might appropriately be applied to those roads in which the centre is peculiarly and properly interested, thus relieving the local Governments *pro tanto* in respect of these roads and setting free revenues which they can apply to the development of their *intra*-provincial road systems; that the federal Government should be enabled by a small annual provision to give special assistance where necessary for certain specific purposes such as the construction of a bridge between two territories upon a road which may not be classified as of national interest; and that such further contributions as it may be possible for the centre to make from time to time for road development, while they would be free of all conditions of detail, would be dependent on the acceptance and execution of an agreed policy for the co-ordination of road and rail development and transport upon a defined plan.

12. In view of what has been stated above and having regard to what has been found necessary in other countries and in particular to the special requirements of India, the following conclusions suggest themselves upon the issues stated in paragraph 6:—

(*a*) In the interest of uniformity, of co-ordinated development, and of the equitable distribution of the financial burden, certain national

trunk and stategic roads, to be designated for the purpose after consultation with local Governments, should in some measure be a federal charge. Unless the local Government desired otherwise these roads would be in the administrative and executive charge of the province or state concerned, but the federal Government would co-ordinate and prescribe the standard of construction and maintenance and would provide funds towards their completion, improvement and maintenance to these standards. It is suggested that the federal Government might contribute upon the standard basis of 50 per cent. of the cost of maintenance, improvement or completion subject to some increase in the proportion of the grant from the centre where for special reasons this appeared to be necessary.

(*b*) It would also be desirable for the federal Government to be in a position to give suitable financial help, in its discretion, to any local Government towards the building of large bridges or the construction of sections of roads necessary for the improvement or completion of other inter-provincial communications. It would further be desirable that such additional assistance, over and above the foregoing, as might be within the power of the federal Government to give for the improvement of roads, should be free of any conditions. But that it should by convention be applied generally towards the execution of an agreed policy for co-ordinated development.

(*c*) The responsibilities which would devolve upon the federal Government under these proposals would consist in the regular provision of funds for the maintenance and completion of federal roads; in the co-ordination and specification of standards of bridge and road construction and maintenance of such roads, and as a corollary of the regulations governing the use of motor vehicles on such roads. It would also be the responsibility of the federal Government to select for assistance schemes of inter-provincial importance on other than federal roads.

VIII.—The Control of Motor Vehicles.

13. Under the proposals in the White Paper the regulation of motor vehicles as regards licenses valid throughout the federation will be an exclusively federal subject, while other regulations will be exclusively provincial. This classification is extremely rigid. The validity of a license or registration certificate of a vehicle throughout British India is an incident and the main consideration governing the issue of licenses and so forth must be the local requirements of the province. It is not clear how, when these matters have been determined under exclusively provincial legislation, federal legislation can control the inter-provincial validity of licenses and registration certificates which may be issued under widely different conditions. It can be contended with some force that in the matter of the regulation of motor vehicles there is a considerable field where a certain measure of uniformity of regulation is not only possible but desirable. Indeed it appears to be essential to any federal legislation regarding validity throughout the federation. Moreover, as a matter of practical facility alone, certain difficulties appear to arise from the provisional classification of subjects in the White Paper. The Indian Motor Vehicles Act, 1914, does not appear to, and could hardly be expected to, provide for all the requirements incidental to the regulation of motor transport as it has developed during the last 20 years and is continuing to develop. It is possible that the Act does not at present provide adequate powers for the degree of control which may now be found to be necessary, and it may therefore be that the Act will have to be amended. An amendment of Section 11, for instance, which gives powers to local Governments, need not in any way restrict their existing powers and might conveniently be made at the centre, but, under the White Paper proposals, such an amendment

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