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(2) Date of repair _____

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MADRAS RECORD OFFICE.

Government of Madras.

Public Works DEPARTMENT.

G.O. No. 2508	Press
182-184	Mis.
Dated 9 - 8 - 18 66.	

Not to be folded or roughly handled

*Proceedings of the Madras Government, Public Works Department,
9th August 1866.*

No. 182. Read the following letter from the Acting Consulting Engineer for Railways, to the Secretary to Government, Public Works Department, dated Madras, 23rd July 1866, No. 311:—

1. Upon the receipt of the Order of Government, dated the 14th instant, No. 2,229, I communicated a copy of it, together with an extract* from my letter

* Paragraphs 5 to 9. dated the 9th instant, No. 291, to the Agent and Traffic Manager of the Great Southern of India Railway, and strongly recommended to him the retention of three classes of carriages, and the adoption, experimentally, on the extension of the Railway on the 1st proximo, of the following fares, viz.:—

	A.	P.
First Class	1	6 per mile.
Second do.	0	6 do.
Third do.	0	4 do.

with luggage, free of charge, at 40, 25, and 15 lbs., respectively, as allowed on the Madras Railway.

2. I have now the honor to submit, for the consideration and orders of Government, the Agent's reply.† It is apparent from the tenor of paragraph 6 thereof that, notwithstanding all that has been urged in the Order‡ of Government
- † No. 2,096, dated 19th July 1866.
- ‡ No. 2,229.

above quoted, it is the intention of the Agent to give effect to the instructions of the Railway Board of Directors, viz., to have only two classes of passenger carriages, at fares of 1 Anna and 5 Pies per passenger, per mile, respectively, upon the opening of the extension from Trichinopoly to Lalapetta.

3. I have fully stated my views in the letter dated the 9th instant, No. 291, against the adoption of the arrangement recommended by the Agent of the Great Southern of India Railway, and nothing now brought forward by Mr. Betts has induced me to change my opinion. In paragraph 4 of his letter quoted above, the Agent himself admits that the alteration advocated by him "will, of course, prove a most unpopular measure," and that "the number of passengers will fall off for some months to come, though receipts will continue to rise." It is indeed obvious that a number of the poorer classes, who have for some time past adopted the Railway for travelling, will be entirely driven off the line by the introduction of the fare of 5 Pies per mile.

4. It is unnecessary for me to point out that the tendency of the course of action which the Agent wishes to take in this matter is to deprive the Madras Government of all control over the rates and fares upon the Great Southern of India Railway. Mr. Betts justly observes that the Directors must be admitted to have at heart the interests of the Company, but he seems to forget that the Government are at least equally interested in its welfare, more so, perhaps, to judge from the traffic returns, than in the case of any other Indian Railway Company; while the local knowledge professed by the Directors, not one of whom has been in India for at least seven years, cannot be compared with what the Government have at their disposal.

respectively,

*Proceedings of the Madras Government, Public Works Department,
9th August 1866.*

5. Upon a recent occasion the Agent increased, without reference to me, the rate for the conveyance of laterite by 25 per cent., and on my asking for information upon the point he stated* that he had acted under the authority of his Directors, that authority being thus worded:—"The principle has been allowed that the Company has the right of fixing the rates and fares within the maximum sanctioned, and of altering them from time to time as experience may warrant, and reference may be made on this point to the practice of the Railway Companies in the Bombay Presidency. You would, of course, communicate to the Consulting Engineer any alteration which you might think it desirable to make." It is clear that if this principle is to be acted on, the conditions upon which the maximum scale of rates and fares was sanctioned by this Government will be entirely altered.

* In letter No. 2,091, dated 17th July 1866. Vide G. O. No. 27, dated 14th January 1863.

† No. 2,095, dated 19th July 1866. 6. In a letter† of later date, however, Mr. Betts so far corrects himself as to state "that the Directors have not varied the arrangement made between themselves and the Secretary of State for India (which arrangement was approved by the Madras Government), relative to the alteration of rates and fares below the sanctioned maximum scale; every alteration has to be communicated to you, so that you may formally sanction it." This letter, which was in reply to a remark of mine on a portion of a letter addressed by the Agent to the Board of Directors, I enclose for the consideration of Government.

7. It will be seen that Mr. Betts, as well as the Board of Directors, is under the impression that the Agents of the Bombay Railway Companies have unlimited freedom of action in varying the rates and fares below the sanctioned maximum scale; but I learn from Colonel DeLisle, the Consulting Engineer to the Bombay Government, that no maximum fares for passengers have been sanctioned upon any Railway in that Presidency.

8. Perhaps the Government, upon a re-consideration of the subject, may see fit to sanction the experimental adoption of the changes recommended by the Agent; but whether or no, I think that the whole of the circumstances relating to this matter should be brought prominently to the notice of the Secretary of State for India, with a view to some definite instructions being laid down for the guidance of the Railway Authorities in India.

* No. 190.

9. I enclose, for the information of Government, a copy of a letter* which I have this day addressed to the Agent.

From the Agent Great Southern of India Railway, to the Consulting Engineer for Railways, dated Negapatam, 19th July 1866, No. 2,095.

1. I have the honor to inform you, in reply to your letter, No. 176 of the 16th instant, that my Directors have not varied the arrangement made between themselves and the Secretary of State for India (which arrangement was approved by the Madras Government), relative to the alterations of rates and fares below the sanctioned maximum scale; every alteration has to be communicated to you so that you may formally sanction it.

*Proceedings of the Madras Government, Public Works Department,
9th August 1866.*

2. My letter, No. 2,035 of the 12th May last, details the several steps taken to obtain for this Company freedom of action, and to prevent the risk of future misunderstanding arising between Government and the Railway Executive.

3. I gather from your remarks, however, that you question my authority to make what I consider necessary alterations in the rates and fares, should you take a contrary view to myself.

4. The arrangement to which I have previously referred gives no power to the Consulting Engineer to over-rule the action of the Company; he is especially instructed to sanction the alterations their Agent deems proper in the actual rates of the Great Southern of India Railway within the maximum sanctioned limits. Similar freedom of action is in force in the Bombay Presidency.

5. If it be ruled that the Railway Company's representative has not the power to make such alterations as he may deem necessary, and that the Consulting Engineer can at any time prevent changes of rates and fares being brought into force, all freedom of action on the part of the Railway authorities would be lost, and the arrangement made with the Secretary of State would become a dead letter.

6. I cannot think such is the desire of the India Office, or that our share-holders' property is to be placed in a less favorable position than that of the Bombay line.

From the Agent Great Southern of India Railway, to the Consulting Engineer for Railways, dated Negapatam, 19th July 1866, No. 2,096.

1. I have the honor to acknowledge the receipt of your letter, No. 177 of the 16th instant, in which you strongly recommend the retention of three classes of carriages, and the adoption, experimentally, on the extension of the Railway on the 1st proximo, of the following fares:—

	A.	P.
First Class	1	6 per mile.
Second do.	0	6 do.
Third do.	0	4 do.

2. It will, I think, be admitted that, in entertaining the views expressed in my letter, No. 2,068, the Directors have at heart the interests of the Railway Company, and that they would not for one moment advocate a policy which they had the slightest reason to suppose would reduce the receipts at present derived from the passenger traffic over their Railway. The Directors number among them gentlemen who have passed many years in Southern India, so that they understand the class of people for whom we have to provide conveyance; and nearly six years of constant work in this District forces me to the belief that the act they have now taken is one of sound policy.

3. From the papers you have sent me, it appears Government is under the impression that the raising of the third class fare, from 3 to 4 Pies per mile, has caused a permanent falling off in the number of passengers, and "that with the latter rate the maximum cost at which the great bulk of the population could afford to travel had been passed." The following figures (already partly explained in my letter No. 1,881) show that this impression is an erroneous one. The figures for the 1865 period (a 4 Pies fare) show an increase of 25 per cent. in the number of passengers, and 37 per cent. in money over the 1863 period (the 3 Pies fare.)

Half-year ending.	Number of Passengers.	Receipts.	Fare.
		RS.	
31st December 1862.	159,582	73,019	3 Pies per mile.
Do. 1863.	151,192	82,502	4 do. do.
Do. 1864.	152,280	83,111	do. do.
Do. 1865.	198,663	1,00,512	do. do.

4. Although our first and second class traffic is so insignificant, yet, properly speaking, there is no withdrawal of accommodation in the new arrangement but rather an increase of accommodation. The first and second class carriages still remain, while the third class carriages are converted into

Proceedings of the Madras Government, Public Works Department,
9th August 1866.

second class carriages. The alteration really is one of a reduction of 3 Pies per mile on second class fares, and an increase of 1 Pie per mile on third class fares. An increase of fare will, of course, prove a most unpopular measure with those people who are brought under its influence, and the number of passengers will fall off for some months to come, though receipts will continue to rise. I have never known a contrary effect to have been produced.

5. With regard to the fares charged on the Madras Railway, I have to observe that I lately understood from the Agent of that Company that he was dissatisfied with the low third class fare in operation on his line; and I have to refer you to Colonel Anderson's remark—"Prices of labor and materials are on the increase, and it is not improbable that before long the Agent of the Madras Railway will propose to raise the fares of the class in question." The cost of working alluded to by Colonel Anderson has indeed greatly increased. In comparison with the (December 1862), 3 Pies period our working expenses for the December 1865 half-year, show an increase of 7.5 per cent., whereas the increase fare which my Directors have ordered for adoption is raised by 25 per cent. only.

6. I can assure you that this arrangement has been fully and carefully considered, and I feel convinced the views you have expressed in your letter to Government would, if acted upon, prove most prejudicial to the interests of the Company I represent. In carrying out the orders of my Directors, I much regret that I cannot also obtain the approval of Government to the course to be adopted. The arrangement is an experimental one, and the few months' trial which we shall be able to give it, before this line forms a junction with the Madras Railway, will enable us to form an opinion as to the advisability of thereafter continuing or amending the scheme. However, whether amended or not through fares need not be based upon local fares, and I think it very probable that special through fares will, under any circumstances, require to be fixed between such places as Negapatam and Madras, the distance between which by sea or coast road is under 200 miles, and by rail above 400 miles.

7. Unfortunately the third class fares on Indian Railways were at first fixed at a ridiculously low rate, this evil has been felt by every Railway Company in the country, and each is now gradually retrieving the error. Upon the Ceylon Railway, which belongs to the Government, a remunerative tariff has been wisely adopted. I gather from their Director General's report that the third class fare is 8 Pies per mile, a fare "higher than those of the Indian Railways, on which the fare appears to have been originally fixed at rates unnecessarily low, with the view of overcoming the caste prejudices against Railway travelling." The result is that on their short line of 35 miles the passenger traffic, in week ending 24th ultimo, produced Rupees 9.5 per mile, whereas our traffic during the same period gave Rupees 5.6 per mile only.

From the Acting Consulting Engineer for Railways, to the Agent and Traffic Manager, Great Southern of India Railway, dated Madras, 23rd July 1866, No. 190.

* Nos. 2,095 and 2,096.

1. In acknowledging the receipt of your letters* dated the 19th instant, I have the honor to observe that you have quite misapprehended the position which the Consulting Engineer to the Madras Government holds with regard to the Agent of the Great Southern of India Railway. The Consulting Engineer's sanction to any alteration which the Agent may suggest in the rates and fares below the authorized maximum, is by no means a formal proceeding. On the contrary, he is instructed to accord his sanction to such alterations only as may appear to him to be desirable.

2. Referring to the second of the letters above quoted, I must still withhold my sanction from the measures which you propose to carry into effect upon the 1st proximo. I will again refer the question for the decision of the Madras Government, but the grounds upon which I disapprove of those measures have already received their fullest concurrence, and, acting under their authority, I have to request that no change may for the present be made, either in the classes of passenger carriages in use upon the Great Southern, or in the fares now in force.

3. In your letter, No. 2,095, you state that every proposed alteration has to be communicated to me, in order to receive my sanction; but I observe that in your letter, No. 2,085, dated the 10th

Proceedings of the Madras Government, Public Works Department,
9th August 1866.

instant, you reported that you had raised the rate for the conveyance of laterite, without any previous communication with this Office. I have to request that, in similar cases, the approval of the Consulting Engineer may invariably be obtained before any alteration is made.

4. I have also to observe that you are mistaken as to the system at present in force in the Bombay Presidency. No maximum fares for passengers have been sanctioned upon any Railway in that Presidency.

(True Copy)

(Signed) J. H. M. SHAW STEWART, Major, R. E.,
Acting Cong. Engr. for Railways.

No. 183. From the Acting Consulting Engineer for Railways, to the Secretary to Government, Department Public Works, dated Madras, 7th August 1866, No. 328:—

1. Referring to the Order of Government under date the 14th ultimo, No. 2,229, and to my letter of the 23rd idem, No. 311, I have the honor to submit, for the consideration of Government, a further* letter from the Agent of the

Great Southern of India Railway upon the subject of the claim made by him to carry into effect, without reference to the opinion of the Madras Government, or of their Consulting Engineer, such changes in the rates and fares below the prescribed maxima, as may seem to him desirable.

2. In the second paragraph of his letter, Mr. Betts correctly quotes the words in which Lieutenant-Colonel O'Connell informed him of the authority which the Government had resolved to confer upon their Consulting Engineer; and, though it is perhaps to be regretted that, in making this communication, Colonel O'Connell did not quote *verbatim* from the Order of Government, it seems strange that a

person with such powers of discernment and discrimination as are possessed by Mr. Betts should have so far misinterpreted Colonel O'Connell's meaning, as to think it possible that the Government had instructed an Officer in the position of their Consulting Engineer to accord his sanction, *pro forma*, to every alteration which the Agent might propose, whether it met with his approval or not.

3. The proposal for the Establishment of a maximum scale emanated from the Railway Board of Directors; and whatever construction their Agent may now seek to put upon the motives which actuated them, the words in which their proposal was laid before the Secretary of State admit of no doubt: In his letter† dated the 12th March 1862, No. 7, the Board's Secretary says: "The maximum charges

"having been thus fixed, the Directors propose that they and their Executive (with the concurrence of the Consulting Engineer for Railways,) shall be at liberty, "within the limits so laid down, to regulate the actual rates to be charged, and to "vary the same as further experience of the traffic may render desirable."

4. A reference to my letter of this day's date, No. 329, will, however, show that a combined effort is now being made by the Railway Companies in this Presidency to throw off altogether the control which has hitherto been exercised by Government over the rates and fares in force upon the respective lines, and to free themselves from the conditions upon which the Government had been induced to

*Proceedings of the Madras Government, Public Works Department,
9th August 1866.*

sanction the levy of certain maximum tolls. I am convinced that, had the Government foreseen the claim now set forth by the Railway Companies to absolutely uncontrolled action within the prescribed maximum rates, they would have restricted those rates very considerably.

5. Upon this subject, I beg to draw attention to a Minute by the late Mr. Ritchie, regarding the power of Government to alter the rates upon Railways under Government control. In paragraph 7 of that Minute, Mr. Ritchie distinctly states his opinion that, bearing in mind the provisions of Clause 8 of the Contract between the Government and the Company, "it would be almost impossible to preserve the general power of the Government to reduce the fares except by an express reservation of the right of revision in each sanction given to a new table, or by a statement therein that the sanction was only provisional." The reading which the Railway Companies now seek to put upon the general sanction accorded by Government to a scale of maximum rates and fares would, therefore, deprive the Government for the future of any voice in the matter, so long as those maximum rates were not exceeded. It is simply impossible that, upon this understanding, the adoption of a third class maximum fare of eight Pies per mile, would have been either recommended by the Consulting Engineer, or sanctioned by Government.

6. The Companies' Agents would probably urge that the maximum fares, sanctioned by the Madras Government, are no higher than those which have been in force in England for years past, and that the English Companies have uncontrolled power within those maximum fares; but it must be borne in mind that not only is there a very great difference in the position which the Railways hold with reference to the state in the two countries, but that the difference in the circumstances of the travelling public, especially of the third class passengers, is still greater, and that a third class fare in India, of four Pies per mile, is far more than equivalent to a Penny per mile in England. It is also worthy of remark that public opinion in England is nearly unanimous as to the unnecessarily high scale on which the fares and rates there are at present fixed, and that there is a growing impression that not only the public, but the shareholders also, would gain by a considerable reduction. The evidence taken before the Duke of Devonshire's Commission is almost conclusive upon this point. Among others, Mr. Bidder stated his firm opinion that a considerable reduction in the tariff would tend to a large increase in the profits. To quote the words of one of the ablest English

Reviews,* in summing up an article upon this subject, "The one certain thing about all Railway reform is that, for the sake alike of the shareholders and the public, fares should be largely reduced."

7. It cannot, however, be doubted that any system founded solely upon English experience is, almost of necessity, unsuited to the present circumstances of India. To public opinion in England even Railway Directors and Managers must bow. In India there is nothing of the kind. On a late occasion the Government of India,

Circular No. 13R, 27th August 1864.

while expressing "every confidence that the management of Railways in all

*Proceedings of the Madras Government, Public Works Department,
9th August 1866.*

"parts of India will be conducted in a manner that will give satisfaction to the public, and fulfil the requirements of the trust placed in the hands of the Railway Companies," declared that "considering the position of the third class passengers, who form nine-tenths of the travellers by rail in India, and the complete absence of that powerful check upon the management, which in England is exercised by the public itself," it was the duty of the Consulting Engineer and his Deputies to supply that want, and to consider themselves as the special representatives and protectors of the interests of the travelling public. In the words of a well known Belgian Financier, "whoever holds the Railways holds a monopoly;

M. Rogier.

"and that should only be allowed to exist in the possession of the State, subject to the responsible advisers of the Crown." This may be said with much more force of India, than of a country like Belgium.

8. The subjoined table shows the average passenger fares in force in England and in various European States. It is interesting to compare them with our present Indian fares:—

				Fares for 100 Miles.							
				1st Class.		2nd Class.		3rd Class.		4th Class.	
				s.	d.	s.	d.	s.	d.	s.	d.
Belgium	...	...	Average	6	6	5	6	3	0	...	...
Spain	...	...	"	11	9	8	10	5	9	...	...
Italy	...	...	"	10	6	7	11	4	0	...	...
France	...	...	"	13	4	10	0	7	0	...	...
Prussia	...	...	"	13	0	10	0	6	6	4	0
Switzerland	...	...	"	13	6	9	4	6	9	...	...
Denmark	...	...	"	13	0	8	6	6	0	...	...
Austria	...	...	"	13	0	7	6	5	9	...	...
Norway	...	...	"	13	4	9	0	4	6	...	...
Holland	...	...	"	14	0	11	2	7	0	...	...
Portugal	...	...	"	14	2	11	0	6	9	...	...
Russia	...	...	"	14	5	10	10	6	6	...	...
The United Kingdom	...	...	"	18	9	12	6	8	4	...	...
Do.	...	...	Maximum	25	0	16	8	8	4	...	...
Madras Railway	...	...	Present day	48	9	6	3	3	1½	...	...
Do.	...	...	Night	22	11	7	3½	...	...	...	...
Do.	...	...	Maximum	25	0	12	6	8	4	...	...
Great Southern of India Railway	...	...	...	12	6	8	4	4	2	...	...
Do.	...	...	Maximum	25	0	16	8	8	4	...	...

9. With regard to the particular case now under discussion, I can scarcely urge more strongly than I have already done my objections to the proposal now made by the Agent of the Great Southern of India Railway to abolish altogether the third class passenger carriages, and to reduce the second class fare from eight Pies to five Pies per mile. I may, however, mention that during an inspection tour which I lately made along that Railway, I took considerable trouble to learn the opinion held, not only by Government servants in the Districts traversed by the line, but by others interested both in the prosperity of the country and the success of the Railway, as to the effects which the adoption of the alterations advocated by Mr.

respectively,

*Proceedings of the Madras Government, Public Works Department,
9th August 1866.*

Betts would cause. That opinion, as far as I could ascertain it, was unanimous. No doubt was expressed as to the prejudicial influence which such measures would exercise upon the Railway traffic. It was thought very doubtful whether even one second class passenger would be driven by the change into the first class; so that the only set off against the certain loss of three Pies per mile upon almost every second class passenger, and the certain loss of a large proportion of the third class traffic, would be the gain of one Pie per mile from those of the last named class who would continue to use the line.

10. The third paragraph of the Agent's letter, which accompanies this, is not very clearly expressed; but I gather from it that he considers himself at liberty to carry into effect the alterations proposed by himself, in spite of the disapproval of Government. Should Mr. Betts be so ill-advised as to persist in doing so, the course to be followed by Government is very distinctly laid down by the late

Vide *supra* paragraph 5. Mr. Ritchie, in the minute from which I have already quoted. In paragraph 8 Mr. Ritchie says, "If the Agent resists an order to reduce these fares and continues to run the trains * * * at unauthorized rates, he will incur a serious responsibility, and may be legally prevented from continuing in such course."

11. With regard to the last paragraph of Mr. Betts' letter, I can only say that I lately requested all the Consulting Engineers to inform me fully as to the rates at present in force on the Railways under their respective control. From the Consulting Engineers of Bengal and the North-West, I have as yet had no reply; but within the last few days I have learnt from Bombay that so far from the Agents having uncontrolled power in the matter of passenger fares, no maximum scale for passengers has been adopted upon any Railway in that Presidency, including Sind.

From the Agent, Great Southern of India Railway, to the Consulting Engineer for Railways, dated Negapatam, 27th July 1866, No. 2,104.

1. I can only state, in reply to your letter, No. 190, of the 23rd instant, that the Secretary of State for India consented to the fixing of a maximum scale of rates and fares over the Great Southern of India Railway, leaving it to the Railway Executive to make such changes below that scale as from time to time appeared desirable; and further, my Directors were informed that the Madras Government (although they at first objected to changes being made without their sanction) eventually instructed their Consulting Engineer to sanction such changes as the Agent might deem desirable.

2. Will you please refer to my letter, No. 791, of the 16th June 1863, in which I asked Captain O'Connell, whether he was "authorized to sanction, without reference to Government, any changes I may consider it necessary to make in the rates and fares charged on the Great Southern of India Railway, provided such alterations are below those shown in the maximum scale sanctioned;" and his reply, "I am now authorized to sanction, without reference to Government, any changes in the rates and fares, within the maximum approved." If the changes were to be such as the Consulting Engineer and not such as the Agent considered desirable, surely the misapprehension would then and there have been put right. How can our system of levying tolls be analogous to the plan pursued on English Railways, if, so far as the Great Southern of India Railway is concerned, an Officer of Government has power at any time to over-rule the action of the Railway Executive? and

*Proceedings of the Madras Government, Public Works Department,
9th August 1866.*

further, how, under such a rule, could the Railway Company "possess more freedom of action," or "the risk of misunderstanding" be greatly diminished"—both being objects the Secretary of State had in view when he made the arrangement with my Directors, referred to in the first paragraph of this letter.

3. Referring to the second paragraph of your letter, I have to remark that, until I am instructed by my Directors to the contrary, I cannot admit your authority (by withholding sanction to my recent proposal regarding the third class passenger fare on this Railway) to overthrow the arrangement made by my Directors with the Secretary of State for India, as I consider such a restriction in dealing with their property would seriously affect the interests of the shareholders. The new fare was ordered to be adopted on the opening of the first portion of the extension—as the line to Lallapettah cannot be made properly available for traffic before the 1st September, no alteration of fare is intended to be made on the 1st proximo. In the meantime, I will report to my Directors your action in this matter.

4. With regard to the rate for laterite, I should have said I *proposed* to make the increase. No increased rate has yet been collected.

5. As to the Bombay practice, I have to intimate that the Secretary of the Great Indian Peninsula Company states, their "Agent has absolute power within the sanctioned maximum to fix the rates AND FARES, and vary them at will."

No. 184. ORDER THEREON, 9th August 1866, No. 2,508.

RAILWAY, No. 17.

1. The Government having in their Order, No. 2,229, of the 14th July 1866, on the Report of the Consulting Engineer, declined to accord their sanction to the proposal made by the Agent of the Great Southern of India Railway to abolish the present second and third class fares on that Railway and substitute, in lieu of them, a single intermediate class at the rate of five Pies per mile, Mr. Betts now, denying the accuracy of the Traffic Returns on which the Government based their Order, and ignoring their authority, intimates his intention to introduce the above change of accommodation and fares from the 1st September next.

2. In examining the Statements of traffic given in Mr. Betts' letter now under consideration, the Government find that the opinion expressed in their Order above quoted is confirmed by the fact that from the date of the change of the third class fare from three to four Pies per mile in 1862, the third class traffic fell off and remained stationary throughout 1863 and 1864, and showed no disposition to recover itself, as it naturally ought to have done, until 1865, when the introduction of the system of issuing return tickets at a low rate, which was virtually equivalent to a lowering of the fare, again caused it to improve. But for this special cause it is probable the effect of the higher rate of third class fare would have continued to show a falling off in the extent to which the line was used by the public.

3. The wording of the Contract, and the whole tenor of the correspondence between the Secretary of State and the Board of Directors of the Great Southern of India Railway on the subject of fares show that the consent of the Consulting Engineer, acting on behalf of Government, to any alteration of fares whatever, even within the sanctioned maximum, was not intended to be, as the Agent asserts, a mere form, and the Government now resolve to warn Mr. Betts that if he carry out his expressed intention to alter the classes of accommodation and the rates of

*Proceedings of the Madras Government, Public Works Department,
9th August 1866.*

fares without the consent of the Consulting Engineer, and in contravention of the contract and the arrangements made between the Secretary of State and the Directors of the Railway Company, he will do so on his sole responsibility and at his own risk.

(True Extract.)

(Signed) CHARLES A. ORR, Colonel, R. E.,
Secretary to Government.

To the Consulting Engineer for Railways.

Exd. T. O'Connor.

My dear Colonel

With reference to Major
Stewart's letter to you No 311 dated 23rd
July 66 will you kindly let me know if
~~whereas~~ the Government will allow
the Agent of the Great Southern of India
Railway to discontinue running third
class carriages and to charge 1 Anna and
5 Pies respectively for the two classes.

Mr. Batts threatened to make the
changes on the 1st August and it is my
wish if possible to telegraph on the subject
today or tomorrow.

Yours very sincerely
H. D. Pringle.

Madras }
30th July 66 }

Railway Department.

CONSULTING ENGINEER'S OFFICE,

No. 311.

From

Major G A M Shaw Stewart R.E.
Acting Consulting Engineer for Railways,

To

Colonel L. A. Dyer R.E.
Secretary to Government,
Public Works Department,
Fort Saint George.

SIR,

Upon the receipt of the order of Government dated the 14th instant, N^o 2229, I communicate a copy of it, together with an Extract from my letter dated the 9th instant, N^o 291, to the Agent & Traffic Manager of the Great Southern of India Railway, and strongly recommended to him the retention of three classes of carriages, and the adoption, experimentally, on the extension of the Railway on the 1st proximo, of the following fares ~~viz~~ —

1st class ————— 1. 6 per mile —
2nd ————— " 6 — —
3rd ————— " 4 — —

with luggage, free of charge, at 40, 25, and 15 lbs, respectively,

paras: 5 to 9

respectively, as allowed on the Madras Railway.

2. I have now the honor to submit for the consideration and orders of Government the Agent's reply. It is apparent from the tenor of paragraph 6 thereof that, notwithstanding all that has been urged in the order of Government above quoted, it is the intention of the Agent to give effect to the instructions of the Railway Board of Directors, viz. to have only two classes of Passenger Carriages, at fares of 1 Anna and 5 Pies, per passenger, per mile, respectively, upon the opening of the Extension from Trichinopoly to Salapetta.

N^o 2096. Dated 19 July 1885

N^o 2229

3. I have fully stated my views in the letter dated the 9th instant, N^o 291, against the adoption of the arrangement recommended by the Agent of the Great Southern of India Railway, and nothing now brought forward by Mr. Betts has induced me to change my opinion. In para. 4 of his letter quoted above, the Agent himself admits that the alteration advocated by him "will of course prove a most unpopular measure", and that "the number of passengers will fall off for some months to come, the receipts will continue to rise".

It is indeed obvious that a number of the poorer classes who have for some time

time

J. Selvar - 2

time past adopted the Railway for travelling will be entirely driven off the line by the introduction of the fare of 5 pies per mile.

4. It is unnecessary for me to point out that the tendency of the course of action which the Agent wishes to take in this matter is to deprive the Madras Government of all control over the rates and fares upon the Great Southern of India Railway. Mr. Betts justly observes that the Directors must be admitted to have at heart the interests of the Company, but he seems to forget that the Government are at least equally interested in its welfare, more so, perhaps, to judge from the Traffic returns, than in the case of any other Indian Railway Company; while the local knowledge possessed by the Directors, not one of whom has been in India for at least seven years, cannot be compared with what the Government have at their disposal.

5. Upon a recent occasion the Agent increased, without reference to me, the rate for the conveyance of latvite by 25 per Cent, and on my asking for

for

for information upon the point he stated that he had acted under the authority of his Directors, that authority being thus worded, "The principle has been allowed that the Company has the right of fixing the rates and fares within the maximum sanctioned, and of altering them from time to time as experience may warrant and reference may be made on this point to the practice of the Railway Companies in the Bombay Presidency. You would of course communicate to

the Consulting Engineer any alteration which you might think it desirable to make". It is clear that if this principle is to be acted on, the conditions upon which the maximum scale of rates & fares was sanctioned by this Government will be entirely altered.

6. In a letter of later date, however, Mr Betts so far corrects himself as to state "that the Directors have not varied the arrangement made between themselves and the Secretary of State for India (which arrangement was approved by the Madras Government) relative to the alteration of rates & fares below the sanctioned maximum scale; every alteration has to be communicated to you, so that you may formally sanction it".

This letter, which was in reply to a remark

in Letter N° 2091
dated 14 July 1866.

vide L^{tr} N° 21
dated 14 Jan'y 1866.

N° 2095. 19 July 1866.

would not
of this
was L^{tr}

3
remarks of mine on a portion of a letter addressed by the Agent to the Board of Directors, I enclose for the consideration of Government -

7. It will be seen that Mr Betts, as well as the Board of Directors, is under the impression that the Agents of the Bombay Railway Companies have unlimited freedom of action in varying the rates & fares below the sanctioned maximum scale, but I learn from Colonel Dr Lisle, the Consulting Engineer to the Bombay Government, that no maximum fares for passengers have been sanctioned upon any Railway in that Presidency -

8. Perhaps the Government, upon a re-consideration of the Subject, may see fit to sanction the experimental adoption of the changes recommended by the Agent; but whether or no, I think that the whole of the circumstances relating to this matter should be brought prominently to the notice of the Secretary of State for India, with a view to some definite instructions being laid down for the guidance of the Railway Authorities in India.

9. I enclose, for the information of

of Government; a copy of a letter which I have
this day addressed to the Agent in

I have the honor to be
Madras
23 July
1866
Yours most obedt Servant

Robert Stewart
Acting Consulting Engineer for Railways

Copy of a letter to the
Agent of the Great Southern & India Railway
dated 23 July 1866

Copy of a letter to the
Agent of the Great Southern & India Railway
dated 23 July 1866

From
The Consulting Engineer
for Railways,
The Secretary to Government,
Public Works Department,
Fort Saint George

Railway Department
Consulting Engineers Office
No. 28
From
Major J. A. M. Shaw Stewart R.E.
Acting Consulting Engineer for Railways
To
Colonel G. A. M. R.E.
Secretary to Government
D. P. Works
Fort Saint George

Referring to the Order of Government under
dated the 14 ultimus, N. 2229, and to my letter of the
23 idem, N. 311, I have the honor to submit for
the consideration of Government, a further letter from
the Agent of the Great Southern & India Railway
upon the subject of the claim made by him to carry
into effect, without reference to the opinion of the
Madras Government, or of their Consulting Engineer,
such changes in the rates and fares below the pre-
scribed maximum as may seem to him desirable.
In the second para. of his letter Mr.
Bith correctly quotes the words in which Lord Dalhousie

of India

O'Donnell informed him of the authority which the Government had resolved to confer upon their Consulting Engineer; and, though it is perhaps to be regretted that, in making this Communication, Colonel O'Donnell did not quote verbatim from the Order of Government, it seems strange that a person with such powers of discernment and discrimination as are possessed by Mr Betts should have so far misinterpreted Colonel O'Donnell's meaning, as to think it possible that the Government had instructed an Officer in the position of their Consulting Engineer to accord his Sanction, pro forma, to every alteration which the Agent might propose, whether it met with his approval or not.

3 The proposal for the establishment of a Maximum Scale emanates from the Railway Board of Directors, and whatever construction their Agent may now seek to put upon the motives which actuated them, the words in which their proposal was laid before the Secretary of State admit of no doubt. In his letter dated the 12 March 1862, No 7, the Board's Secretary says: "The maximum charges having been thus fixed, the Directors propose that they and their Executive (with the concurrence of the Consulting Engineer for Railways) shall be at liberty within the limits so laid down, to regulate the actual rates to be charged, and to vary the same as further experience of the traffic

may

28 July 1862
No 400 -

* Printed with G.O.
7 May/62 No 238.

"may render desirable."

4 A reference to my letter of this days date 329, will however show that a combined effort is now being made by the Railway Companies in this Presidency to throw off altogether the control which has hitherto been exercised by Government over the rates and fares in force upon the respective lines, and to free themselves from the conditions upon which the Government had been induced to sanction the levy of certain maximum tolls. I am convinced that, had the Government foreseen the claim now set forth by the Railway Companies to absolutely uncontrolled action within the prescribed maximum rates, they would have restricted those rates very considerably.

5 Upon this Subject, I beg to draw attention to a Minute by the late Mr Ritchie, regarding the power of Government to alter the rates upon Railways under Government Control. In para: 7 of that Minute, Mr Ritchie distinctly states his opinion that, bearing in mind the provisions of Clause 8 of the Contract between the Government and the Company, "it would be almost impossible to preserve the general power of the Government to reduce the fares except by an

Printed with G.O.
19 May/62 No 262

"an express reservation of the right of revision in each Sanction given to a new Table, or by a Statement therein that the Sanction was only provisional". The reading which the Railway Companies now seek to put upon the General Sanction accorded by Government to a Scale of maximum rates & fares would, therefore, deprive the Government for the future of any voice in the matter, so long as those maximum rates were not exceeded. It is simply impossible that, upon this understanding, the adoption of a third class maximum fare of 8 piers per mile would have been either recommended by the Consulting Engineer, or Sanctioned by Government.

6. The Companies' Agents would probably urge that the maximum fares sanctioned by the Madras Government are no higher than those which have been in force in England for years past, and that the English Companies have uncontrolled power within those maximum fares; but it must be borne in mind that not only is there a very great difference in the position which the railways hold with reference to the state in the two countries, but that the difference in the circumstances of the travelling public, especially of the third class passengers, is still greater, and that a third class fare in India of 4 piers per mile is far more than equivalent to a penny per mile in England. It is also worthy of remark that public opinion in England is nearly unanimous as to the unnecessarily high scale on which the fares & rates

here

Saturday Review
30 June 1865.

Circular No 13 R
27 August 1864

there are at present fixed, and that there is a growing impression that not only the public, but the Shareholders also, would gain by a considerable reduction. The evidence taken before the Duke of Devonshire's Commission is almost conclusive upon this point. Among others, Mr. Bidder stated his firm opinion that a considerable reduction in the tariff would tend to a large increase in the profits. To quote the words of one of the ablest English Reviews, in summing up an article upon this subject, "The one certain thing about all railway reform is that, for the sake alike of the Shareholders and the public, fares should be largely reduced."

7. It cannot however be doubted that any system founded solely upon English experience is almost of necessity unsuited to the present circumstances of India. To public opinion in England even railway Directors and Managers must bow. In India there is nothing of the kind. On a late occasion the Government of India while expressing every confidence that the management of "railways in all parts of India will be conducted in a manner that will give satisfaction to the public and fulfil the requirements of the trust placed in the hands of the railway Companies," declared that "Considering the position of the third class passengers, who form nine-tenths

"nine-tenths of the travellers by rail in India, and the complete absence of that powerful check upon the manager, which in England is exercised by the public itself," it was the duty of the Consulting Engineer and his Deputies to supply that want, and to consider themselves as the special representatives and protectors of the interests of the travelling public. In the words of a well known Belgian financier, "whoever holds the railway holds a monopoly; and that should only be allowed to exist in the possession of the State, subject to the responsible advisers of the Crown." This may be said with much more force of India, than of a country like Belgium.

W. Rogers.

8 The Subjoined table shows the average passenger fares in force in England and in various European States. It is interesting to compare them with our present Indian fares -

		Fares for 100 Miles -			
		1 st Class	2 nd Class	3 rd Class	4 th Class
Belgium	Average	5. 6	5. 6	5. 6	5. 6
Spain	"	11. 9	8. 10	5. 9	"
Italy	"	10. 6	7. 11	4. "	"
France	"	13. 4	10. "	7. "	"
Prussia	"	13. "	10. "	6. 6	4. "
Switzerland	"	13. 6	9. 4	6. 9	"
Denmark	"	13. "	8. 6	6. "	"
Austria	"	13. "	7. 6	5. 9	"
Norway	"	13. 4	9. "	4. 6	"

9. With regard to the particular case now under discussion, I can scarcely urge more strongly than I have already done my objections to the proposal now made by the Agent of the Great Southern of India Railway to abolish altogether the third class passenger carriages, and to reduce the 2nd class fare from 8 pies to 5 pies per mile. I may however mention that during an inspection tour which I lately made along that railway, I took considerable trouble to learn the opinion held, not only by Government servants in the districts traversed by the line, but by others interested both in the prosperity of the country and the success of the railway, as to the effects which the adoption of the alterations advocated by Mr. Belton would cause. That opinion, as far as I could

could ascertain it, was unanimous. No doubt was expressed as to the prejudicial influence which such measures would exercise upon the railway traffic. It was thought very doubtful whether even one second class passenger would be driven by the change into the first class; so that the only set off against the certain loss of 3 pice per mile upon almost every second class passenger, and the certain loss of a large proportion of the third class traffic, would be the gain of 1 pie per mile from those of the last named class who would continue to use the line.

10. The third para. of the Agent's letter which accompanies this is not very clearly expressed, but I gather from it that he considers himself at liberty to carry into effect the alterations proposed by himself, in spite of the disapproval of Government.

Should Mr Betts be so ill-advised as to persist in doing so, the course to be followed by Government is very distinctly laid down by the late Mr Ritchie, in the Minute from which I have already quoted. In para. 8 Mr Ritchie says: "If the Agent resists an order to reduce these fares and continues to run the trains x x x at unauthorized rates, he will incur a serious responsibility, and may be

legally

vide supra.
para 5.

"legally prevented from continuing in such course."

11. With regard to the last paragraph of Mr Betts' letter, I can only say that I lately requested all the Consulting Engineers to inform me fully as to the rates at present in force on the railways under their respective control. From the Consulting Engineers of Bengal and the North West I have as yet had no reply; but within the last few days I have learnt from Bombay that so far from the Agents having uncontrolled power in the matter of passenger fares, no maximum scale for passengers has been adopted upon any railway in that Presidency, including Sind.

Mairnas
7 August
1880

I have the honor to be,
Sir,
Yours Most Obedt Servt
J. Macleod Major R.E.
Acting Consulting Eng for Railways

Copies of a Letter to Inquire
of 22^d Augt 1866

From
The Consgr. Engineer for Railways,
To
The Secretary to Government,
P. W. Dept.

Dated *7th*
Received *8th* } *August. 1866.*

No. 328.

Enclosures, No. 1

ex 2508- g₇ educt/66

Submitting for
the consideration of Govt.
a further letter from the
Agent of the C. & G. R.
upon the subject of the
claim made by him to
carry into effect, without
ref^{ce} to the opinion of the
Rendras Govt or of their Coun-
sell^r such changes in the
rates & fares below the

of 2d & 3rd Class and that if he does carry one then measures be made so
as to prevent him doing so - If he will do so he can
- The less the more it costs - I have been told that the Secretary of State
would like to see the least cost of all first-class fares - I think
we must think that 5 pence per mile would be a fair price - full rail

to carrying beyond
the means of the
inch of Mr. Jones
- Mr. Jones
Mr. Jones says
Memorandum by
By clause 8 of the contract
between the Great Southern of India Rail-
way Company and the Secretary of State
for India, it is stipulated "and the said
Railway Company shall be authorized
and empowered to charge such fares
for the carriage of passengers and goods,
and such rates for telegrams and such
tolls as shall have been approved by
the Secretary of State in Council and
shall not in any case charge any
higher or different fares, rates or tolls
whatsoever without such approval".
but, on the 12th March 1862, the Secretary
to the Great Southern of India Rail-
way Company addressed a letter
No. 4 to the Under Secretary of State
for India and proposed, in modi-
fication of the above, that the Secretary
of

of State for India should be pleased to authorize the Madras Government in communication with the Agent of the Company, to fix the maximum rates which the Company shall be allowed to charge for the conveyance of goods and passengers, and that, within that limit, the Railway authorities should be at liberty (with the concurrence of the consulting Engineer for Railways) to regulate the actual rates to be charged and to vary the same as further experience of the traffic might render desirable. This proposal of the Railway Board was forwarded by Sir Charles Wood to the Madras Government with his Despatch No 5 of the 31st March 1862, in which he remarked that "he was of opinion that it would be advisable to act upon the suggestion".

These papers having been referred

them has been taken on any and some what lower than in 1862 and the 3 p.m. rates -
What are the lowest rates on the several Indian lines -
as on English lines and the
just foreign ones?

G. O. No 238 dated
7th May.

I would intimate to Mr. Webb, as
directly as possible, that his proposed
amendment is disapproved & the Govt. and
that if he came, it is the Govt. so as
his own wish. We seem to have without
the means of preventing his doing as he
pleases, if he be so determined. W.D.

Letter from
Secretary. F. S. S. B.
No 7 dated London
12th March 1862

G. O. No 400 dated
28th July 1862.

referred to the Consulting Engineer for Railways for report, that Officer reported that, in his opinion, the maximum proposed, both for passengers and goods, by the Agent of the Great Southern were too high, and suggested that they should be halved, but the Government, nevertheless sanctioned the rates advocated by Mr. Betts, remarking that it was not proposed at once to suddenly raise the rates to the maximum but only to lay down the maximum, and that alterations on actual rates could not be made without the sanction of Government.

In his Despatch No 13 of the 23^d October 1862 the Secretary of State for India pointed out that by the ruling that "no alterations in the actual rates could be made without the sanction of Government," the object sought to be attained of his despatch No 5 of the 31st March was lost.

much

lost sight of, as it had been his wish, by fixing a maximum scale within which the Agent might, with the consent of the Government Consulting Engineer, be at liberty to vary the fare, to relieve the Government from the necessity of attending to matters of detail. On receipt of this Despatch, the Government were pleased to order the Consulting Engineer for Railways "to sanction, on the application of the Agent, any alteration in the actual rates for the Great Southern of India Railway that may appear to him advisable within the maximum limits sanctioned."

The Government thus delegated their control over the fares of the Great Southern of India Railway, within certain limits, to the Consulting Engineer, but solely with the view of simplifying the consideration of any proposals for

G. O. No. 27 dated
14th June 1863.

clearly to
have cutting
WDL

for the modification of fares, within the maximum, which the Agent might bring forward, and without thereby abrogating their right to withhold sanction to charges which they might not approve of. Mr. Betts seems to think that the concurrence of the Consulting Engineer is to be a matter of course, but for this assumption, it is needless to say, there is no authority.

It is clear from the wording of the contract and the communications which took place between the Directors of the Railway Company and the Secretary of State, as well as from the latter's Despatches on the subject, that the approval of the Consulting Engineer to any alterations of fares on the Great Southern of India Railway, even within the sanctioned maximum, is

much

is absolutely necessary, and that
they can-not be introduced with-
out his concurrence. When the
Consulting Engineer sees reason to
differ from the Agent as to the
advisability of proposed changes
and has doubts of their beneficial
effect either on the interests of the
Public or of the Company, it is pro-
per that he should lay his views
before Government and obtain
their Orders. This, Major Stewart
has done, and the Government,
taking the same view as he does
of the probable ill effects of the con-
templated abolition of the present
2^d and 3^d Class fares and the sub-
stitution for them of a single
intermediate class of 5 piers, inti-
mated, in their Order N^o 2229 dated
14th July 1866, that they could not accord
their

their sanction to the changes proposed
by Mr. Betts.

Notwithstanding the disapproval
thus expressed by Government, it
appears, from the correspondence
now circulated, that Mr. Betts pur-
poses to carry out the proposed alter-
ation of fares on the 1st ^{August?} September
next under what must be supposed
to be a misconception of the wishes
of his Directors, who, far from seeming
desirous to weaken the control which
Government exercise under the con-
tract, have never even suggested
that their Agent should be vested
with the independent discretionary
power which he claims. Although by
this course of action the agent of
the Company shows a disposition to
deprive the Government of all con-
trol over the rates and fares of the
Great Southern of India Railway,
which.

which cannot be permitted, it is to be hoped that, on fuller consideration, Mr. Betts will see the impropriety, if not the illegality, of such a proceeding, and, deferring action, will refer the matter to the Board of Directors.

Meanwhile the undersigned is of opinion that the course adopted by the Consulting Engineer in continuing to withhold his sanction to any changes being made either in the classes of carriage now in use on the Great Southern of India Railway or in the fares now in force, may be approved of by the Government.

Fort St. George
2nd August 1863

Wm. D. M.
Secretary to Govt. D.P.W.

Col. R.

The view taken in this memo is no doubt correct. Mr. Betts in raising the lowest rates of passenger fares on the G. S. of India Railway

with one concurrence of the Consulting Engineer - which consent is not a mere form and matter of course as he would make out - is clearly acting in contravention of the Railway Contract and of the agreement made in 1862 - Mr. Betts should be told this distinctly and that he should not sanction his proposed changes of fares and charges.

Proceedings of the
From the Consulting Engineer
for Railways -

2508

Madras Govt. d.
Under date the 9th Aug 1866

Read the following
(H. I. No. 311 of 23rd July 1866)
328 7th Aug 1866

The Government having in their Order No. 2229 of the 14th July 1866, on the report of the Consulting Engineer, declined to accord their sanction to the proposal made by the Agent of the Great Southern of India Railway to abolish the present 2nd and 3rd class fares on that Railway and substitute, in lieu of them, a single intermediate class at the rate of 5 pies per mile. Mr. Betts now denying the accuracy of the traffic returns on which

W. D. M.

which the Government
based their order, and
ignoring their authority,
intimates his intention
to introduce the above
change of accommodation
with fares from the 1st
September next.

2. In examining the
statements of traffic
given in Mr. Pett's letter now
under consideration, the
Govt. find that the
opinion expressed in
their Order above quoted
is confirmed by the fact
that from the date of
the change of the 3^d class
fare from the 3 to 4 pice
per mile in 1862, the
3^d class traffic fell off
and remained stationary
throughout 1863 and 1864 and
showed no disposition to
recover itself, as it
naturally

naturally ought to have
done, until 1865, when
the introduction of the
system of issuing re-
turn tickets at a low
rate, which was virtually
equivalent to a low-
ering of the fare, again
caused it to improve.

But for this special cause
it is probable the effect
of the higher rate of 3^d
class fare would have
continued to show a
falling off in the extent
to which the line was
used by the Public.

3. The wording of the
Contract and the whole
tenor of the correspondence
between the Secretary of
State and the Board
of Directors of the Great
Southern of India Rail-
way on the subject of
fares

fares show that the
consent of the Consult-
ing Engineer, acting
on behalf of Govern-
ment, to any alteration
of fares whatever, even
within the sanctioned
maximum, was not
intended to be, as
the Agent asserts, a
mere form, and the
Government now re-
solve to warn Mr.
Petts that if he carry
out his expressed in-
tention to alter the
classes of accommo-
dation and the rates
of fares without the
consent of the Consult-
ing Engineer and in
contravention of the
contract and the
arrangements made
between

12
between the Secretary
of State and the Di-
rectors of the Railway
Company, he will do so
on his sole responsibility
and at his own risk.

W. P.

13
To The Comg Engr for Railways With H. letters
Sept 9th August.

Copies of a Letter to England
of 22nd Augt No. 41 of 1866

27th 1866 Depts

For of Govt for August

No. 2500

For of the Madras Govt

D/9 August 66

Post Ch 3464/66
25/67

For of Govt for August
For of Govt for August
For of Govt for August
For of Govt for August

Passing orders on the
papers relative to the alteration
of the rates and fares on the
Great Southern of India Railway
below the prescribed maximum
scale.

No 202 @ 184