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MADRAS RECORD OFFICE.

Government of Madras.

DEPARTMENT.

G.O. No. 256-58 Press Mis.

Dated 18

Not to be folded or roughly handled

No. 406. Read the following letter from the Consulting Engineer for Railways, to the Secretary to Government, Public Works Department, dated Madras, 22nd May 1869, No. 165 :—

In compliance with the instructions conveyed in the Order of Government dated the 4th instant, No. 1,462, I called upon the Agents of the Madras and the Great Southern of India Railway Companies to favour me with their opinions as to the alterations required in the existing scale of maximum rates and fares. Their replies* I have the honour to enclose for submission to Government.

* No 242, dated 7th May 1869, No. 3,016, dated 15th May 1869.

2. It will be seen that the Agent of the Madras Railway Company recommends the adoption of the scale† submitted by him in May 1866, and which he observes received then the approval of Government; but it should be noted that that approval was accorded‡ on the understanding that the control of the Consulting Engineer over all charges in the fares was to be maintained. In the second paragraph of his letter, Mr. Elwin states that, by the present maximum scale, the first class fare is fixed at 18 Pies per mile, and the second class fare at 5 Pies; "but that since then the Government have authorized him to adopt "as the first class night fare 22 Pies per mile, and for the second class night fare "12 Pies per mile." This is not correct. The existing maximum scale was sanctioned on the 17th February 1868,§ and it was then expressly ruled that passenger fares by express and night trains were to be exceptionally dealt with. The present first class night fare of 22 Pies per mile was sanctioned on the 19th October 1865,‖ and the present second class night fare of 12 Pies per mile on the 14th December 1867.¶

† Given below in paragraph 5.

‡ G. O, 20th June 1866, No. 1,942.

§ *Vide* G. O., No. 541.

‖ *Vide* G. O., No. 3,107.

¶ Do. No. 3,879.

3. The Agent of the Great Southern Railway makes no recommendation. He refers to his short experience of the working of the Traffic Department, and begs to be allowed to communicate with the Directors on the subject, and, at the same time, to have an opportunity of studying the result of the present half-year's traffic operations. I presume, however, that it is the desire of Government that I should reply to their order of the 4th instant without awaiting the result of the communication between the Agent and the Board of Directors.

4. An examination of the maximum scale recommended by the Agent of the Madras Railway Company will show that its adoption would virtually deprive the Government of even the semblance of control over the passenger fares on the Railways in this Presidency, and would leave the Railway Companies at liberty to regulate the charges at their pleasure without any practical check. The maximum named for each class is far above what would be proposed for adoption in this Presidency by even the most enthusiastic advocate of high fares. I do not understand this to have been the intention either of the Secretary of State or of

the Government of India; and after careful consideration of this most important subject, I venture to suggest for approval a scale which, while it will leave a reasonable margin for the exercise of a discretion by the Companies in varying the rates for each class, will yet give to Government an assurance that the experiments in high fares shall not be carried beyond a certain limit.

5. The following table gives the existing passenger fares, the maximum scale recommended by the Agent, and that which I have now the honour to suggest:—

Passengers per mile.	Fares now in operation.		Maximum scale recommended by Agent.		Maximum scale recommended by Consulting Engineer.	
	Pies.	Pence.	Pies.	Pence.	Pies.	Pence.
First Class, night trains	22	2¾	30	3¾	24	3
Second do. do.	12	1½	16	2	14	1¾
First do. ordinary	18	2¼	24	3	20	2½
Second do. do.	5	5/8	12	1½	6	¾
Third do. do.	3	3/8	8	1	4	½

In the Order of Government dated the 11th January 1869, No. 74, the maximum scale for goods was assimilated to that in force on the Bombay lines; and as it now corresponds very nearly with that recommended by the Agent of the Madras Railway Company, I presume that no further modification is desirable. The advantage of having identical charges for goods upon the Bombay and the Madras lines is apparent. The present maximum scale, and that recommended by the Agent, are given below in juxta-position:—

Goods per ton per mile.	Maximum scale now in force.		Maximum scale recommended by Agent.	
	Pies.	Pence.	Pies.	Pence.
Special Class	...	...	10	1¼
First do.	12	1½	14	1¾
Second do.	18	2¼	18	2¼
Third do.	24	3	24	3
Fourth do.	36	4½	36	4½
Fifth do.	54	6¾	54	6¾
Food grains	12	1½	...	...
Coal	8	1	...	...

6. Having thus complied with the instructions of Government, I trust that I shall not be held to be wanting in respect to the high authorities by whom the revision of the maximum scale has been ordered, if I point out, as indeed I am in duty bound to do, that unless the extended discretional powers which it is proposed to confer upon the Company's representatives are to remain a dead letter, the change must, in my opinion, prove injurious to the interests of this Presidency. If action is not to be taken within the limits of the revised scale, it matters little what that scale is, although, at the same time, the reason for making the change is not manifest. But if there is any probability of a rise in the actual rates consequent upon the extension of the maximum scale, I venture, with all due respect, to submit that such rise must have, *pro tanto*, a prejudicial effect upon the public welfare.

Proceedings of the Madras Government, Public Works Department, 18th June 1869.

7. In making these remarks I do not refer to the fares which may be fixed for the first class. In the Madras Presidency, this class of the travelling public is at present confined almost wholly to the Civil and Military servants of Government, and to other European gentry, with a very slight sprinkling of the wealthiest Natives and East Indians. The number is so small, that no change in the fare could sensibly affect the receipts of the Companies. The Traffic Manager of the Madras Railway stated lately that the first class fares now in force are the best that have ever been tried, so that it seems improbable that any change will be proposed; but there can be no doubt that an undue rise would have the effect of further reducing the small number who use this class, by driving some into the second class, so that the change would not materially injure the public, while it would certainly not benefit the Railway Company.

8. With the fares for the other two classes it is very different. Nearly one-half of the travellers who use the second class are Europeans and East Indians of the middle and lower orders; and as suitable accommodation for them is not provided in the third class, they have not the option, which those who use the first class have, of changing into a lower class when the fare is raised beyond their means; and the result of any material increase in the fare would simply be to deprive a portion of the public of the use of the railway.

9. In the case of the third class, the argument against allowing the fares to be unduly raised is still stronger. This class is used almost solely by the lower orders of Natives, who form ninety-five per cent. of the travellers by rail in this Presidency, and who have, of course, no lower class to fall back upon when the fare rises beyond their means. The traffic in this class is sensitive to a degree. Recent experience of the Great Southern of India Railway proves this; for when, in 1867, the third class fare was raised from four pies to five pies per mile, the number of passengers was reduced by twenty-five per cent; and when, in 1868, the fare was lowered from five pies to three pies, the number of passengers was increased by seventy per cent.

10. In England, where the Railways are almost independent of the State, and where they have certainly derived no advantage from the State, it has been found necessary to provide for the protection of the public by the institution of "Parliamentary trains," by which every Company is obliged to run one train daily in each direction at fares not exceeding one penny per mile, and at a speed, including stoppages, of not less than twelve miles per hour.

11. In India, on the other hand, where the Railways are virtually Government lines constructed with funds raised at the cost of the Imperial Exchequer, and where the Companies, by whose agency they have been constructed, have received enormous privileges from the State, there exists now no similar guarantee for the protection of the public; and unless the maximum fare for the lowest class of passengers is kept down to a low figure, it seems probable that upon some of the lines at least there will soon be a considerable and a most injurious rise. The maximum third class fare recommended by the Agent of the Madras Railway Company is eight pies per mile; and at first sight this, which is the equivalent of the English Parliament-

ary fare of one penny per mile, may seem to be not inordinate; but in making a comparison of this nature, the difference in the circumstances of the two countries, and in the conditions under which the Railways have been constructed, must be taken into consideration.

12. Both in England and in India the class of agricultural labourers may be taken as standing almost at the bottom of the social scale. In India it forms a much larger element in the general population than in England, and the lowest class of Railway travellers are more largely derived from it. The wages of an ordinary agricultural labourer in the south of India range from Rupees 3½ to Rupees 5½ per mensem, giving an average of about Rupees 4½ or nine shillings. In England, the wages earned by the same class run from seven shillings to twelve shillings per week, so that, for purposes of comparison, the monthly earnings may be taken at about forty shillings. Since, therefore, on English lines the lowest fare has been fixed by Act of Parliament at a maximum of one penny per mile, if the mass of the population in India are to derive an equal benefit from the Railways, the lowest fare should be fixed at a maximum of less than two pies a mile. And in making this comparison it should be ever borne in mind that while the English Railways are the private property of the Companies by whom they are worked, the Indian Railways are virtually the property of the people, having been constructed with funds raised on the credit, and at the risk, of the Imperial Exchequer.

13. Again, the outlay on English Railways has averaged about £40,000 per mile, while in the Madras Presidency the average outlay has been about £10,000 per mile. This great difference is due in part to the low price of labour, referred to in the proceeding paragraph; but chiefly to the enormous privileges which, in addition to the guarantee of a minimum dividend of five per cent., the Indian Railways derive from their connection with the State. It would seem to be right, therefore, that the mass of the population should derive benefits from their Railways in some ratio to the privileges which have been heaped upon the Railway Companies.

14. And it must not be imagined that, with the present rates of charge, the working expenses of Railways are higher in India than in England. During the year 1868, the working expenses of the whole of the lines in this Presidency averaged 41·99 per cent. of the gross earnings. The following list shows the proportion of the gross earnings absorbed by the working expenses during the second half of the year 1868 on each of the ten principal English lines, and on the three lines in this Presidency :—

North British	54 per cent.
London and South-Western	53 do.
Great Eastern	51 do.
Great Northern	50 do.
London and North-Western	48 do.
Midland	48 do.
Great Western	48 do.
Lancashire and Yorkshire	47 do.
Caledonian	47 do.
North-Eastern	46 do.
Great Southern of India Railway	45 do.
Madras Railway, South-West Line	45 do.
Do. North-West Line	38 do.

15. In the report upon Indian Railways for the year 1867-68, addressed to the Secretary of State for India in Council by Mr. Danvers, the Government Director of the Railway Companies, it is distinctly* stated that, while the object both of the Government and of the Directors is to ensure that fares shall be moderate, conveyances safe and comfortable, travelling punctual and convenient, the Directors are better qualified than the local Governments to undertake the responsibility of accomplishing this object; and that it is on this account that the new system, under which fares are to be regulated within a fixed maximum scale by the Companies, without reference to Government, has been introduced. How this can be the case, it is difficult to imagine. It is indeed hinted that the Indian Government is disposed to fix rates unduly low; but it is not easy to reconcile this with what is immediately afterwards urged by Mr. Danvers, that the Government is directly interested in the pecuniary success of the Railways. In order, indeed, to see that the Indian Government is directly interested to a much greater extent than any of the Companies in the economical construction and the successful management of the Railways, it is necessary only to glance at the guaranteed interest accounts, and to calculate the probability of the State being relieved in any material degree from the obligations which it has contracted.

* Paragraphs 55, 56, and 57.

16. It cannot be doubted that, on the one hand, the Railway Companies are concerned only in the promotion of their own direct and present interests; and, with this view, are anxious for the adoption of such rates as will secure the largest gross results; and that, on the other hand, the Indian Government, while more closely and more really interested in the financial success of the Railways, is responsible that the people of India shall derive from them the greatest possible benefit consistently with their economical working.

17. The importance of the question must be my excuse for dwelling upon it at this length; and, viewing it in the light of the foregoing remarks, I am bound to submit, with all due respect, that the interests of the people of this Presidency will inevitably suffer if the limits of the maximum fares for passengers are extended, and if, within those extended limits, uncontrolled power to regulate the fares is vested in the representatives of the Companies.

From the Agent and Manager of the Madras Railway Company, to the Consulting Engineer for Railways, dated Madras, 7th May 1869, No. 212.

In acknowledging the receipt of your letter of the 6th instant, No. 191, I have the honour to state that the only point in which I consider that the existing maximum scale of rates and fares should be altered is, that it should leave a reasonable margin for the exercise of a discretion by this Company, in varying the rates and fares, as circumstances shall from time to time suggest.

2. The scale recommended by you, and approved by the Government, fixed the first class fare at 18 Pies per mile, and the second class fare at 5 Pies; but I may remark that since then the Government have authorized me to adopt as the first class night fare 22 Pies per mile, and for the second class night fare 12 Pies per mile.

3. In the scale submitted by me for approval with letter No. 261, dated 29th July 1867, I named 24 Pies per mile as the ordinary first class fare and 12 Pies as the ordinary second, fares which experience has shown to be suitable.

4. I have carefully considered the subject, and am of opinion that the scale of rates and fares submitted by me in May 1866, which was approved by the Government, (vide your letter of the 23rd June 1866, No. 320), is such a scale as that contemplated by the Supreme Government, and is, therefore, suitable in every way for adoption by this Company.

From the Agent of the Great Southern of India Railway, to the Consulting Engineer for Railways, Madras, dated Nagapatam, 15th May 1869, No. 3,016.

I HAVE the honour to acknowledge receipt of your letter, No. 159, of the 6th instant. As you are aware, I have had but a short experience of the working of the Traffic Department, and I shall feel obliged by your allowing me to communicate with the Directors, and so, at the same time, to have an opportunity of studying the result of the present half-year's traffic operations.

No. 407. ORDER THEREON, 18th June 1869, No. 1,889.

RAILWAY, No. 25.

IN his despatch of the 24th March 1869, No. 5, the Secretary of State, after referring to the views expressed in previous despatches regarding the adoption of a maximum scale of rates and fares on Railways in India, called the attention of this Government to the expediency of re-considering the maximum scale sanctioned* for the Railways in this Presidency, with a view to the introduction of a scale that would allow the Railway Companies larger scope for making such changes in the working rates as circumstances might require. The Consulting Engineer was accordingly requested to prepare a revised scale in concert with the Agents of the Madras and Great Southern of India Railways.

* G. O, No. 541, dated 17th February 1868.

2. In the letter above recorded, Major Shaw Stewart reports the result of his communication with those officers. The Agent of the Madras Railway is of opinion that the scale most suitable for adoption is that proposed by him in May 1866, and which provided for 24 Pies, 12 Pies, and 8 Pies per mile as the ordinary passenger fares for the 1st, 2nd, and 3rd classes respectively, and 30 Pies and 16 Pies per mile as the fare by night for the 1st and 2nd classes. The Acting Agent of the Great Southern of India Railway defers making any recommendation until he has communicated with his Board of Directors and has had an opportunity of studying the traffic operations of the present half-year.

3. The Consulting Engineer, who entertains very strong views, in common with the Government, of the impolicy of establishing high rates of charges in a poor country like this, where the condition of the masses is not such as to enable the people to take advantage of the rail unless the charges for the accommodation it affords are fixed on the lowest possible scale compatible with yielding a reasonable return to the Company, very fully and forcibly argues against the expediency of adopting what he considers the unnecessarily high scale of charges proposed by Mr. Elwin. As some concession, however, seems to be unavoidable, the Consulting Engineer recommends that, instead of the scale suggested by the Agent and Manager, 20 Pies, 6 Pies, and 4 Pies per mile should be fixed as the ordinary fare for the three classes respectively, and 24 Pies and 14 Pies per mile as the night fare for the 1st and 2nd classes.

4. His Excellency the Governor in Council having given the subject his careful consideration, entirely concurs with Major Shaw Stewart. His Excellency is of opinion that the acceptance of the scale proposed by Mr. Elwin would practically involve the surrender by Government of all control, and the concession of powers to the Company which might be exercised most prejudicially to the interests of the general public, especially of the poorer classes of natives, who, as the Consulting Engineer shows, form 95 per cent. of the travellers by rail, and to whom the very smallest increase of fare must inevitably prove prohibitory of their use of the line.

5. Entertaining these views, His Excellency in Council is not prepared to accord his approval to the maximum scale of rates and fares proposed by the Agent of the Madras Railway, and being satisfied that the scale recommended by Major Shaw Stewart will entirely meet the views of the Government of India and the wishes of the Secretary of State, as well as give ample margin to the Company for carrying out such changes as they may from time to time desire to make, and that it is as liberal as any that can be proposed compatibly with the welfare of the country, His Lordship in Council authorizes its adoption experimentally, subject to re-consideration, if necessary, after two years.

(True Extract.)

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

No. 408. (Docket No. 1,990, dated 18th June 1869.)

COPY of the above forwarded to the Government of India.

(True Extract.)

Colonel, R. E.,
Secretary to Government.

Exd. A. S. Rodgers.

Railway Department

Consulting Eng.r Office

No 165.

From

Major J. W. M. Shaw Stewart R.E.
Consulting Eng.r for Railways.

To

Colonel C. A. Ort R.E.
Secretary to Government
Public Works Department
Fort Saint George.

Sir,

In compliance with the instructions conveyed in the order of Government dated the 4th instant, No 1462, I called upon the Agents of the Madras and the Great Southern of India Railway Companies to favour me with their opinions as to the alterations required in the existing scale of maximum rates and fares.

*No 242 dated 7th May 1869.
*No 3016 dated 15th May 1869.

Their replies I have the honour to enclose;

for

for submission to Government.

2. It will be seen that the Agent of the Madras Railway Company recommends the adoption of the scale submitted by him in May 1866, and to which he observes no objection. Upon the approval of Government; but it should be noted that that approval was accorded, on the understanding that the control of the Consulting Engineer over all charges in the fares was to be maintained. In the second paragraph of his letter he states that by the present maximum scale the first class fares are fixed at 18 pies per mile, and the second class fares at 6 pies, "but that since then the Government "have authorized him to adopt on the "first class night fares 2 2 pies per mile, "and for the second class night fares 12

pies

* Given below in para 5.

* G.O. 20th June 1866 No 1142.

* Vide G.C. No 541.

* Vide G.C. No 3107.

* Vide G.C. No 3879

"pies per mile." This is not correct. The existing maximum scale was sanctioned on the 17th February 1868, and it was then expressly ruled that no fares fares by express and night trains were to be exceptionally dealt with. The present first class night fare of 22 pies per mile was sanctioned on the 19th October 1865, and the present second class night fares of 12 pies per mile on the 14th December 1867.

3. The Agent of the Great Southern Railway has also recommended - ations. It is for me to bring to his notice the - rience of the working of the traffic de- - partment, and begs to be allowed to communicate with the Directors on the subject, and at the same time to have an opportunity of studying the result of the

present

present half-year's traffic operations. I presume however that it is the desire of Government that I should reply to their order of the 4th instant without awaiting the results of the communication between the Agent and the Board of Directors.

4. An examination of the maximum scale recommended by the Agent of the Madras Railway Company will show that its adoption would virtually deprive the Government of even the semblance of control over the passenger fares on the railways in this Presidency and would leave the Railway Companies at liberty to regulate the charges at their pleasure without any practical check. The maximum named for each class is far above what would be proposed for adoption in this Presidency by even the most enthusiastic advocate of high fares. I do not understand this to have been the intention either of the Secretary of State or of the Government of India; and after careful consideration of this most important subject I venture to suggest for approval a scale which, while it will leave a reasonable margin for the exercise of a discretion by the Companies in varying the rates for each class, will yet give to Government an assurance that the experiments in high fares shall not be carried beyond a certain limit.

5. The following table gives the existing passenger fares, the maximum scale recommended by the Agent, and that which I have now the honour to suggest:—

Passengers per mile.	Rates now in operation.		Maximum scale recommended by Agent.		Maximum scale recommended by Railway Commission.	
	Pies.	Pence.	Pies.	Pence.	Pies.	Pence.
First class — night trains	22	2 3/4	30	3 3/4	24	3
Second class — Do —	12	1 1/2	16	2	14	1 3/4
First class — ordinary —	18	2 1/4	24	3	20	2 1/2
Second class — Do —	5	5/8	12	1 1/2	6	3/4
Third class — Do —	3	3/8	8	1	4	1/2

Under the Order of Government dated the 11th January 1869, No. 14, the maximum scale for goods now in force is similar to that in force on the Bombay lines, and one now corresponds very nearly with that recommended by the Agent of the Madras Railway Company. I presume that no further modification is desirable. The advantage of having identical charges for goods upon the Bombay and the Madras lines is apparent. The present maximum scale, and that recommended by the Agent, are given below in juxta position:—

Goods per ton per mile.	Maximum scale now in force.		Maximum scale recommended by Agent.	
	Pies	Pence.	Pies	Pence.
Special class —	—	—	10	1 1/4
First class —	12	1 1/2	14	1 3/4
Second class —	18	2 1/4	18	2 1/4
Third class —	24	3	24	3
Fourth class —	36	4 1/2	36	4 1/2
Fifth class —	54	6 3/4	54	6 3/4
Food grains —	12	1 1/2	—	—
Coal —	8	1	—	—

6. Having thus complied with the instructions of Government, I trust that I shall not be held to be wanting in respect to the high Authorities by whom the revision of the maximum scale has been ordered, if I point out, as indeed I am in duty bound to do, that in the extended discretionary powers which it is proposed to confer upon the Company's Representatives are to remain a dead letter, the change must, in my opinion, prove injurious to the interests of this Presidency. If action is not to be taken within the limits of the revised scale, it matters little what that scale is, although at the same time the reasons for making the change is not manifest. But if there is any probability of a rise in the actual rates, consequent upon the reduction

of the maximum scale, I venture with all due respect to submit that such rise must have, perforce, a prejudicial effect upon the public welfare.

7. In making these remarks I do not refer to the fares which may be fixed for the first class. In the Madras Presidency this class of the travelling public is at present confined almost wholly to the Civil and Military servants of Government, and to other European gentlemen, with a very slight admixture of the wealthier Natives and East Indians. The number is so small that no change in the fares could sensibly affect the receipts of the Companies. The Traffic Managers of the Madras Railway stated lately that the first class fares

many

now in force are the best that have ever been tried, so that it seems improbable that any change will be proposed: but there can be no doubt that an undue rise would have the effect of further reducing the small number who use this class, by driving some into the second class, so that the change would not materially injure the public, while it would certainly not benefit the Railway Company.

8. With the fares for the other two classes it is very different. Nearly one half of the travellers who use the second class are Europeans and East Indians of the middle and lower orders; and no suitable accommodation for them is not provided in the third class; they have not the option, which those who use the first class have, of changing into a lower class when the fare is raised beyond their means; and the result of any material increase in the fare would simply be to transfer a portion of the public of the use of the railway.

9. But the case of the third class the argument against allowing the fares to be unduly raised is still stronger. This class is used almost solely by the lower orders of Natives, who form 95 per cent of the travellers by rail in this Presidency, and who have, of course, no lower class to fall back upon when the fare rises beyond their means. The traffic in this class is consequently very sensitive to a degree. Recent experience of the Great Southern of India Railway proves this; for when, in 1867,

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the third class fare was raised from 1½ pice to 2 pice per mile, the number of passengers was reduced by 25 per cent; and when in 1868, the fare was lowered from 2 pice to 1 pice, the number of passengers was increased by 70 per cent.

10. In England, where the railways are almost independent of the State, and where they have certainly derived no advantage from the State, it has been found necessary to provide for the protection of the public by the institution of "Parliamentary trains", by which every Company is obliged to run one train daily in each direction, at fares not exceeding one penny per mile, and at a speed including stoppages of not less than twelve miles per hour.

11. In India, on the other hand, where the railways are virtually Government lines, constructed with funds raised at the cost of the Imperial Exchequer, and where the Companies, by whose agency they have been constructed, have received enormous privileges from the State, there exists now no similar guarantee for the protection of the public; and unless for the maximum fares for the lowest class of passengers is be fixed down to a low figure it seems probable that upon some of the lines at least there will soon be a considerable and a most injurious rise. The maximum third class fare recommended by the Agent of the Madras Railway Company is 3 pice per mile; and at first sight this, which is the equivalent of the English parliamentary fare of one

penny

penny per mile, may seem to be ~~incredible~~ not; but in making a comparison of this nature the difference in the circumstances of the two countries and in the conditions under which the railways have been constructed, must be taken into consideration.

12. Both in England and in India the rate of agricultural labourers may be taken as standing almost at the bottom of the social scale. In India it forms a much larger element in the general population than in England, and the lowest rate of Railway labourers are more largely derived from it. The wages of an ordinary agricultural labourer in the south of India ranges from Rupees 3 ½ to Rupees 5 ½ per annum, giving an average of about Rupees 4 ½, or 9 shillings. In England the wages earned by the same class run from 7 shillings to 12 shillings per week, so that for purposes of comparison the monthly earnings may be taken at about 40 shillings. Price therefore on English lines the lowest fare has been fixed by Act of Parliament at a maximum of one penny per mile, if the rate of the population in India are to derive an equal benefit from the railways, the lowest fares should be fixed at a maximum of less than ½ pice a mile. And in making this comparison it should be ever borne in mind that while the English railways are the private property of the

the Companies by whom they are worked, the Indian railways are virtually the property of the people, having been constructed with funds raised on the credit and at the risk of the Imperial Exchequer.

13. Again, the outlay on English railways has averaged about £40,000 per mile; while in the Madras Presidency the average outlay has been about £10,000 per mile. This great difference is due in part to the low prices of labour, referred to in the preceding paragraphs, but chiefly to the enormous privileges which, in addition to the guarantee of a minimum dividend of 5 per cent, the Indian railways derive from their connection with the State. It would seem to be right therefore that the people of the Presidency should derive benefit from their railways in some ratio to the privileges which have been heaped upon the Railway Companies.

14. And it must not be imagined that, with the present rates of charges, the working expenses of railways are higher in India than in England. During the year 1868 the working expenses of the whole of the lines in this Presidency averaged 41·99 per cent of the gross earnings. The following list shows the proportion of the gross earnings absorbed by the working expenses during the second half of the year 1868 on each of the ten principal English lines, and on the three lines in this Presidency:—

North British	54 per cent.
London and South Western	53 do
Great Eastern	51 do
Great Northern	50 do
London and North Western	48 do
Midland	48 do
Great Western	48 do
Lancashire and Yorkshire	47 do
Caledonian	47 do
North Eastern	46 do
Great Southern of India Railway	45 do
Madras Railway	
South-West Line	45 do
North-West Line	38 do

15. See the report upon Indian Railways for the year 1867-68 addressed to the Secretary of State for India

iii

Paragraphs 55, 56, 57

in Council by the Directors, the Government Director of the Railway Companies are distinctly stated that, while the object of the Government and of the Directors is to ensure that Force shall be made safe, convenient and comfortable, travelling punctual and economical, the Directors are better qualified than the Local Governments to understand the responsibility of accomplishing this object; and that it is on this account that the new regulations, under which Force are to be regulated within a fixed maximum are to be by the Companies, without reference to Government by Members unacquainted with the Country and the Service in difficulties

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North British _____ 54 per cent.
London and South Western ___ 53 ___ do ___
Great Eastern _____ 51 ___ do ___
Great Northern _____ 50 ___ do ___
London and North Western _ 48 ___ do ___
Midland _____ 48 ___ do ___
Great Western _____ 48 ___ do ___
Lancashire and Yorkshire _ 47 ___ do ___
Caledonian _____ 47 ___ do ___
North Eastern _____ 46 ___ do ___
Great Southern of India
Railway _____ 45 ___ do ___
Madras Railways
South-West Line ___ 45 ___ do ___
North-West Line ___ 38 ___ do ___

15. For the report upon Indian Railways for the year 1867-68 addressed to the Secretary of State for India

in

Paragraphs 55, 56, 57

in Council by the Directors, the Government Director of the Railway Companies are distinctly stated that, while the legal Code of the Government and of the Directors is to ensure that Force shall be made safe, conveyance safe and comfortable, travelling punctual and convenient, the Directors are better qualified than the Local Government to understand the responsibility of accomplishing this object; and that it is for this account that the new regulations, under which Force are to be regulated within a fixed maximum are to be by the Companies, without reference to Government by themselves introduced as from this can be the power is difficult

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to imagine. It is indeed hinted that the Indian Government is disposed to fix rates unduly low; but it is not easy to reconcile this with what is immediately afterwards urged by the Bankers, that the Government is directly interested in the pecuniary success of the railways. The orders indeed to see that the Indian Government is directly interested, to a much greater extent than any of the Companies, in the economical construction and the successful management of the railways, it is necessary should be glanced at the guaranteed interest accounts, and to calculate the probability of the State being relieved in any material degree from the obligations which it has contracted.

16. It cannot be doubted that on the one hand the Railway Companies are concerned only in the protection of their expended and present interests, and with that view anxious for the adoption of such rates as will secure the largest possible net profit, and that on the other hand the Indian Government, which must ultimately and most really interested in the future success of the railways, is responsible that the people of India shall derive from them the greatest possible benefit consistently with their economical working.

The importance of the question must be my excuse for dwelling upon it at this length; and viewing it in the light of the foregoing

to imagine. It is indeed hinted that the Indian Government is disposed to fix rates unduly low; but it is not easy to reconcile this with what is immediately afterwards urged by Mr. Danvers, that the Government is directly interested in the pecuniary success of the railways. The orders indeed to see that the Indian Government is directly interested, to a much greater extent than any of the Companies, in the economical construction and the successful management of the railways, it is now for us to glance at the guaranteed interest accounts, and to calculate the probabilities of the State being relieved in any material degree from the obligations which it has contracted.

16. It cannot be doubted that

that on the one hand the Railway Companies are concerned only in the promotion of their own direct and present interests, and with that view are anxious for the adoption of such rates as will secure the largest possible return, and that on the other hand the Indian Government, while never lonely and never wholly interested in the financial success of the railways, is responsible that the people of India shall derive from them the greatest possible benefit consistently with their commercial working.

17. The importance of the question must be my excuse for dwelling upon it at this length, and viewing it in the light of the

The foregoing

foregoing remarks, I am bound to sub-
-mit with all due respect that the in-
-terests of the people of this Presidency will
inevitably suffer if the limits of the
maximum fares for passengers are
extended, and if, within those extended
limits, uncontrolled powers to regulate
the fares is vested in the representatives
of the Companies.

I have the honour to be
Sir,
Your most obedient Servant
Lieutenant Major R.E.

Chief Engr for Railways

Madras
22nd May 1869

No. 3016 GREAT SOUTHERN OF INDIA RAILWAY.

AGENT'S OFFICE.

NEGAPATAM, 15 May 1869

From

THE AGENT,

Great Southern of India Railway,

To

The Consulting Engineer
for Railways
Madras

SIR,

I have the honor to
acknowledge receipt of your letter
No 159 of the 6th Instant. As
you are aware I have had but
a short experience of the working
of the Traffic Department, and
I shall feel obliged by your allowing
me to communicate with the
Directors and, at the same time to
have an opportunity of studying
the result of the present half Years
Traffic Operations

I have the honor to be
Sir
Your most obed Servant

Agent

Actg

No. 242

MADRAS RAILWAY.

AGENT AND MANAGER'S OFFICE

Madras, 7th May 1869

From

D. B. Dewin. Esq.

Agent and Manager. of the M.R.

To

Major L. W. A. Thomas Stewart R.E.

Consulting Engineer for Railways.

SIR,

In acknowledging the receipt of your letter of the 6th instant, I have the honor to state that the only point in which I consider that the existing Maximum Scale of Rates and Fares should be altered, is, that it should leave a reasonable margin for the exercise of a discretion, by this Company in varying the Rates and Fares, as Circumstances shall from time to time suggest.

2. The Scale recommended by you and approved by the Government fixed the first Class fare at 18 pies per mile, and the second Class fare at 9 pies, but I may remark that since then the Government have authorized me to adopt as the first Class night fare 22 pies per mile, and for the second Class

from

No. 242

To
The Agent
E.I.R. W.P. Rs
The Consulting Engineer
for Railways

Dated the 7th May 1869
Received 19th May 1869

R. the Manager
M.R. 9 pies Rate &c.
Statement.

Secretary to Government.

To the Superintending Engineer, 2nd Divi[illegible]
Controller of Public Works Accounts.

Exd. S. T. Augustin.

Class night fares, 12 pies per mile.

3. In the scale submitted by me for approval with letter a/c 261. dated 29 July 1867, I named 24 pies per mile as the ordinary first class fare and 12 pies as the ordinary second class fare. which appeared has shown to be suitable.

4. I have carefully considered the subject, and am of opinion that the scale of rates and fares submitted by me in May 1866, which was approved by the Government vide your letter of the 23rd June 1866, a/c 320, is such a scale as that contemplated by the Supreme Government, and is therefore suitable in every way for adoption by the Company.

I have the honor to be,
Sir,
Your most obedt Servant,
S. T. Augustin
Agent and Manager

MADRAS RAILWAY.

From

The Agent and Manager.

To

The Consulting Engineer

for Railways.

P.W. 2192/09

Dated 7th May 1909

Recd. 8

No. 3492

Replying to letter P.W. 194, with Regard to the supply of a map giving details of Rails and Fastenings.

P. W. 1869. Dept.

RAILWAY DEPARTMENT.

From Pro. of Coast for Time No 2192

The Consg. Engineer for Railways,

To

The Secretary to Government,

P. W. Dept.

Dated 22d January 1869.

Received 25th

No. 165

Enclosures, No. 2

Enclosing three letters from the Agents of the Madras & G. S. of I. Rys, furnishing their opinion as to the alterations required in the existing scale of maximum rates & fares.

No 1989 & 1990 - 18th June 1869

P. W. Dept.

No 1989

Proceedings of the Madras Government under date the 18th June 1869.

Read the following

From the Consg Engineer for Railways. (Here enter No 165 of 23d Jany 69)

In his Despatch of the 24th March 1869, No 5, the Secretary of State, after referring to the views expressed in previous despatches regarding the adoption of a maximum scale of rates and fares on Railways in India, called the attention of this Government to the expediency of reconsidering the maximum scale sanctioned for the Railways in this Presidency, with a view to the introduction of a

a scale that would allow the Railway Companies larger scope for making such changes in the working rates as circumstances might require. The Consulting Engineer was accordingly requested to prepare a revised scale in concert with the Agents of the Madras and Great Southern of India Railways.

In the letter above recorded Major Shaw Stewart reports the result of his communication with those Officers. The Agent of the Madras Railway is of opinion that the scale most suitable for adoption is that proposed by him in May 1886, and which provided for 24 pies, 12 pies and 8 pies per mile as the ordinary passenger fares for the 1st, 2d and 3d classes, respectively, and 30 pies and 16 pies per mile as the fare by night for the 1st and 2d Classes. The Acting Agent of the Great Southern of India Railway defers making any recommendation until he has communicated with his Board of Directors, and has had an opportunity of studying the traffic operations of the present half year.

The

The Consulting Engineer, who entertains very strong views, in common with the Government, of the impolicy of establishing high rates of charges in a poor country like this, where the condition of the masses is not such as to enable the people to take advantage of the Railway unless the charges for the accommodation it affords are fixed on the lowest possible scale compatible with yielding a reasonable return to the Company, very fully and forcibly argues against the expediency of adopting what he considers the unnecessarily high scale of charges proposed by Mr. Elwin. As some concession, however, seems to be unavoidable, the Consulting Engineer recommends that, instead of the scale suggested by the Agent and Manager, 20 pies, 6 pies and 4 pies per mile should be fixed as the ordinary fare for the three classes, respectively, and 24 pies and 14 pies per mile as the night fare for the 1st and 2d classes.

His Excellency the Governor in Council having given the subject his careful consideration, entirely

Con-

coincurs with Major Shaw Stewart. His Excellency is of opinion that the acceptance of the scale proposed by Hon'ble Elwin would practically involve the surrender by Govt. of all control, and the conception of powers to the Company which might be exercised most prejudicially to the interests of the general public, especially of the poorer clapes of natives, who, as the Cong: Engineer shows, form 95 per cent of the travellers by rail, and to whom the very smallest increase of fare must inevitably prove prohibitory of their use of the line.

Entertaining these views His Excellency in Council is not prepared to accord his approval to the maximum scale of rates and fares proposed by the Agent of the Madras Railway, and being satisfied that the ~~Scale~~ Recommended by Major Shaw Stewart will entirely meet the views of the Govt. of India and the wishes of the Secretary of State, as well as give ample margin to the Company for carrying out such changes as they may

From

from time to time de-
sire to make, and that
it is as liberal as any
that can be proposed
compatibly with the
welfare of the Country,
His Lordship in Council
authorizes its adoption
experimentally, subject
to reconsideration, if
necessary, after two
Years.

To The Chief Engineer
for Railways
Dated 19/6/69.

Docket No 1990 dated 18th June/69

Copy of the above
forwarded to the Govt.
of India.

To the Managers of Railways.

Dated 19/6/69

C. 7th June 1869. A. 10th

Cue 2192

Govt. of {1869} Gyanara.

PUBLIC WORKS.

To The Consulting Engineer for Railways

Dated

Recd.

G O 18 June 1869. No. 1987
1590

No. 416 @ 408

Rates and fares (Ry) The adoption experimentally, subject to reconsideration if necessary after two years, of the maximum scale of rates and fares ~~proposed~~ recommended by the Consulting Engr. for ~~Railways~~ the Railways in this Presy, Authorized.

Rates & fares (Ry) Copy of Govt Pros. ordering the adoption experimentally of the maximum scale of rates & fares recommended by the Consulting Engr. for Railways in this Presidency, forwarded to the Govt of India.

Nos 2170/7

e. 7th June 1869. Ans. 10th 7