Public Works (~~190~~ 1899) Department.

RAILWAYS.

G.O., No. 172-173 Ry

DATED 13 . 2 . ~~190~~ 1899 .

[Despatch Abstract.]

Competitive Rates for Southern Mahratta Railway Traffic

Addressing the Government of India on the ——

Indexed

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

received [illegible] Directors.

(No. I.)

No. 11303 b

106

MADRAS RAILWAY.

No.....

AGENT AND MANAGER'S OFFICE,

Madras, 26th January 1899.

CONSULTING ENGINEER FOR RAILWAYS
RECEIVED
27 JAN. 1899
MADRAS.

From

532.
27-1-99.

The *Agent and Manager.*

M. R. Co.

To

The *Consulting Engineer for Railways.*

Madras.

SIR,

With reference to your Secretary's official letter of the 30th ultimo, No Copy Kept
I have the honour to forward 2 printed copies of a Madras Railway Note on the Marmagoa versus All-rail route traffic and rate questions and its complications. We have endeavoured to state the case fairly.

Will you please invite the attention of the Government of India to the threatened competition for Goods traffic in Southern India and to the serious loss to the State which it will entail.

Further copies of this note will be sent to you when required

received

received from the printers.

I have the honor to be,
Sir,
Your Most Obed.t Servant,
Louis S.M.V.S
Agent and Manager

(Encl 2)
C.S.C.

MADRAS RAILWAY.

From The Agent and Manager.

To The Consulting Engineer for Railways.

Dated 188

Recd.

No.

A Madras Railway note on the Marmagoa versus all-rail route traffic and rates question and its complications.

Date of origin and area affected by Marmagoa rates question.

1. This question may be said to have first asserted its influence in 1888 after which the complications with which it is identified steadily increased until at the end of 1893, after the opening of the Guntakul Bangalore Section of the Southern Mahratta Railway throughout, in addition to destroying the natural balance of all Railway rates on the borders of the Southern Mahratta district, its influence under Southern Mahratta pressure began more seriously to affect the Railway rates throughout the whole area of Southern India lying between Poona and Trichinopoly, see Skeleton Map A.. It will be seen from this map that there are four all-rail, and one sea and rail route, for goods traffic between Bombay and Southern Mahratta Stations. The all-rail routes are :

Routes for goods traffic between Bombay & S. M. Stations and Joint M. R. & S. M. Stations.

via Poona
" Hotgi
" Raichur and Guntakul
" " and Bangalore City,

and the fifth or sea route *via* Marmagoa.

Standard or broad gauge lines are shewn on the map by a broad line, and metre gauge railways by a narrow line.

The Poona route is broad gauge up to Poona.
" Hotgi " " " " Hotgi.
" Raichur and Guntakul " " Guntakul.
" " and Bangalore City " Bangalore City.

Joint Stations which can be reached without break of guage *viâ* Raichur.

2. When traffic between Bombay and Southern Mahratta Stations passes over the Poona or Hotgi routes it passes over two railways only, (the Great Indian Peninsula and Southern Mahratta Railways) but similar traffic carried by the Raichur and Guntakul or the Raichur and Bangalore City routes passes over three railways (the Great Indian Peninsula, Madras and Southern Mahratta Railways). Both Guntakul and Bangalore City are Joint Madras Railway and Southern Mahratta Railway stations, which can be reached by either of the five routes, but the only route without break of gauge to either Guntakul or Bangalore City is the original Great Indian Peninsula and Madras Railway broad gauge route *via* Raichur. Between Bombay and Guntakul this route is the shortest of the five routes ; between Bombay and Bangalore City, it is the longest, by way of Arkonam and Jalarpet.

Two compulsory routes for goods traffic under the G. I. P. and S. M. R. Agreement.

3. The complications alluded to in para. 1, seem only to have been partially recognised by the Great Indian Peninsula and Southern Mahratta Railways in 1889. At any rate the question was only dealt with from a local view (without any reference to the Madras Railway) when, on the 26th August 1889, the Great Indian Peninsula entered into an agreement with the Southern Mahratta Railway that all goods traffic between Bombay stations and stations on the Southern Mahratta Railway should be carried *via* Poona or *via* Hotgi. This arrangement gave the Southern Mahratta Railway long leads or slices of the through mileage division of the receipts on Bombay traffic (see Map A.) and later, apparently, became the "consideration" for which the Marmagoa or sea route was "Boycotted." Para. 2, section 4 of the 1889 agreement, (see page 2 of Appendix) provided as follows :—

The object in "Boycotting" the Marmagoa route.

"That the rates between Guntakul and Bombay, by the Southern Mahratta
"route to Hotgi, shall be fixed at such a figure, not exceeding ordinary
"mileage rates and terminals of the Southern Mahratta Railway, as will

"not offer any inducement for goods to be booked between Bombay "and Madras Railway stations, by way of the Southern Mahratta Rail- "way *via* Hotgi, or *via* Poona, the intention being that goods booked "between Bombay and stations of the Madras Railway beyond Gunta- "kul, shall not be diverted to the Southern Mahratta route, the route "of the Great Indian Peninsula and Madras Railways *via* Raichur "being shorter than the route of the Great Indian Peninsula and South- "ern Mahratta Railways *via* Poona or *via* Hotgi.

S. M. R. attempt to extend the undue preference.

But this did not prevent the Southern Mahratta Railway from attempting subsequently to divert traffic from the Raichur route to *viâ* Poona by trying to force the Madras Railway to accept in through booking between stations Bombay to Poona and all stations in Southern India, south of Bangalore, the Great Indian Peninsula and Southern Mahratta rates for local interchanged traffic quoted under this agreement to Southern Mahratta stations only, in competition with the sea route, although the Poona route was 53 miles longer than the *viâ* Raichur and Guntakul route, and many of the stations concerned could be reached *viâ* Raichur without transhipment while the Poona route involved transhipment from broad to metre gauge at Poona and again from metre to broad gauge at Bangalore City. The Madras Railway resisted this attempt. (See para. 12.)

The S. M. Ry. Marmagoa policy and its influence on the G.I.P. Ry.

4. Mr. James Craik (then Traffic Manager of the Southern Mahratta Railway, and now one of its Directors) is generally credited with having inaugurated the Marmagoa policy and that policy has been most effectively applied to dominate the Great Indian Peninsula Railway. Its influence, at the end of 1893, even induced the Executive of the Great Indian Peninsula, to join the Southern Mahratta Railway, in trying to force the Madras Railway, as stated in para. 3, to accept through traffic between Bombay and Southern India at Bangalore instead of at Raichur (see letters at page 14 of Appendix) although the Great Indian Peninsula by such an arrangement would have sacrificed their receipts on 324 miles of every such consignment carried. Mr. Craik had at this time severed his connection with the Southern Mahratta Railway, but Marmagoa has remained a standing menace to the Great Indian Peninsula as shewn recently during the first fortnight in December 1898. If the Great Indian Peninsula do not accept the Southern Mahratta Railway terms as much traffic as possible is, by preferential rates on the one hand, and obstructive rates on the other, diverted to the Marmagoa and sea route, without perhaps that benign consideration for the rights, wishes and conveniences of Her Majesty's Asiatic subjects, which it is generally supposed to be the duty of Government to preserve—see telegram at page 45 of Appendix from Casim Abdulla Sait to the Traffic Manager, Madras Railway. This seems to have been the position which induced the Great Indian Peninsula to enter into the 1889 agreement with the Southern Mahratta Railway—an agreement—which accor[illegible]g to Counsel, *vide* page 8 of Appendix was a direct violation of Act IX of 1890. Since the Marmagoa question originated there have been at least three new Agents and as many new Traffic Managers in charge of the Southern Mahratta Railway. Individuals therefore cannot be considered responsible for any strained relations which may exist between the Southern Mahratta Railway and its neighbours, the chief cause for which seems to be the absence of a strict application of the English Clearing House rule "assumed" in Government of India Order No. 1446 R. T., dated 12th December 1887, *i.e.*, the condition attaching to Principle III, at page 2 of the Appendix printed with that Resolution, *that in the case of competitive routes between two stations the shortest route fixes the rate.* In the absence of such a guiding principle and the settlement by arbitration of an "Equitable Marmagoa area" the temptation to give an extra turn to the Marmagoa screw has apparently been too great to be resisted. The humiliation of the Great Indian Peninsula Railway under this pressure must have been complete when under the 1889 Agreement their terminal charge of 8 pies per maund was reduced to 3 pies on all Southern Mahratta Railway traffic, the receipts less terminals between Bombay and Southern Mahratta stations being divided on mileage. The bulk of the traffic travelled *via* Poona giving the Great Indian Peninsula only 119 miles on (say) Bangalore traffic; the Southern Mahratta Railway receiving equal division on the remaining 626 miles, and an equal terminal to that of Bombay for every road-side station to or from which traffic was booked. Para. 19, page 3 of Appendix B of No. 1446 R. T. already referred to reads as follows:—

The appeal of Casim Abdulla Sait to the Traffic Manager, Madras Railway, not to be compelled to send traffic *via* Marmagoa.

Agents and Traffic Managers change but S. M. Marmagoa policy remains.

Absence of English Clearing House principle mainly responsible.

Settlement by arbitration of an equitable Marmagoa area necessary.

"That under the second head, Terminals, *i.e.*, the charges for services "incidental to the business or duty of a carrier—the expense which "a Railway Administration must incur in working different descriptions "of traffic at different stations varies so greatly that it is useless to "attempt to prescribe any maximum to rule all cases. All that can "be said is that the charge should be reasonable and that Government "should have the power, in the event of cause being shown by any

"person concerned, of taking evidence on the matter and of fixing what "under all the circumstances of the particular case appears to be a fair "and reasonable charge at that station for that particular description "of traffic."

The compulsory reduction of the Bombay terminal.

Can the compulsory acceptance of the three pie terminal be considered reasonable? For the enormous outlay on station buildings and conveniences and the extra working expenditure in Bombay, as well as for the construction of the costly line over the Bhore ghat, the Great Indian Peninsula under the influence of Marmagoa, accepted the inevitable,—practically anything the Southern Mahratta Railway chose to allow. From the evidence of English experts before the "Select Committee" of 1882, (pages 9 and 10 of Appendix B of No. 1446 R. T.) the following extract is quoted:—

No consideration for enormous outlay on Bombay station conveniences or capital expenditure and cost of working over Bhore ghat.

How through rates are arrived at in England.

"In the fixing of (through) rates, the rule almost invariably followed is "to take the shortest and cheapest route between the given points; "ascertain what the local charges are upon the route, add them together, "and then form a through rate something lower than the sum of the local "charges. The through rate thus formed is common to every route, "both long and short. Some routes are more circuitous than others; and "the result is that the public have the advantage of all the routes at "their own option at the charge of the shortest or cheapest route."

Terminals should be deducted before division of rates.

"When we come to divide the receipts more or less between the Companies, "we do not have a different mode of division between each station, "but we have a uniform allowance for terminals and the rest is divided "according to mileage."

The uniform allowance for terminals, however, does not mean that the terminals are equal at each end of the journey but that, for instance, London terminals are uniform and also the terminals at ordinary road side stations or at places to which there are competitive routes or more than one station.

The Marmagoa position applied to the Great Eastern Railway.

5. In No. 1446 R. T. quoted above the name of Mr. (now Sir William) Birt, of the Great Eastern Railway, appears as a witness before the Select Committee of 1882. To illustrate on the Great Eastern Railway a case almost parallel with that of Marmagoa it would be necessary to imagine that Harwich is Marmagoa, London is Bombay, Cambridge is Poona, and Doncaster Bangalore; say that the Great Eastern have no line nor running powers into London and must transfer London traffic to the Great Northern at Cambridge; that a heavy goods traffic exists between Doncaster and London which the Great Eastern divert *via* Harwich and the sea (the steamers belonging to a private firm) by quoting lower through rates than are quoted by the all-rail routes, steadily and persistently reducing the *via* Harwich rates as the all-rail rates are equalised; that there are also many stations to which the Great Eastern alone have access, with a fair London traffic which is diverted *via* Harwich by raising the rates to Cambridge and reducing *via* Harwich; that the public prefer the all-rail route but that owing to the short distance Cambridge to London no reduction in that proportion of the through rate can influence the traffic; and this is a bare outline of that part of the question which has enabled the Southern Mahratta Railway to dominate the position for the last 11 years, except that the English distances should be multiplied by about four and the speed of goods trains including stoppages reduced to between 10 and 12 miles an hour for an Indian single line. Would the Harwich policy here outlined be considered a reasonable railway policy in England, and, if the Board of Trade did not interfere on behalf of the public, would any such Railway be allowed to remain a member of the Clearing House? We think not.

Can the S.M.R. control the position except at the expense of Govt?

6. Sea freight, as everybody knows, is profitable at lower rates than rail freight so that if the Southern Mahratta Railway choose, and are permitted, to continue their policy, the all-rail route cannot obtain its fair share of the traffic, or anything like the share the public would prefer to send by rail, even at somewhat higher rates than by the sea route; but can the Southern Mahratta Railway continue to control the position in any other way than at the expense of Government, by quoting rates which are not "the highest they can obtain consistently with keeping up their traffic"? See para. 24, page 4, of Appendix B. to Government of India Resolution, No. 1446 R. T., dated 12th December 1887.

The condition attached to Principle III of G. O., No. 1446 R. T.

7. It seems certain that the Marmagoa difficulty has been very much increased by the total disregard on the part of Railways (even those Companies whose rates are supposed to be more or less under the control of the State) of the condition attached to Principle III of the Government of India observations in the Order

alluded to *viz.*, that "In the case of two competitive routes between two stations the "Company owning the shortest route fixes the rate." This, of course, was intended to apply to any number of routes, Companies or Railways, and its bearing on Railway policy generally is dealt with later in paras. 23, 24 & 25.

The injury inflicted upon Madras Merchants by the S. M. Ry. policy

8. The undue competition *via* Marmagoa and the obstructive rates quoted by the Southern Mahratta Railway against Madras have also inflicted serious injury upon the merchants of Madras (see Division (B), para. 15) and this part of the question appears to demand consideration and equitable treatment at the same time as the Bombay dispute is disposed of. The two parts of the question are :—

The two parts of the question to be disposed of.

(*a*) Rates and routes between Bombay and Southern Mahratta stations also Madras Railway and Southern Mahratta Joint stations.

(*b*) The claim of the Madras merchants and of the Madras Railway that the same equal mileage rates shall be levied between Madras and Southern Mahratta stations as are levied between Bombay and Southern Mahratta stations.

Necessity for following the subject since 1892

9. The two halves of this unsettled question as stated in para. 8 do not perhaps indicate much difficulty, but it is probably impossible to grasp what may be necessary to dispose of them satisfactorily without following the several transitions of the matter from June 1892. Each Railway takes its own view and no one the complete view.

Object of this note.

The object, therefore, of this note is to attract attention to the whole question and shew that it is in the best interests of the State, the Public, and of the Railways themselves, that it should be equitably and permanently disposed of by arbitration, a remedy which ought to be satisfactory to all concerned, including the Finance Minister to the Government of India.

10. It may be convenient to divide and deal with the question in the following order :—

Paras. 11, 12, 13 and 14 of this note.

Division (A.) The Madras Railway Case against the Great Indian Peninsula and Southern Mahratta Railways, as to undue preference on goods traffic between Bombay and Southern Mahratta stations and Madras Railway Joint stations.

Paras. 15, 16, 17, 18, 19 and 20.

Division (B.) The Madras merchants and Madras Railway Case against the Southern Mahratta Railway as to preferential rates with Bombay and Southern Mahratta stations and obstructive rates against Madras *via* Bangalore City and *viâ* Guntakul.

Paras. 21 & 22.

Division (C.) The technical dispute under Conference Regulation 32*a* on "consequent alterations" or, who was responsible for the fortnight's free competition in December 1898 on traffic between Bombay and Southern Mahratta stations and Joint stations with Madras Railway ?

Paras. 23, 24, & 25.

Division (D.) The loss to the State by the failure of Indian Railways to adhere to the condition attaching to Principle III of Government of India Order No. 1446 R.T., dated 12th December 1887.

Para. 24.

Conference Rules.

Para. 25.

The effect of the Marmagoa competition on all Railway rates between Poona and Trichinopoly.

Para. 29.

A Railway Commission and Standing Committees.

Para. 26.

Division (E.) Suggestions for a permanent settlement of the Marmagoa question on an equitable basis which would avoid the existing violation of Act IX of 1890.

Paras. 35 & 36.

Division (F.) The Madras Railway alternatives if the question be not equitably and permanently disposed of.

Division (A).

Madras Railway Case against the G.I.P. & S.M. Railways under the 1889, Poona Agreement and Counsel's Opinion.

11. On the 13th June 1892 the then Traffic Manager, Madras Railway, stated a case (see page 3 of Appendix) for reference to the Madras Railway Board with Counsel's opinion that the Great Indian Peninsula and Southern Mahratta Railways were violating Act IX of 1890, because the Great Indian Peninsula declined to quote the same mileage rates *viâ* Raichur (where that route was the shortest to stations south of Raichur) as those quoted *viâ* Poona—a shorter distance as far as the Great Indian Peninsula were concerned but a longer through route, over which the rates were made lower than *viâ* Raichur, the shortest route. When this apparently serious indictment went home it was expected in Madras that such orders would be promptly passed as would not only extinguish this breach, but prevent any similar violation of Railway law by Indian Railways in the future. This expectation was not realized, as for more than 6 years subsequently the preferential rates *viâ* Poona and the obstructive rates *viâ* Raichur

continued and the agreement under which this state of things existed only came to an end on 1st October 1898 by the withdrawal of the Southern Mahratta Railway from it under orders from home.

The Madras Railway notice under India Resolution No. 1446 R. T.

12. Having waited until 20th March 1894 the Madras Railway notified to all Railways (see page 15 of Appendix) that it "declined to accept in through-booking "to or over its own line any lower rates *via* longer routes than those in "operation by the shortest route." The Southern Mahratta Railway at first declined to accept this notice but goods invoiced at other rates having (under legal advice) been refused by the Madras Railway at the junction, the Southern Mahratta Railway eventually gave way under compulsion as far as traffic directly interchanged with the Madras Railway was concerned, but the practice has been continued over the South Indian Railway *via* Dharmavaram and with traffic between the Great Indian Peninsula and Southern Mahratta Railways, traffic which should travel *via* Raichur but has been consequently diverted *via* Poona. The Southern Mahratta Railway are at present booking traffic to Madras Railway stations *via* Dharmavaram and Renigunta, a longer route, at lower rates than *via* the shortest route, in opposition to the Madras Railway notice and letters addressed to both the Southern Mahratta Railway and South Indian Railway. (See page 15 of Appendix). These consignments under legal advice are being refused at Renigunta Junction until re-booked locally by the consignees, as the action of the Southern Mahratta Railway is said to be a violation of Section 42 of Act IX, the lower rates being quoted *via* Dharmavaram and Renigunta with the object of diverting traffic from the shorter route—in some cases *via* Bangalore City and in others *via* Guntakal. If the rates are not lower than those *via* the shortest route, the Madras Railway accepts traffic by any route. Much inconvenience and extra expense is being caused to Traders and the legal alternative of refusing such traffic has only been regretfully resorted to because ordinary procedure has failed. This part of the question is a repetition of the Madras Railway compulsory Bangalore City Defensive Policy of 1894. It has been suggested that the point should be referred to arbitration but it is only a fragment of the whole question. All these fragments gravitate to, and are at present controlled from, Marmagoa. If Government are unable to insist upon the whole question being referred to arbitration, and the Madras Railway abandon the policy which for years they have steadily and consistently endeavoured to pursue, the immediate alternative will be free competition, as this part of the question is further complicated by the fact that although now working under an independent agreement with the Madras Railway, the South Indian have not asserted their right to give notice and stop illegitimate traffic at Dharmavaram. In connection with this acute stage, special attention is invited to paras. 39 and 40.

The S. M. R. continue to book *via* South Indian route at rates lower than *via* shortest route in violation of Railway Act IX of 1890.

The public are put to much inconvenience and extra expense

The whole position dominated by Marmagoa.

The origin of the four Railways agreement to *send* (with an exception) all traffic by the shortest route.

13. The notice alluded to in para. 4, brought about a meeting between the Great Indian Peninsula, Madras, Southern Mahratta, and South Indian Railways on 14th January 1896 at which to prevent further competition it was agreed (with an exception) *to send* all traffic arising on each of the four Railways by the shortest route. The exception was traffic between stations Bombay to Poona (the latter station exclusive) and Southern Mahratta Railway stations, also Joint Madras Railway and Southern Mahratta Railway stations. In fact, here came in the then uncancelled preferential agreement alluded to in para. 3. which the Great Indian Peninsula and Southern Mahratta Railway officers stated was a Board arrangement and which they were unable to discuss (see Minutes of meetings, page 17 of Appendix). The South Indian Railway did not like the proposal made by the Great Indian Peninsula and supported by the Southern Mahratta Railway *to send* traffic by the shortest route, nor did it suit the Madras Railway but it was accepted to prevent loss of revenue caused by the Marmagoa competition. This shortest route agreement came to an end on 30th November 1898 by the withdrawal from it of the Southern Mahratta Railway, before any meeting had been held by the four Railways to decide whether anything was necessary to replace it.

Independent agreements since made between G. I. P. and M. R. and S. I. R. and M. Rys.

The Great Indian Peninsula and also the South Indian Railway subsequently entered into independent agreements with the Madras Railway; and curiously enough it is said to have been since stated that the South Indian Railway and Madras Railway agreement is a violation of Act IX. The evidence on which the complaint is based has not yet been received, but even if such evidence were admitted and existed the position would only be a repetition of that taken by the Great Indian Peninsula and Southern Mahratta Railways in 1889, and which has not been interfered with by Government.

14. The notice alluded to in para. 12 and the subsequent agreements alluded to in para. 13 were results of the case under division (A) hence their introduction here.

Division (B.)

The Madras Merchants and Madras Railway case against the S. M. R. for quoting preferential rates in favor of Bombay and obstructive rates against Madras.

15. On the 21st March 1898 the Traffic Manager, Madras Railway, stated a case (see page 20 of Appendix) for reference to the Madras Railway Board, pointing out that the Southern Mahratta Railway were violating Act IX from another point of view and thereby inflicting a serious injustice upon the merchants of Madras, by quoting preferential rates for traffic with Bombay and Southern Mahratta Railway stations and obstructive rates with Madras and Southern Mahratta stations. Yalvigi was taken as a point equi-distant between Madras and Bombay and it was shewn that if the Madras Railway carried traffic free from Madras to Bangalore =219 miles, the charges for the remaining 263 miles over the Southern Mahratta Railway from Bangalore to Yalvigi were considerably higher than the charges for the whole distance of 482 miles from Bombay to Yalvigi.

The S. M. R. Board suggest some equitable traffic scheme.

16. On the 19th July 1898 the Southern Mahratta Railway Board addressed the Great Indian Peninsula Railway Board and para. 5 of the Southern Mahratta Railway Secretary's letter reads as follows :—"My Board would add that they "propose to instruct their Agent in India to endeavour to arrange in concert with "the Agents of the other Railways with which we are connected some traffic scheme "*which may be equitable to all concerned* and which can be brought into force before "the next busy season begins."

The G. I. P. Board accept short notice to terminate 1889 Poona agreement on understanding it remains in force until new scheme is arranged.

17. On the 12th August 1898 the Great Indian Peninsula Railway Board addressed the Great Indian Peninsula Agent in India as follows :

> "You will observe from the enclosed correspondence that in the circum-
> "stances the Board have acceded to the request of the Board of the
> "Southern Mahratta Company to be permitted to give short notice of
> "the determination of our joint traffic working agreement. The Com-
> "pany will therefore be free to enter into a working agreement from
> "1st October next should they still so desire."
>
> "The two Boards, however, believe that another working agreement can
> "be devised which can be made equally applicable to Bombay *via* our
> "Poona and Hotgi junction or to Marmagoa ; with this in view the
> "Board desire that their General Traffic Manager should give the
> "subject very early attention in order that the new scheme can be
> "brought into operation in time for the next busy season. *Meanwhile*
> "*the present traffic agreement will remain in force.*"

S. M. R. terminate 1889 agreement.

18. On the 20th August, by Advice No. 8 (see page 25 of Appendix) the Southern Mahratta Railway notified that the reduced rates *via* Poona and Hotgi under their agreement with the Great Indian Peninsula Railway for traffic between Southern Mahratta Stations and Bombay were cancelled and replaced by higher rates from 1st October, the higher rates so notified *via* Poona and Hotgi were also applied to Marmagoa. This procedure on the surface looks fair enough and it is fair for any traffic arising or terminating at Marmagoa, but is it equitable to the public and the Railways, and good policy as far as Government is concerned *when applied to through traffic with Bombay in competition with the all-rail routes ?* This part of the question is also dealt with in paras. 25, 26, 27 and 28.

S. M. R. make heavy reductions in rates Bombay to Bangalore *via* Marmagoa without notice agreed to by their Board.

19. In the same Advice No. 8, exceptionally low rates were notified by the Southern Mahratta Railway with effect *from 1st September* between Bombay and Bangalore City *via* Marmagoa. These rates under Conference Regulations could only take effect *on 1st October* and para. 2 of the Southern Mahratta Railway Board's letter dated 19th July undertook to apply the Conference Regulations to the Marmagoa route. The para. reads as follows :—

> "My Board will be prepared to revise the working agreement between
> "this Company and the West of India Portuguese Railway Company, so
> "as to embody conditions as to notice regarding changes of rates by rail
> "or by steamer similar to those laid down by the Conference Rules."

The alternative routes to Madras and Southern Mahratta Joint-Station of Bangalore City.

There are four all-rail routes between Bombay and Bangalore as stated in para. 2 ; the *via* Poona, *via* Hotgi, *via* Raichur and Guntakul, and the *via* Raichur 5'-6" gauge route throughout. The first three involve transhipment while the fourth, though longer, is the original route without break of gauge.

The remaining route is the *via* Marmagoa and sea route by which the reduction was made and it gave the following differences per maund in favor of that route between Bombay and Bangalore City as compared with the shortest all-rail route. (*via* Raichur and Guntakul.)

	As.	P.							
Flour	... 4	2	per md. or a reduction of			Rs. 84-6-0	per wagon load of 324 mds.		
Cement	... 3	2	,,	,,	,,	64-2-0	,,	,,	,,
Potatoes	... 3	2	,,	,,	,,	64-2-0	,,	,,	,,
Sugar	... 2	4	,,	,,	,,	47-4-0	,,	,,	,,
Piece goods (Cotton)	3	6	,,	,,	,,	71-7-0	,,	,,	,,
Iron bars	... 2	8	,,	,,	,,	54-0-0	,,	,,	,,

The G. I. P. & M. R. compete with the heavy reductions *via* Marmagoa from 1st Dec. 1898.

These cases were selected at random from similar reduced rates for a total of 88 commodities for which such reduced rates were notified in the same advice. The Great Indian Peninsula and Madras Railways (owners of the all-rail route Bombay to Bangalore without break of gauge) at once reduced their rates not only to Bangalore but to stations generally in competition with the Marmagoa route.

20. The letters and rates alterations alluded to in paras. 17, 18 and 19, apparently succeeded Division (B), para. 15, hence their introduction here.

Division (C.)

The technical dispute under ConferenceRegulation 32 *a*.

21. The Agent, Southern Mahratta Railway, has stated the Southern Mahratta view of this difference of opinion under Conference Regulation 32*a*. It is printed in the Minutes of the Bombay Meeting held on 9th and 10th December 1898. (See page 40 of Appendix). The Southern Mahratta blame the Great Indian Peninsula because they competed with the Marmagoa route in their Advice 10, dated 20th October, instead of waiting to see what the Southern Mahratta Railway would notify in their Advice 10 to be issued on the same date. Is this view a reasonable one after the procedure alluded to in paras. 18 and 19 ? The statement is said to be based upon page 4 of the Minutes of the Bombay Meeting on 9th and 10th October 1898. Here is the actual wording :—"Was he (the Agent, Great Indian Peninsula) correct in assuming that the Southern Mahratta would give notice in due course on the 20th of this month (October) of the rates which would come into force on 1st December 1898 ? The Agent, Southern Mahratta Railway, said that he was correct in his assumption." Will this formal enquiry bear the Southern Mahratta Railway interpretation or was it a polite inquiry as to whether hostilities were to be resumed forthwith or deferred until 1st December ? The increased rates *via* Poona and Hotgi had been cancelled by the Southern Mahratta Railway, as a temporary measure, on or about 19th September pending a Meeting, (see page 28 of Appendix, with Southern Mahratta Agent's telegram, dated 19th September and Madras Railway Agent's reply, dated 20th idem,) but the reduced rates between Bombay and Bangalore City *via* Marmagoa (see para. 19) were understood to be still in operation. Rightly or wrongly the Great Indian Peninsula and Madras Railways decided to compete because to quote the late Lt.-Col. Conway-Gordon they did not want to be "jockeyed." At page 18, para. 156 of Government of India Order No. 1446 R. T. alluded to in para. 7 the then Director General of Railways wrote :

Who was responsible for the fortnight's free competition ?

> "At present I regret to see that a system of what I may term 'jockeying' other
> "Railway Administrations has grown up under the following clause of the Con-
> "ference rules :—"
>
> "Advices shall be sent of all changes on or before the 20th of each month and of alterations consequent thereon by the receiving railway not later than the end of the month. Advices so sent become operative one month after the 1st of the month following the date of Advice."
>
> "Railway Administrations now appear to try (especially towards other rival "Railway Administrations which are somewhat hampered in making "changes of rates by having to apply to Government before being allowed to do so) to arrange for sending out their notice of the decrease of "rates so late that the other administration has not time to notify their "corresponding reduction, and thus to secure a whole month with rates "less than the rival Company. This should be summarily put a stop to. "I think it is essential that every administration before carrying out a "reduction in a competitive through rate should have before it full information as to what corresponding reductions the other administrations "intend to make if the reduced rate is introduced. This more than "anything else would tend to stop the disputes and the ceaseless changes "of rates now going on. The length of notice now given is not long "enough to allow of the railways interested in the proposed reduction "communicating with one another or with Government before notifying "the corresponding reduction. In England changes of classification "are considered only once a year. In India, I would recommend that "all changes of rates come in quarterly on the 1st January, April, July "and October ; and that the system be modified so as to compel "Companies to give much longer notice of proposed changes than they "do now ; changes to be brought in force otherwise than quarterly as "proposed, only with the full consent of all Companies concerned."

Lt. Col. Conway Gordon on "jockeying."

The S. M. R. adopt the tactics condemned in the appendix to No 1446 R. T.

What the Southern Mahratta Railway did was to prepare and issue two complete sets of junction rate lists in one month. The first they issued on the 20th October and after receiving the Great Indian Peninsula advice of the same date the second lists were prepared or completed and issued on the 31st October as "consequent alterations" and the Southern Mahratta then declined to accept any

supplementary notice issued after 31st October. The Madras Railway contention was (1) that it is not the practice for Railways to issue more than one complete set of junction rates lists in the same month, and (2) that the second rate lists were not "consequent on" the Marmagoa competition as they cancelled *all* special rates in through-booking with the Madras Railway, even rates between Kurnool Road and Cuddapah quoted in competition with the Canal.

Active hostilities lasted a fortnight after which G. I. P. and S. M. R. reverted to original violation of Act IX of 1890.

22. This, however, is purely a technical issue which should not be allowed to obscure the main features of the question. Hostilities were resumed on 1st December and they continued for a fortnight. On and from 15th December the rates under the old agreement (the original violation of Act IX of 1890, see para. 3) were on telegrams from the Great Indian Peninsula and Southern Mahratta Boards reverted to temporarily pending an equitable settlement of the matter—and at this date there the question stands, except that another meeting of the Traffic Managers of the Great Indian Peninsula Southern Mahratta and Madras Railways and of the Agent West of India Portuguese Railway has been proposed but not yet accepted by the Southern Mahratta Railway, whose officers are probably awaiting further instructions from their Board. During this brief period of free competition traffic from Bombay to stations on the Southern Mahratta main line between Guntakul and Hospet, along the line Guntakul to Nanjangode, and Bangalore to Arsikeri travelled by the Madras Railway original route by way of Arkonam and Bangalore City, in spite of the very low preferential rates quoted *viâ* Marmagoa and of all special rates being cancelled by the Southern Mahratta Railway over their Railway *via* Bangalore and Guntakul, which ought to be sufficient to prove that the old route is still able to hold its own if free competition is to be indulged in.

Division (D.)

The condition shortest route to fix the rate being allowed to become a dead letter.

23. In Government of India Resolution No. 1446 R. T., previously alluded to (an Order which has deserved much more attention than it appears to have received during the last 10 years) Principle III at page 2, reads as follows :—

> "That when once maxima and minima rates and fares have been fixed "any further interference on the part of Government in the matter "of rates and fares is only a restraint of trade. The Railway "Administrations, who know their own interests best should be "allowed to alter their rates within the prescribed maxima and "minima to suit the varying conditions under which commercial "business is everywhere carried on."

"In granting this freedom, however, it is assumed that the English Clearing "House principle that in the case of two competitive routes between two stations, "the Company owning the shortest route fixes the rate, is accepted.

The abuse of Conference. Regulation 32(*a*)

The condition attached to the freedom granted, as indicated in para. 7, has, however, at any rate, in Southern India, practically been allowed to become a dead letter and even recently there is said to have been an instance in the Bombay Presidency of one route "jockeying" another, and attempting to buy traffic by reducing the through rate one pie per maund in their supplementary notice of what ought to be "consequent alterations" on the last day in the month, and so making their route cheaper under present Conference Regulation 32a for a period of one month or until the other Railway noticed the trick which had been played upon it and took action.

That vicious "provided it be the cheapest" in Conference Regulation 27.

24. The original Conference Regulation 27 which reads as follows :—"That "in the absence of specific instructions on the part of the consignor, all traffic "shall be booked by the shortest route, provided it be the cheapest," was proposed by Major Conway-Gordon at the Railway Conference of 1882. The Madras Railway delegate voted against the proposal and it seems probable that when later the then Director General of Railways wrote the enclosure to No. 1446 R. T., he would gladly have expunged it from the Conference Regulations, for whatever may be the general opinion as to *sending* all traffic by the shortest route there can be no possible doubt that the vicious "provided it be the cheapest," has steadily invited what is neither more nor less than the buying of traffic at the expense of the State. Of the minority who opposed this Regulation Mr. Lightfoot, the delegate for the Scinde Punjaub and Delhi Railway, seems to be the only officer now in India.

Necessity for the vital clause under Principle III.

25. If Government insisted where contracts do not interfere, (and probably the Madras Railway is about the only Railway which could now decline to accept the ruling) that the freedom under Principle III would only be accorded upon the acceptance of the vital clause that the shortest route between two stations shall fix the rate and that there shall be no lower rates either through or by re-booking than those in force by the shortest route, many disputes and much

loss of revenue would be avoided. This loss in Southern India has to a great extent been mitigated by the action of the Madras Railway, (see para. 12) but if that notice were withdrawn, the rates in the whole area between Poona and Trichinopoly would collapse as they did in the restricted area during the recent competition. To ascertain what revenue may be unnecessarily sacrificed in this way it might be in the best interests of Government if an officer of the Accounts Department were placed on special duty to determine, even approximately, the sum lost to Government during this short period. A searching enquiry into rates alterations generally would also be of much advantage as it would probably disclose that two-thirds of them are not made because there is any necessity, as far as the traffic itself is concerned, but are chiefly reductions to divert traffic from neighbouring routes. This application of the condition attached to Principle III would prevent this.

Enquiry by Government Accounts officer recommended.

Main features of competition in 1882

26. When the Secretary of State in March 1882 merely favoured the Director General's Principle V without reference to the English Clearing House rule (subsequently "assumed" in the Government of India observations but not included in the Resolution) the main features of the competition appear to have been practically Bombay *versus* Calcutta. The Director General's Principle V resolved itself into Principle III in the No. 1446 R. T. observations, with the English Clearing House principle added.

The original read as follows :—

> "That in fixing within the prescribed legal maxima the actual rates and "fares to be charged to the Public, Railway Administrations must "be regarded as other ordinary traders and allowed to alter their "charges to suit the varying conditions under which commercial "business is everywhere carried on; that all idea of fixing rates on "the basis of their varying directly with the mileage or with the "cost of working or with the cost of the line, or with the profits "gained or upon any other fixed and invariable principle must be "definitely abandoned; that although these are all necessarily factors "in fixing rates as well as the amount of traffic to be carried, the "value of the articles, the bulk of goods, the risk in, and expense of "handling, the result, after allowing for these factors has to be "profoundly modified by the necessities of trade and by the com-"petition on other routes by water or by other railways.
>
> "That, in fact, it has to be recognised that the only principle involved "is that the rates should be not the highest rates that Railway "Administrations can obtain but the highest rates they can obtain "consistently with keeping up their traffic."

Marmagoa policy prevents fair earnings.

From this it seems clear the Secretary of State's intention was that Railways should be permitted to levy "the highest rates they can obtain consistently with keeping up their traffic," but this is precisely what the Southern Mahratta Railway Marmagoa policy has prevented. The Government of India apparently only felt justified in "assuming" that the shortest route should fix the rate between stations and the pernicious "provided it be the cheapest" which crept into the closely allied Conference Regulation 27 has been allowed to stand.

What would happen in England if "provided they be fixed the cheapest" were applied to the Clearing House rule.

It would be interesting to hear the opinion of an English Expert (say Sir William Birt) as to what would be likely to happen in England (when the longer routes had discovered the misadventure,) if to the English Clearing House rule were added "provided it be fixed the cheapest." There is absolutely no danger that Indian rates will be fixed higher than the traffic will bear but rather the reverse, particularly with Traffic officers who at first may not be aware how difficult it is to raise a rate after it has once been reduced. The Indian Midland, Great Indian Peninsula, and Madras Railways at the present time are carrying grain (not for export) on a through distance of 1453 miles at approximately a farthing per ton per mile, simply because a higher rate would not bring the traffic, but this is a very different object from that of quoting against neigbouring railways for traffic between two stations to which there are two or more routes.

A farthing a ton a mile for long distance grain.

What are equal mileage rates?

What are equal mileage rates? The "equal mileage rates" originally favoured by the Bombay Government (but according to the Appendix to No. 1446 R. T., not accepted by the Secretary of State,) appear to have been an equal rate per mile between any two fixed points whether from opposite sides of the Peninsula or over more than one route between the same forwarding and receiving stations but this interpretation of the term although perhaps strictly accurate would leave the public no choice of routes. It would also in some cases prevent older routes

English Ry. interpretation of term equal mileage rates.

from earning the fair share of revenue anticipated when their capital was invested, as in the case of the longer or Jubbulpore route between Bombay and Calcutta. The English interpretation of the term is an equalization of rates by all routes but based on equal mileage by the shortest route. From Bombay and from Calcutta to prevent either Port from attracting more than its fair share of traffic from that part of the country in the region of the equi-distant point between the two places, the Great Indian Peninsula and East Indian Railways now have what is also termed an equal mileage arrangement, (see para. 28) but whether the term "equal mileage rates" be taken literally in the case of competing routes between Bombay and Southern Mahratta Stations, or merely applied over the shortest route as a base on which to equalise the rates by the longer routes, it seems to be very clear that if the same rates per mile are levied between Marmagoa and Southern Mahratta Stations on *Bombay traffic* (with merely a nominal shipping charge added for the 253 miles of sea between Marmagoa and Bombay) as are levied between Bombay and Southern Mahratta stations by the all-rail routes the result will be not equal, but unequal mileage rates. The Southern Mahratta Railway are claiming these unequal rates. (See letter from Agent Southern Mahratta Railway, to Agent and Manager Madras Railway, and letter in reply, at page 39 of Appendix.)

Unequal mileage rates.

The S. M. Ry. claim, a misnomer.

The convenience to the public of equalised rates between fixed points by all routes.

27. As an illustration of the convenience to the public of an equalisation of rates by all Railway routes between stations under the condition attached to "Principle III" and subject to the Government minimum, the following case which occurred at the beginning of January is given:—Brig.-General Curteis who is leaving Bangalore, wished to send a tonga, a dogcart and a "T" cart to Umballa, 1849 miles, in a through goods wagon, the vehicles being taken to pieces and packed, the total weight being less than a ton. The advertised value of the three vehicles is approximately Rs. 1,200. The charges to Umballa as for 3 tons (a through wagon) would be Rs. 453-3-0, but if the consignment were transhipped at least 6 if not 10 times on the way, the charges would be Rs. 347-14-0. General Curteis objected altogether to transhipment but did not see his way to pay Rs. 453-3-0. The Madras Railway, therefore, telegraphed to the Great Indian Peninsula, Indian Midland, and East Indian to agree to a wagon rate of 3 annas per mile at owner's risk. This is admittedly a technical breach of the Conference rule but was considered justifiable under the circumstances. The Great Indian Peninsula agreed subject to the agreement of other Railways; the Indian Midland, and East Indian, did not see their way to infringe the Conference rule and at this date (10th January 1899) the traffic has not been despatched. Now if the shortest route fixed the rate absolutely between stations (not junctions) and there could be no "jockeying" or lower quotations, the suspicion which at present surrounds any proposed alterations would disappear and a notice of 40 days from the 20th of any given month would be quite unnecessary in a case of this description. Ordinary rates alterations might be made even quarterly instead of monthly as their number would decrease but the necessity to refuse traffic at owner's risk at 3 annas per wagon per mile on a lead of 1849 miles would most assuredly not present itself. What Indian Railways are tempted to do under the present system is—as far as they dare—to refight the English Railway battles which created the principle alluded to instead of profiting by the costly experience on which the English Clearing House rule was built.

Possible loss of traffic owing to suspicion caused by present system.

Exception to shortest route fixing the rate.

28. From "an equitable Marmagoa area" Southern Mahratta Railway traffic with Bombay (which for political or other reasons it may be desirable to send *via* Marmagoa whether it would at equal rates follow that route or not) might, in our opinion, be reasonably carried at lower rates than *via* the shortest route, but this should only be permitted under the special sanction of the Government of India, the difference in the rates being fixed by arbitration, as it is exceedingly improbable, if not absolutely impossible, that the Railways actually concerned can ever decide what constitutes an equitable difference to compensate the owner of the traffic for sending it by the sea instead of by the all-rail route. Such rates would also have to be adjusted to prevent an unfair share of traffic from following the Marmagoa route. Possibly there are other places in India requiring similar treatment, but if the exceptions to the general principle were only permitted under the special sanction of the Government of India on evidence as to their necessity, the principle would be preserved.

A Railway commission. Who is prepared to pay for one?

29. Government officers have suggested, and Indian Railways have asked each other, or the public, on this grievance, why they did not call for a Railway Commission. Section 35 of Indian Railway Act IX of 1890 reads:—
"The costs of and incidental to any proceedings before the Commissioners or
"the High Court under this chapter shall be in the discretion of the Commis-
"sioners or the High Court, as the case may be, and the payment of costs

"awarded by the Commissioners may be enforced by the Court, of which
"the Law Commissioner was a judge, as if the payment had been ordered by a
"decree of a High Court."

It might pay the Indian Government to accept the expense of a Railway commission.

No Indian Railway, Public body, or individual, as far as is known, has yet cared to risk placing in motion at its own expense an unknown legal machine the cost of which they might be unable to control when they had seen sufficient of its action; but it might pay the Indian Government handsomely and also be in the interests of the Colonial Department as well as of subjects, like "Casim Abdulla Sait" if a Commission were appointed at the expense of Government to settle once for all the Marmagoa question—(see paras. 30 to 35 on suggestions for arbitration.) The numerous appeals from native traders to the Bombay Railway and Government authorities would be interesting to such a commission. Under Section 41 of Act IX quoted below ordinary courts apparently have no jurisdiction with regard to traffic facilities:—

Some protection necessary for the native trader.

SECTION 41. "Except as provided in this Act, no suit shall be in-
"stituted or proceeding taken for anything done or any omission
"made by a Railway Administration in violation or contravention
"of any provision of this chapter or of any order made there-
"under by the Commissioners or by a High Court,

And under sections 27 & 28 it appears to be questionable whether even the Governor-General in Council has power to order the Commissioners to take cognizance of a case unless not merely one but all the parties concerned apply to have it referred to the Commissioners.

SECTION 27. "The Commissioners shall take cognizance of such cases only
"as are referred to them by the Governor-General in Council.

SECTION 28. "In any of the following circumstance, namely:—

(*a*) "where complaint is made to the Governor-General in Council of
"anything done or any omission made by a railway administra-
"tion in violation or contravention of any provision of this
"chapter;

(*b*) "where any difference which is under the provisions of any agree-
"ment required or authorised to be referred to arbitration arises
"between railway administrations, and the railway administrations
"apply to the Governor-General in Council to have it referred to
"the Commissioners;

(*c*) "where any other difference being a difference between Railway
"Administrations or one to which a railway administration is a
"party, arises, and the parties thereto apply to the Governor-
"General in Council to have it referred to the Commissioners;
"the Governor-General in Council may, if he thinks fit, refer the case to
"the Commissioners for decision."

Standing Committees and their effect upon disputes.

It is eleven years since No. 1446 R. T. (see para. 130, page 13 of that Resolution) was issued yet the only existing Indian Railway Committee of any description is the Claims Arbitration Committee of Southern India, which was formed on the initiative of the Madras Railway on the 19th July 1895. If five or more Traffic Managers Committees and a similar number of Agents or Managers Committees were formed in different parts of India, each of the provincial or District Committees selecting by ballot a member to serve on a superior standing Committee to which any District Committee by vote might refer cases for final decision, Marmagoa disputes would probably at once disappear. The chief obstacle, however, at least on several Railways, is that they are so under-staffed that office and other work will not permit their representatives to leave the home line. The sanction of an additional officer where necessary ought to be preferable to the present loss of revenue.

Division (E).

M. R. claim for equal mileage rates between Bombay & S. M. stations and Madras & S. M. stations.

30. At the Meeting held in Bombay on the 9th and 10th December 1898 the Madras Railway claimed:—

1. "That there shall be no lower rates either through or by re-booking for traffic between Bombay and Southern Mahratta Railway stations, or Madras and Southern Mahratta Railway stations than those in force *viâ* the shortest route between such stations; equal conditions also being applied.

2. "That it is essential that these conditions be accepted before any permanent revision of such rates be again discussed for the following reasons:—

(*a*) "They would if adopted, enable a revision to be made on a permanent basis and prevent the possibility of loss of revenue

through existing competition carried on to divert traffic for the benefit of any particular railway or railways concerned.

(*b*) "They would be equally fair to both Bombay and Madras merchants, and are believed to be strictly in accordance with the wishes of the Secretary of State and of the Government of India, *vide* Government of India Order No. 1446 R. T., dated the 12th of December 1887 (Principle III).

3. "That equal mileage rates and conditions between Bombay and Southern Mahratta Railway stations, and between Madras and Southern Mahratta Railway stations by the shortest route shall be applied to all routes, and in the case of the shortest route divided on the mileage exclusive of terminals the proportions by the longer route or routes being apportioned by the railways immediately concerned as agreed upon, the terminals to be equal in all cases."

The humiliation of the G. I. P. re-acts on the Madras Railway.

The apportionment on mileage would have been suggested by all routes but the South Indian assent for traffic between Madras and Southern Mahratta stations in which that Railway may be interested was only received by the Madras Railway representative after the meeting. The equal terminal proposal was of course only a compulsory proposal, a reaction on Madras of the humiliation of the Great Indian Peninsula Railway by the Marmagoa policy. The Madras Railway sanctioned terminal is 4 pies a maund and under the English practice based on the highest legal opinion, the authorised terminals should be first deducted and the balance of the through rate divided according to mileage.

S. M. R. & W.I.P. objection.

The Southern Mahratta and West of India Portuguese Railways did not accept the Madras Railway proposal because if the *viâ* Marmagoa rates with Bombay were so arranged it is said that practically no traffic would travel by that route. The Great Indian Peninsula were understood to prefer that a "short distance allowance" should be attached to equal mileage proposals between Bombay and Southern Mahratta stations and Madras and Southern Mahratta stations. The special sanction of the Government of India to exceptional rates for an "equitable Marmagoa area" should meet the Southern Mahratta Railway and West of India Portuguese objection, and if each railway obtained its proper terminal before division of the balance of receipts on mileage it is difficult to see how a more equitable division of receipts could be made. Any short distance allowance could only be equitably applied if calculated per mile. The Great Indian Peninsula and the East Indian now work on the following rule between Bombay and Calcutta. "The East Indian Railway to recognize the right of "the Great Indian Peninsula Railway to maintain when necessary by reduction "in its own proportion, the same mileage rates from any station on the East "Indian Railway and *via* to Bombay as the East Indian Railway quote to "Howrah, from the same station" but with the low shipping rates from Bombay this would not suit Madras as it operates in favor of the port and Railway or Railways which can command the longer lead—in this case Bombay.

Exceptional rates for an equitable Marmagoa area.

A short distance scale based on mileage.

The following short distance scale would perhaps be fairer to all concerned if applied by all routes between Southern Mahratta Railway Stations and Bombay as well as Madras.

"Compensation for short distances shall be made on any distance up to 125 miles by the Railway with the longer lead when that lead exceeds 200 miles but not otherwise.

Subject to the above rule when the total mileage is less than 400 miles the short distance allowance shall be ·025 per maund per mile calculated on the short distance = 1 pie per maund for every 40 miles or portion of 40 miles of the short distance.

Similarly when the total distance exceeds 400 miles the short distance allowance shall be ·050 per maund per mile = to 1 pie per maund for every 20 miles or part of 20 miles of the short distance."

First thing necessary is to allot an equitable area to the Marmagoa route and introduce the condition attached to Principle III.

To arrange what the Southern Mahratta Secretary terms "a traffic scheme which may be equitable to all concerned" it seems obvious that the first thing to be settled is the actual area which can be equitably allotted to the Marmagoa route. It should be remembered that the public as well as the Railways are here concerned and that it is only when a reasonable difference in fair rates renders the Marmagoa route advantageous to merchants that traffic can equitably follow that route. The whole question then may be said to turn upon this and upon the English Clearing House principle as to the shortest route fixing

the rate. Having allotted the Marmagoa area it might be desirable also to fix the areas for other routes to save the traffic canvassing friction, but this should give no trouble if the Marmagoa area had been disposed of permanently by arbitration. The rates by the shortest Railway route between Bombay and Southern Mahratta Stations could then be raised to the level the traffic could reasonably be expected to bear, rates *viâ* the longer routes being equalised, subject to the Government minimum, under the condition attached to "Principle III;" after which the reduction necessary to the *viâ* Marmagoa area could be applied, subject to modification with the consent of the arbitrators if its effect did not accord with their intentions. The English principle of applying the same through rate by all routes permits the trader to select that route which has the station nearest to his business or market or which in consequence of continuity of gauge is more suitable for heavy girders, fruit, or other articles likely to be injured by transhipment, see para. 27, in reference to Brig.-General Curteis' dogcarts. Should it be decided to fix the routes, however, a sender could still send by any route he selected, an allowance of 20 per cent. of the receipts on such traffic for cost of working (or such percentage as would not tend to divert traffic from the routes laid down), being paid to the carrying route.

What is an equitable area for the Marmagoa route.

31. What is an equitable area for the Marmagoa route?

Taking the Southern Mahratta Railway Poona Branch, Bombay to Belgaum *viâ* Marmagoa may be said to be 356 miles and *viâ* Poona the all-rail route 364 miles.

On the Bijapur Branch *viâ* Hotgi, the mileages meet near Alur which is 445 miles *viâ* Marmagoa and 435 *viâ* Hotgi.

The *viâ* Marmagoa and *via* Raichur Guntakul mileages meet on the Bellary Branch near Baivanhal which is 528 miles *via* Marmagoa and 529 miles *viâ* Guntakul and Raichur.

The *via* Marmagoa mileage down the Harihar Branch passes Bangalore as far as Rajankunte the distance being 679 miles against 677 *via* Raichur and Guntakul.

In each case it should be a question of public as well as of Railway evidence as to how far the Marmagoa area can be equitably permitted to extend and to what extent the Southern Mahratta Railway, as a Railway, are justified in feeding the steamers of a private firm at the expense of the all-rail routes and the convenience of the public—*vide* Casim Abdula Sait's appeal by telegraph page 45 of the Appendix.

The basis of an agreement for other S. M. Ry., M. R. & G. I. P. routes for Bombay traffic.

32. The meeting points of the mileages in the four routes just named are shown on the attached skeleton map B, the sea-route division by a white chain and the all-rail route division in red.

Guntakul and Bangalore City Joint Madras and Southern Mahratta Railway Stations are shown in red circles. They can both be reached without break of gauge by the broad gauge route as explained in para. 2. Should it be considered desirable to fix the all-rail routes, the following might be considered as a basis. After fixing the Marmagoa area which would also fix the *via* Poona and that part of the Hotgi area which lies north of Marmagoa, the receipts from all other Southern Mahratta Railway stations on Bombay traffic (Bangalore City and Guntakul Joint stations excepted) could be divided equally between the *via* Raichur and Guntakul and *via* Hotgi routes, rates to be equalised under the "Principle III" condition the percentage agreed upon to be paid to the Railway carrying traffic over and above its 50 per cent. Both Guntakul and Bangalore City can be reached without break of gauge and at present practically all the traffic may be said to be following the broad gauge route. But at fair rates all round it would pay to divide the Guntakul traffic half *via* Hotgi and half *via* Raichur, the Bangalore City traffic going half *via* Guntakul and Raichur, and half *via* Raichur without break of gauge. In these cases also the carrying percentage fixed would be paid to the railways concerned on any thing in excess of 50 per cent. of the traffic.

Rates between Madras and S M. stations

33. The rates between Bombay and Southern Mahratta stations having been fixed, a similar mileage scale of rates should be applied between Southern Mahratta Railway stations and Madras, each Railway to deduct its terminals before division of receipts. These scales should be worked out definitely for each group of miles on the same principle as the scales at pages 261 to 266 of the Madras Railway January 1899 classification. Under the "combined and differential" rules at present in force on most Railways even the railway staff are frequently unable to say what the actual rate is. Should a "short distance scale" be accepted it would, of course, apply to both Bombay and Madras traffic with Southern Mahratta stations.

A special Arbitration Committee suggested.

34. Should Government not be disposed to appoint a Commission at its own expense to settle the Marmagoa area permanently, it might be desirable to refer the whole question to an Arbitration Committee composed of say:—the Consulting Engineers of Bombay and Madras, two uninterested Traffic Managers, and two Chief Auditors, with the Director of Traffic as Chairman. The Traffic and Audit Members should not be selected from State Railways in such a case and issues should be framed and decided by the majority of votes, the Chairman only to vote when required to decide any evenly balanced opinions; and it would pay Government to sanction liberal fees to all the Members of such a Committee to put their best work into it, which could only be done by sacrificing what ought to be their own time for relaxation from work.

Division (F).

Has the Madras Railway Policy been wrong?

35. Is it possible that the Madras Railway policy in India during the last 11 years has been wrong, and that the intentions of Government have been misunderstood? It is almost impossible to believe that this can be so; still there is the Great Indian Peninsula and Southern Mahratta Railway violation of Act IX of 1890 which was brought to notice in 1892; it was recently cancelled for about two months but was reverted to on orders from the Home Boards though it is now supposed to enjoy only a temporary existence. If the Madras Railway Policy has been a mistake, the responsibility may be said to rest mainly upon the English legal and expert evidence reviewed and appended to No. 1446 R. T. and if the Government and the Board approve, it would be a simple matter to relax the condition attached to Principle III (see para. 12) and to quote against competing Railways. The Great Indian Peninsula Railway may now almost be said to be Government property. If the Madras Railway Policy has been wrong, the Great Indian Peninsula Policy stands out as an example. The Southern Mahratta Railway have on more than one occasion during the last 12 years made unofficial overtures to the Madras Railway for an independent agreement. Clearly then for a "consideration" the Madras Railway might turn all goods traffic for North of Raichur into the hands of the Southern Mahratta Railway at Guntakul for *via* Hotgi, *via* Poona, or *via* Marmagoa (see telegrams printed at page 45 of Appendix). The only exception worth mentioning would be the traffic from Madras to the Nizam's and East Coast Railways, for which the Great Indian Peninsula with their rates forced down would assist the Madras Railway in competing against the newly opened Madras Bezwada State Railway. The "*via* Wadi" route would suit the Nizam's Guaranteed State Railway, where it gave them the longer lead and traffic which it suited them to receive *via* Bezwada could under a Southern Mahratta Railway "consideration" arrangement, travel *via* Guntakul and Bezwada. Of course the profits (if there were any) would not be extravagant, as all the Railways between Poona and Trichinopoly would be quoting freely against each other, but the result as far as the Madras and Southern Mahratta Shareholders were concerned would be almost, if not quite, immaterial. The Madras Railway would continue to pay its 5 per cent. and the Southern Mahratta Railway to deduct its working expenses from its gross earnings—as usual—before sharing the product with Government.

A simple and easy alternative for the Madras Railway Executive.

An independent agreement with the S. M. R. for a "consideration."

The Madras Railway has steadily aimed at a sound policy.

36. A Madras Railway understanding with the Southern Mahratta Railway and joint or independent competition may not appear to be imminent, but there is, of course, a limit even to the patience of a Railway Administration. The Company has during all these years (as far as it has been permitted) and without any visible support in response to its appeals for assistance, striven to adhere to a policy based on the soundest European Railway law and practice as accepted in No. 1446 R. T. and sketched and provided for in the Indian Railway Act IX of 1890. In para. 16 of the Madras Railway 1892 case (see page 6 of the appendix) the then Traffic Manager (now Agent) wrote:—

> "A remedy that can be adopted by the Madras Railway to keep the "goods traffic to its own system is to raise the rates between Banga- "lore and stations in the South, but I hesitate to recommend the "adoption of this course as it might be urged that we also were "attempting to ride through clauses 42 & 43 of the Railway Act."

37. It is not pretended that many counter moves in the quotation of rates have not been made by the Madras Railway since it recognized that the 1892 appeal had been unsuccessful, but the fullest enquiry as to whether such changes have been aggressive or defensive is courted. At the present time (13th January 1899) the Great Indian Peninsula are charging rates from Bombay to and *via* Bangalore City by the broad gauge route which they and the Madras Railway believe to be applicable under the truce agreed upon by the Great Indian Peninsula and Southern Mahratta Boards, but these rates are being challenged by the Southern Mahratta Railway Executive although their existing Marmagoa rates for Bombay are much lower.

Increased office expenses.

38. The Madras Railway Traffic Manager's office staff has had to be considerably increased to keep pace with the kaleidoscopic rates-revisions which have formed the attacks and counter moves or defensive alterations and to conduct the interminable correspondence brought about by the general wrangle in addition to which the management is at the present time being harassed by the loss of revenue, disorganization of the traffic and train service, and the extra work caused by necessary plague preventive measures and voluminous plague orders which are being applied by and to the Railway staff.

Plague difficulties.

Difficulties caused by absence of Government ruling

39. The absence of a Government ruling on the Marmagoa and competitive traffic question has imposed upon the management of the Madras Railway and no doubt upon that of other Railways concerned, responsibilities and anxieties which on an English Railway would in any serious emergency be removed by a reference to the Board on the spot, but the Madras Railway responsibilities have been further increased by the fact that it has had to stand alone in its endeavour to adhere to the No. 1446 R. T. policy while certain other Railways have been allowed to steadily ignore the existence of that order.

M. R. power under its contract.

A last resource.

Present position intolerable.

40. The financial success of certain railways in Southern India may now be said to be practically under the control of the Madras Railway should it elect to use its power Its contract, as a whole, while liable to legal interpretations innumerable, is very clear on one point, *viz.*, that there can be no interference with its rates unless and until it pays 10 per cent. Its continuous policy under the most severe provocation ought to be a sufficient guarantee that only as a last resource would this final defensive alternative even be brought to notice, but, as at present there are much more serious indications of the approach of a rates war in the whole area between Poona and Trichinopoly than existed in the Southern Mahratta District three months ago, it seems to be impossible that the position (which has become altogether intolerable) can be too plainly stated in order that the threatening competition may not be lightly undertaken and in the hope that its consequent loss to the State may yet be averted by a reasonable Government intervention which would ensure a final settlement of the whole question by arbitration and preclude the possibility of any future danger—hence this note.

Louis. J. Moss.

Agent and Manager,
Madras Railway.

Agreed

Traffic Manager,
Madras Railway.

MADRAS,
15*th Jan.* 1899.

APPENDIX.

CONTENTS.

Page.

1. Great Indian Peninsula and Southern Mahratta Railways Agreement, dated 26th August 1889.

3. Letter, O-6188, dated 13th June 1892, from Traffic Manager, Madras Railway Company, to Agent and Manager, Madras Railway Company, stating case for Madras Railway Board with Counsel's Opinion.

14. Letter No. 5731, dated 26th February 1895, from General Traffic Manager, Great Indian Peninsula Railway.

Letter No. 50218, dated 4th November 1898, from Traffic Manager, Madras Railway Company.

Telegrams Nos. O-52 and O-64, dated 26th February and 1st March 1895, from the Traffic Manager, Madras Railway Company, to the General Traffic Manager, Great Indian Peninsula Railway, Bombay.

15. Madras Railway Tariff Changes No. 134 of 1894, para. 1. and letters to Traffic Managers, South Indian Railway and Southern Mahratta Railway, dated 15th and 24th November 1898.

17. Minutes of Meeting held in Poona on 14th January 1896, under which it was agreed to send certain traffic by the shortest route.

20. Letter, No. O-58599, dated 21st March 1898, from Traffic Manager, Madras Railway Company, to Agent and Manager, stating Madras merchants and Madras Railway case against the Southern Mahratta Railway.

25. Southern Mahratta Railway Rates Advice 8 of 1893.

28. Telegram from Agent, Southern Mahratta Railway, dated 19th September 1898 to Agent, Madras Railway.

" " Madras Railway " " 20th " in reply.

29. Minutes of Meeting held in Bombay on 10th October 1898.

39. Letter No. 10956, dated 8th November, from Agent, Southern Mahratta Railway, to Agent and Manager, Madras Railway Company.

Letter in reply, dated 3rd December, from Agent and Manager, Madras Railway Company to Agent, Southern Mahratta Railway.

40. Minutes of Meeting held in Bombay on 9th and 10th December 1898.

45. Telegram, dated 18th December 1898, from Casim Abdulla Sait to Traffic Manager, Madras Railway Company.

Telegram, dated 12th December 1898, from Agent and Manager, Madras Railway, to Agent, Great Indian Peninsula Railway, and telegram, dated, 13th December, from Agent Great Indian Peninsula Railway, to Agent and Manager, Madras Railway.

AGREEMENT BETWEEN GREAT INDIAN PENINSULA AND SOUTHERN MAHRATTA RAILWAYS.

Memorandum of Supplementary Agreement, for the interchange of Through Goods Traffic between all the stations of the Great Indian Peninsula Railway in Bombay, and stations of the Southern Mahratta Railway, made between the Southern Mahratta and the Great Indian Peninsula Railway Companies, this twenty-sixth day of August 1889.

Term of supplementary agreement, and notice to cancel.

1. This Agreement shall be in force from the first of October 1889, and shall be considered as supplementary to, and part of, the general agreement between the two Railways for interchange of through traffic, and for the provision and maintenance and working of the Hotgi joint station, dated the first of December 1883, and of the General Agreement between the two Railways for interchange of through traffic and for the provision and maintenance and working of the Poona joint station, dated 11th January 1889. Any notice to cancel those General Agreements shall be considered and accepted, unless otherwise specifically arranged, as also a notice to cancel this Supplementary Agreement. But this supplementary agreement may be cancelled without any reference to the general agreements, upon six months' notice from either side.

This supplementary agreement confined to goods traffic between Bombay and stations of Southern Mahratta Railway.

2. The general agreements of the first of December 1883 and the eleventh of January 1889, provide for the general interchange of through traffic between all stations of the two Railways, and in carrying out this Supplementary Agreement for goods traffic, between the Bombay stations of the Great Indian Peninsula Railway and the stations of the Southern Mahratta Railway reached *viâ* Poona and *viâ* Hotgi, respectively, the following arrangements shall be adhered to, namely:—

Special through goods rates under this Supplementary Agreement and to be divided on mileage.

First.—That, subject to the provisions of the second paragraph of this clause, all goods which are carried at any of the ordinary five class rates or at the special class rates, shall be charged at through rates between all the Bombay stations of the Great Indian Peninsula Railway, and the several stations of the Southern Mahratta Railway, reached *via* Hotgi and *via* Poona, which shall be calculated upon a sliding scale, according to distance, which scale shall, for the present, be that shown in the schedule number one, attached to this Supplementary Agreement, and the charge throughout, at the same rate per ton per mile for the through distance over both Railways, with the addition of a terminal for each Railway, of three pies per maund, shall be divided on actual mileage, after the deduction of the terminal of each Railway.

For goods carried at special rates, the rates shall be mutually agreed upon, from time to time, by the two Railways, and shall be also divided upon the mileage of both Railways over which the goods are actually conveyed, care being taken that the special rates are so fixed, for each place respectively, as to prevent re-booking.

Rates applicable to goods between Bombay and stations of Southern Mahratta Railway.

Second.—That the rates between Bombay and the stations mentioned in Schedule number two, reached *via* Poona and *via* Hotgi, shall, for the present, be those mentioned in that Schedule, and the through rates referred to in para. 1 of this clause, shall apply to all places on the Southern Mahratta Railway which are not mentioned in Schedule number two. The rates in Schedule number two have been so fixed as to prevent re-booking in any case. That, after deduction of the terminal of each Railway, the division of the rates in Schedule number two shall be on mileage proportion of each Railway.

Route of traffic referred to in this supplementary arrangement.

Third.—That, in carrying out these arrangements, all goods booked through between the Bombay stations of the Great Indian Peninsula Railway and stations of the Southern Mahratta Railway, shall be exchanged, between the two Railways, at either Poona or Hotgi only. Goods carried between Bombay and any stations on the Southern Mahratta Railway which lie west and south of their station called Halkoti, shall be exchanged only at Poona, and goods carried between Bombay and any station of the Southern Mahratta Railway east of, and including Halkoti, shall be exchanged at Hotgi.

AGREEMENT BETWEEN GREAT INDIAN PENINSULA AND SOUTHERN MAHRATTA RAILWAYS.

Memorandum of Supplementary Agreement, for the interchange of Through Goods Traffic between all the stations of the Great Indian Peninsula Railway in Bombay, and stations of the Southern Mahratta Railway, made between the Southern Mahratta and the Great Indian Peninsula Railway Companies, this twenty-sixth day of August 1889.

Term of supplementary agreement, and notice to cancel.

1. This Agreement shall be in force from the first of October 1889, and shall be considered as supplementary to, and part of, the general agreement between the two Railways for interchange of through traffic, and for the provision and maintenance and working of the Hotgi joint station, dated the first of December 1883, and of the General Agreement between the two Railways for interchange of through traffic and for the provision and maintenance and working of the Poona joint station, dated 11th January 1889. Any notice to cancel those General Agreements shall be considered and accepted, unless otherwise specifically arranged, as also a notice to cancel this Supplementary Agreement. But this supplementary agreement may be cancelled without any reference to the general agreements, upon six months' notice from either side.

This supplementary agreement confined to goods traffic between Bombay and stations of Southern Mahratta Railway.

2. The general agreements of the first of December 1883 and the eleventh of January 1889, provide for the general interchange of through traffic between all stations of the two Railways, and in carrying out this Supplementary Agreement for goods traffic, between the Bombay stations of the Great Indian Peninsula Railway and the stations of the Southern Mahratta Railway reached *viâ* Poona and *viâ* Hotgi, respectively, the following arrangements shall be adhered to, namely:—

Special through goods rates under this Supplementary Agreement and to be divided on mileage.

First.—That, subject to the provisions of the second paragraph of this clause, all goods which are carried at any of the ordinary five class rates or at the special class rates, shall be charged at through rates between all the Bombay stations of the Great Indian Peninsula Railway, and the several stations of the Southern Mahratta Railway, reached *via* Hotgi and *via* Poona, which shall be calculated upon a sliding scale, according to distance, which scale shall, for the present, be that shown in the schedule number one, attached to this Supplementary Agreement, and the charge throughout, at the same rate per ton per mile for the through distance over both Railways, with the addition of a terminal for each Railway, of three pies per maund, shall be divided on actual mileage, after the deduction of the terminal of each Railway.

For goods carried at special rates, the rates shall be mutually agreed upon, from time to time, by the two Railways, and shall be also divided upon the mileage of both Railways over which the goods are actually conveyed, care being taken that the special rates are so fixed, for each place respectively, as to prevent re-booking.

Rates applicable to goods between Bombay and stations of Southern Mahratta Railway.

Second.—That the rates between Bombay and the stations mentioned in Schedule number two, reached *via* Poona and *via* Hotgi, shall, for the present, be those mentioned in that Schedule, and the through rates referred to in para. 1 of this clause, shall apply to all places on the Southern Mahratta Railway which are not mentioned in Schedule number two. The rates in Schedule number two have been so fixed as to prevent re-booking in any case. That, after deduction of the terminal of each Railway, the division of the rates in Schedule number two shall be on mileage proportion of each Railway.

Route of traffic referred to in this supplementary arrangement.

Third.—That, in carrying out these arrangements, all goods booked through between the Bombay stations of the Great Indian Peninsula Railway and stations of the Southern Mahratta Railway, shall be exchanged, between the two Railways, at either Poona or Hotgi only. Goods carried between Bombay and any stations on the Southern Mahratta Railway which lie west and south of their station called Halkoti, shall be exchanged only at Poona, and goods carried between Bombay and any station of the Southern Mahratta Railway east of, and including Halkoti, shall be exchanged at Hotgi.

Fourth.—That the rates between Guntakal and Bombay, by the Southern Mahratta route to Hotgi, shall be fixed at such a figure, not exceeding ordinary mileage rates and terminals of the Southern Mahratta Railway, as will not offer any inducement for goods to be booked between Bombay and Madras Railway stations, by way of the Southern Mahratta Railway *via* Hotgi, or *via* Poona, the intention being, that goods booked between Bombay and stations of the Madras Railway beyond Guntakal, shall not be diverted to the Southern Mahratta route, the route of the Great Indian Peninsula and Madras Railways *via* Raichur, being shorter than the route of the Great Indian Peninsula and Southern Mahratta Railways *via* Poona or *via* Hotgi.

Goods traffic between Madras and Great Indian Peninsula Railways not to be diverted to Southern Mahratta route.

Fifth.—That, except as may be mutually arranged, in special cases, from time to time, the Railway which has the longest share of the shortest route to and from Bombay, shall fix the through rate, in cases in which special, that is not class rates are charged, the charge, less than the terminals actually made, being divided on mileage.

Railway with longest shares shortest route to fix rates.

Sixth.—That these arrangements apply only to goods booked between the stations of the Great Indian Peninsula Railway in Bombay, and stations of the Southern Mahratta Railway, both Railways are at liberty to charge their ordinary, or any specially quoted rates, for goods booked between all other places, such goods being sent by the shortest and cheapest route.

General through rates other than to or from Bombay, not affected by this supplementary agreement. Such other traffic to be sent by shortest route.

3. This agreement to be subject to the sanction of the Boards of Directors of both Railways.

Sanction to agreement.

SOUTHERN MAHRATTA AND GREAT INDIAN PENINSULA RAILWAYS.

Schedule, number one, attached to the draft of the Supplementary Agreement, dated the twenty-sixth of August 1889, *between the Southern Mahratta and the Great Indian Peninsula Railways; see the first paragraph of the Second clause of the Draft.*

For distances.	Classes and charge per ton per mile for each.											
	Special.		First.		Second.		Third.		Fourth.		Fifth.	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Rate for varying distances.	Actual charge for through distance per ton per mile.	Rate for varying distances.	Actual charge for through distance per ton per mile.	Rate for varying distances.	Actual charge for through distance per ton per mile.	Rate for varying distances.	Actual charge for through distance per ton per mile.	Rate for varying distances.	Actual charge for through distance per ton per mile.	Rate for varying distances.	Actual charge for through distance per ton per mile.
Up to 125 miles	6¾	6·75	9	9	13½	13·5	18	18	22½	22·5	27	27
126 and up to 350 miles added to the charge for the first 125 miles	6¼	6·5	8¼	8·5	12½	13	17	17·5	21¼	21·75	25	26
351 and up to 375 miles added to the charge for 250 miles ...	5¾	6·75	7¾	8·25	11½	12·5	16	17	20	21·25	23	25
376 and up to 500 miles added to the charge for 375 miles ...	5¼	6	7	8	10½	12	15	16·5	18¾	19	21	24
All above 500 miles at the same charge per ton per mile as for 500 miles	...	6	...	8	..	12	...	16·2	...	19	...	24

A terminal of 6 annas and 9 pies per ton (that is 3 pies per maund) to be added to the above charges for the Great Indian Peninsula Railway and at a similar rate for the Southern Mahratta Railway being retained by each of these Railways respectively.

CENTRAL STATION, MADRAS, 13*th June* 1892.

No. 0. 6188.

THE ACTING AGENT AND MANAGER,
Rayapuram.

DEAR SIR,

Competitive rates between Bombay and stations on the Madras, Southern Mahratta, and South Indian Railways.

1. I beg to address you on the subject of the through rates, at present in force, between Bombay and stations in Southern India.

2. There are now three separate routes for traffic passing from Bombay to the South;

(*a*). The first, or the oldest established route, is from Bombay *via* Poona, Raichur, and Arkonam, and this route gives to the Great Indian Peninsula Railway a profitable mileage of 443 miles, *viz.*, the distance between Bombay and Raichur.

(*b*). The second route is from Bombay *via* Hotgi, Gadag, and Guntakal, or *via* Hotgi, Gadag, and Bangalore, and this route gives to the Great Indian Peninsula Railway a profitable mileage of 292 miles, *viz.*, the distance between Bombay and Hotgi.

(*c*). The third route is from Bombay *via* Poona, Londa, and Bangalore, and this route gives to the Great Indian Peninsula Railway a profitable mileage of only 119 miles, *viz.*, the distance between Bombay and Poona.

3. By the extension of the South Indian Railway to Guntakal a fourth route will shortly be open for traffic to the South, and when the Southern Mahratta and the South Indian Railways (both metre gauge) are connected at Guntakal, traffic from Bombay to the South, will, *under the existing scale of rates*, pass from Bombay *via* Poona, Londa, Guntakal, and Dharmavaram Junctions.

4. The rates now in force over the Great Indian Peninsula Railway system for traffic carried from Bombay are—

Distance.	Special class.			1st class.			2nd class.			3rd class.			4th class.			5th class.		
	Rate per maund.			Rate per maund.			Rate per maund.			Rate per maund.			Rate per maund.			Rate per maund.		
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
Via Raichur ... 443	0	11	7	0	14	3	1	3	10	1	12	0	2	6	11	3	7	4
,, Hotgi ... 292	0	6	4	0	8	4	0	12	5	1	0	6	1	4	5	1	8	6
,, Poona ... 119	0	2	3	0	2	10	0	4	1	0	5	7	0	6	11	0	8	1

and these rates yield to the Great Indian Peninsula Railway per ton per mile.

	Special class.	1st class.	2nd class.	3rd class.	4th class.	5th class.
	Pies.	Pies.	Pies.	Pies.	Pies.	Pies.
Via Raichur ...	8·47	10·42	14·50	20·47	28·46	40·46
,, Hotgi ...	6·84	9·24	13·77	18·30	22·65	27·18
,, Poona ...	6·12	7·71	11·11	15·20	18·83	22·00

If the same mileage rates were applied *via* Raichur that are in force *via* Poona the rates between Bombay and Raichur would then be

Between.	Distance.	Special class.			1st class.			2nd class.			3rd class.			4th class.			5th class.		
		Rate per maund.			Rate per maund.			Rate per maund.			Rate per maund.			Rate per maund			Rate per maund.		
		Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
Bombay and Raichur	443	0	8	4	0	10	7	0	15	2	1	4	9	1	9	9	1	14	1

5. Contrary to the policy observed by home and other Railways it will be seen that higher mileage rates are charged over the Great Indian Peninsula Railway for a *long* distance than are charged for a *short* distance, and the effect of these rates to the Madras Railway is to divert to the Southern Mahratta Railway traffic which should in many instances be legitimately carried by the Madras Railway.

6. It will probably suffice if I take the actual rates in force between Bombay and Madras, Katpadi (Vellore), and Trichinopoly, to show how the interests of the Madras Railway are at present adversely affected.

		Distance.	Special class.			1st class.			2nd class.			3rd class.			4th class.			5th class.		
			Rate per maund.			Rate per maund.			Rate per maund.			Rate per maund.			Rate per maund.			Rate per maund.		
			Rs	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
(1). Bombay & Madras	*Via* Raichur & Arkonam	443	0	11	7	0	14	3	1	3	10	1	12	0	2	6	11	3	7	4
		351	0	9	0	0	11	2	0	15	1	1	3	10	1	10	4	2	7	4
	Total ...	794	1	4	7	1	9	5	2	2	11	2	15	10	4	1	3	5	14	8
Bombay & Madras	*Via* Poona	119	0	2	3	0	2	10	0	4	1	0	5	7	0	6	11	0	8	1
	Londa & Bangalore	626	0	10	8	0	13	7	1	4	2	1	12	0	2	3	1	2	9	3
		219	0	5	9	0	7	1	0	9	6	0	12	6	1	0	7	1	8	8
	Total ...	964	1	2	8	1	7	6	2	1	9	2	14	1	3	10	7	4	10	0
(2). Bombay & Katpadi	*Via* Raichur & Arkonam	443	0	11	7	0	14	3	1	3	10	1	12	0	2	6	11	3	7	4
		346	0	8	10	0	11	0	0	14	10	1	3	7	1	10	0	2	6	9
	Total ...	789	1	4	5	1	9	3	2	2	8	2	15	7	4	0	11	5	14	1
Bombay & Katpadi	*Via* Poona	119	0	2	3	0	2	10	0	4	1	0	5	7	0	6	11	0	8	1
	Londa & Bangalore	626	0	10	8	0	13	7	1	4	2	1	12	0	2	3	1	2	9	3
		139	0	3	9	0	4	7	0	6	2	0	8	1	0	10	8	0	15	9
	Total ...	884	1	0	8	1	5	0	1	14	5	2	9	8	3	4	8	4	1	1
(3). Bombay & Trichinopoly...	*Via* Raichur	443	0	11	7	0	14	3	1	3	10	1	12	0	2	6	11	3	7	4
	Arkonam & Tanjore	308	0	7	7	0	9	6	0	12	11	1	1	1	1	6	10	2	2	3
		256	0	5	4	0	7	1	0	10	8	0	10	8	0	10	8	0	10	8
	Total ...	1,007	1	8	6	1	14	10	2	11	5	3	7	9	4	8	5	6	4	3
Bombay ... & Trichinopoly...	*Via* Poona Londa	119	0	2	3	0	2	10	0	4	1	0	5	7	0	6	11	0	8	1
		626	0	10	8	0	13	7	1	4	2	1	12	0	2	3	1	2	9	3
	Bangalore & Erode	198	0	4	9	0	6	1	0	8	4	0	11	0	0	14	8	1	6	0
		85	0	1	9	0	2	4	0	3	7	0	3	7	0	3	7	0	3	7
	Total ...	1,028	1	3	5	1	8	10	2	4	2	3	0	2	3	12	3	4	10	11

7. Clauses 42 (*2*) and 43 (*1*) of the Railway Act of 1890 read as follows :—

Section 42 (*2*). A railway administration shall not make or give any undue or unreasonable preference or advantage to, or in favor of, any particular person or railway administration, or any particular description of traffic, in any respect whatsoever, or subject any particular person or railway administration or any particular description of traffic to any undue or unreasonable prejudice or disadvantage in any respect whatsoever.

Section 43 (*1*). Whenever it is shewn that a railway administration charges one trader or class of traders, or the traders in any local area, lower rates for the same or similiar animals or goods, or lower rates for the same or similar services, than it charges to other traders or classes of traders, or to the traders in another local area, the burden of proving that such lower charges does not amount to an undue preference shall lie on the railway administration.

and my contention is that by quoting reduced mileage rates for traffic carried *via* Poona, and by refusing to extend the same mileage rates to traffic carried *via* Raichur, the Great Indian Peninsula Railway is favouring the Southern Mahratta route, and is giving to the Southern Mahratta Company "an unreasonable preference or advantage" contrary to the provisions of the Sections of the Railway Act I have referred to.

8. The special agreement in force between the Great Indian Peninsula and the Southern Mahratta Railways, under which these reduced rates were quoted, is printed with the Government of India Administration Report for 1889-90 and for ready reference I attach a copy of it; but since this agreement was framed, rates still lower than those named in the Schedule (No. 1) to the agreement have been introduced for traffic carried from Bombay *via* Poona and handed to the Southern Mahratta Railway at the Poona Junction.

9. It will be seen from a copy of the Great Indian Peninsula Railway General Traffic Manager's letter of the 18th June 1890, which is forwarded herewith, that the ostensible object of these reduced rates was to draw traffic from the sea ports on the Western Coast of India, situated between Bombay and Mormugao, to Bombay *via* the Southern Mahratta and Great Indian Peninsula Railways, and it will be further seen from my lettter of the 28th June 1890 addressed to the General Traffic Manager of the Great Indian Peninsula Railway that while I disclaimed any intention of challenging rates specially introduced for the purpose of drawing the Western Coast traffic to the Railway systems, I objected strongly to these reduced rates operating upon Southern *inland* traffic and drawing from the South *via* Bangalore traffic which should pass over the Madras Railway *via* Arkonam and Raichur Junctions.

10. In paras 6 and 8 of Mr. Conder's letter of the 21st January 1892 an offer is made to assimilate the rates to restricted areas affected by competition, and in para. 13 of his letter I am asked if I will accept the proposal as a "basis" on which such rates should be arranged.

11. It is not, however, stated that the Great Indian Peninsula Railway is prepared to quote to Raichur the same mileage rates that are in force between Bombay and Poona, or if it is expected from the paras of Mr. Conder's letter I have referred to that the Madras Railway shall still further reduce its already very low rates to assimilate the through rates to the restricted areas named.

12. Only the West Deccan line of the Southern Mahratta Railway, the line stretching from Poona to Londa, is affected by sea competition, and I am very strongly of opinion that if the Great Indian Peninsula Company is not prepared to withdraw the reduced rates agreed to with the Southern Mahratta Railway in so far as they affect the inland traffic to the *east* of Londa Junction, it is not equitable to deprive the Madras Railway of the benefit the same rates would undoubtedly give us if they were applied generally to the Madras Railway system.

13. Either the reduced rates between Bombay and Poona should be restricted to traffic that passes between Bombay and the Western Coast stations of the Southern Mahratta Railway, or they should be applied generally to *all* stations of both the Southern Mahratta and Madras Railways.

14. These remarks close, I think, our grievance against the Great Indian Peninsula Railway; but there is another phase in connection with the question of competing rates to be considered, and this question refers solely to the action of the Southern Mahratta Railway.

15. The rates in force between Poona and Bangalore Junctions, over the Southern Mahratta system, for Bombay traffic are:—

	Distance.	Special class.			1st class.			2nd class.			3rd class.			4th class.			5th class.		
		Rate per maund.			Rate per maund.			Rate per maund.			Rate per maund.			Rate per maund.			Rate per maund.		
		Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
Poona to Bangalore	626	0	10	8	0	13	7	1	4	2	1	12	0	2	3	1	2	9	3

and these rates yield to the Southern Mahratta per ton per mile :—

Special class.	1st class.	2nd class.	3rd class.	4th class.	5th class.
Pies.	Pies.	Pies.	Pies.	Pies.	Pies.
5·52	7·03	10·43	14·49	18·15	21·34

The rates in force on the same Railway, between Poona and stations *short of Bangalore*, and, generally the rates quoted over the Southern Mahratta Railway where competition has not to be considered, yield the Company per ton per mile.

Special class.	1st class.	2nd class.	3rd class.	4th class.	5th class.
Pies.	Pies.	Pies.	Pies.	Pies.	Pies.
6·93	9·21	13·67	18·18	22·69	27·14

and here again I contend the Southern Mahratta Railway has departed from the provisions of the Railway Act, which I have specially referred to in para. 7 of this letter, inasmuch as, it is charging to a "class of traders in one local area" rates which it has not extended to a "class of traders in another local area" and by its action, from my reading of the Railway Act, it is subjecting the Madras Railway to the "disadvantage" specially referred to in Section 42 (2).

16. A remedy that can be adopted by the Madras Railway to keep the goods traffic to its own system is to raise the rates between Bangalore and stations in the South, but I hesitate to recommend the adoption of this course as it might be urged that we also were attempting to ride through clauses 42 and 43 of the Railway Act.

17. I attach copy of Counsel's opinion taken upon the question at the close of last year, and I attach also a sketch map shewing the position of the several Junction stations I have named.

18. Under Clause 28 of the Railway Act it is competent for us to call for a Commission to be appointed by His Excellency the Governor-General in Council to determine whether the reduced rates I have referred to are not inconsistent with the spirit of the Railway Act, but before taking this course I would respectfully suggest that the Board of Directors be asked to approach the Directors of the Great Indian Peninsula Railway with the view of settling, if possible, a matter which has been under correspondence for nearly four years.

19. The question is of great importance to the Madras Railway as there is a large and increasing traffic between Bombay and stations in Southern India.

Yours faithfully,

(Signed.) LOUIS S. MOSS,

Traffic Manager.

CASE FOR COUNSEL.

1. By Section 42 (1) of Act 9 of 1890 it is provided that every Railway administration shall, according to its powers afford all reasonable facilities for the receiving, forwarding and delivering of traffic upon and from the several Railways belonging to or worked by it, and for the return of rolling stock.

2. Clause 2 of the same *Section* provides, that a Railway administration shall not make or give any undue or unreasonable preference or advantage, to or in favor of any particular *person* or *Railway administration* or any particular *description of traffic* in any respect whatsoever, or subject any particular person or *Railway administration* or any particular description of traffic to any undue or unreasonable prejudice or disadvantage in any respect whatsoever.

3. By Section 43 (1) of the Act it is provided that whenever it is shown that a Railway administration charges one trader or class of traders *or the traders in any local area* lower rates for the same or similar animals or goods or lower rates for the same or similar services, than it charges to other traders or classes of traders or to the traders in another local area the burden of proving that such lower charge does not amount to an undue preference shall lie on the Railway administration.

4. On or about 30th April 1891 the Southern Mahratta Railway Company gave notice to the Madras Railway Company, that, on and after the 1st June 1891, all goods booked through between all Bombay Stations of the Great Indian Peninsula Railway and all Stations of the Madras and South Indian Railways, and carried *via* Poona and Bangalore City Station, would be charged at the undermentioned special *reduced* rates, *viz.*

Proportions.	Special class.			1st class.			2nd class.			3rd class.			4th class.			5th class.		
	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.
Southern Mahratta Railway	0	10	7	0	13	7	1	4	2	1	12	0	2	3	1	2	9	2
Great Indian Peninsula Railway	0	2	4	0	2	10	0	4	2	0	5	8	0	7	0	0	8	3
Total through rates...	0	12	11	1	0	5	1	8	4	2	1	8	2	10	1	3	1	5

5. The object of introducing these reduced rates was, it is contended by the Madras Railway Company, to draw traffic from Trichinopoly and other Stations in the south *via* Bangalore instead of *via* Raichur. The distance, from Trichinopoly on the South Indian Railway to Bombay and Bombay stations of the Great Indian Peninsula Railway *via* Arkonam and Raichur is 10 miles less than that *via* the Southern Mahratta Railway through Bangalore City; and, by diverting the traffic to Bangalore City Station, where it would be transhipped from the Madras Railway to the Southern Mahratta Railway, the Madras Railway Company would lose a very considerable part of the carriage of that traffic, which the Madras Railway Company would have, if the traffic went *via* Raichur.

6. The effect of the above reduction of rates would, it is contended by the Madras Railway Company, be to favor or to give an undue and unreasonable preference or advantage to or in favor of traffic coming from stations on the Madras and South Indian Railways and would thus also give an undue and unreasonable preference to traders on those lines; for it will be observed that the reduced rates are to be charged only on goods booked through between Bombay stations of the Great Indian Peninsula Railway and all stations of the Madras and South Indian Railways, therefore, traffic which may not be sent to any Bombay station of the Great Indian Peninsula Railway, but to stations on the Southern Mahratta Railway will not be charged for at the reduced rates.

7. It thus appears, that not only would the traders at places on the Madras and South Indian Railways gain the advantage of the reduced rates, by sending their goods *via* Bangalore City station, but, the Madras Railway administration would be subjected by the same reduced rates to the undue disadvantage of losing traffic *via* Raichur.

8. In the months of May, June and July 1891, the Madras Railway Company despatched to and received from Bombay and Poona *via* Arkonam and Raichur from and at stations south of Jalarpet 1,175 Maunds of Goods traffic which yielded the Company Rupees 1,731. Had this traffic passed *via* Bangalore City station, the amount that the Madras Railway Company would have earned by the carriage of such traffic would have been Rupees 471 only. This, it is submitted, shows that the introduction by the Southern Mahratta Railway Company of the reduced rates would subject the Madras Raliway Company to an undue and unreasonable disadvantage contrary to the provisions of Section 42 (2) of Act IX of 1890.

9. Copies of the correspondence on the subject of the reduced rates together with a Railway Map are sent herewith.

Counsel will be pleased to advise

1. Whether the introduction by the Southern Mahratta Railway Company of reduced rates such as those mentioned in the notice referred to, in the above case, would give an undue or unreasonable preference or advantage to, or in favor of traders on the lines of the Madras and South Indian Railways, or to traffic from stations on those lines.

2. Whether the introduction by the Southern Mahratta Railway Company of reduced rates such as those mentioned in the notice referred to, in the above case, would subject the Madras Railway Company's administration to any undue or unreasonable prejudice or disadvantage.

3. Whether the introduction by the Southern Mahratta Railway Company of reduced rates such as those mentioned in the notice referred to, in the above case, would be contrary to the provisions of Sections 42 or 43 of Act IX of 1890, in any, and what respect.

4. What course the Madras Railway Company should adopt, under the circumstances mentioned in the above case.

COUNSEL'S OPINION.

1. The effects, or one of the effects of the arrangement between the G. I. P. Railway Company and the Southern Mahratta Railway Company for the through conveyance of goods *via* Bangalore over the Southern Mahratta Company's Railway to Poona and on to Bombay at reduced rates, appears to be that persons or Companies sending goods from Trichinopoly and stations on the S. I. Railway Company's line south of Trichinopoly to Bombay by that route can send them at a considerably lower mileage rate, and also at a lower total cost for carriage, than they can send them *via* the North-West line of the Madras Railway Company and Raichur to Bombay, though the latter route is shorter by 10 miles than the former, and also that traders in goods whose stations of departure and arrival are situate on other parts of the Madras Railway Company's line, who before the reduction of rates in question could send their goods to Bombay at less cost of carriage by the North-West line of the Madras Railway Company can, in those cases where the stations are sufficiently near to Bangalore, now send their goods by the Southern Mahratta Railway route instead of by the North-West line of the Madras Railway Company route and gain thereby. But senders whose stations of departure and arrival are situate on other parts of the Madras Railway Company's line than those above specified [*e.g.*] traders (whose station is Adoni) are in a position to say "we are not benefited by this reduction of rates "favoring the particular route to which it applies, and as there has been no similar

"reduction of rates for the route between Bombay and Madras *via* Raichur, we, who must still "send our goods by that route, have to pay a higher rate per mile than those who are benefited "by the reduction of rates in question."

The case of such traders so situated seems to me to come within Section 43 para. (1) of Act IX of 1890, so as to throw on the Great Indian Peninsula Company and the Southern Mahratta Company the burden of proving that the reduction of rates in question does not amount to an undue preference. Such reduction also appears to me to be, *prima facie*, an infraction of Section 42 para. (2), as against some traders, inasmuch as, though the reduction of rates in question is not "in favor of any particular person" it is "in favor of a particular description of traffic," *viz*, of "goods" and therefore traders who use the Railways for the carriage of "animals," between any station on the Madras Railway Company's line or the South Indian Railway Company's line and Bombay are, it seems to me, *prima facie* prejudiced by the reduction of rates on goods in question. (see the definitions of "goods" and of "traffic" in that Act).

I cannot find any reported case parallel with the present case. Hull, Barnsley and West Riding Junction Railway and Dock Company *v.* Yorkshire and Derbyshire Coal and Iron Company, L. R. 18, Q. B. D., 761 (decided in the Court of Appeal in 1887) was a case in which the Hull, Barnsley & Co., by an agreement for through traffic between them and the Midland Railway Company, charged a through rate for carriage of coal to Hull from stations on the latter Company's line, the apportioned part of which allotted to the former (the Plaintiff) Company, in respect of the Carriage of Coal from Cudworth (a station on their line) to Hull, was less than the rate charged to the Defendants for the carriage of their coal from Cudworth to Hull. The Defendant set up undue preference. The case fell under Railway's clauses Consolidation Act, 1854, and the decision turned upon the effect of Sections 87, 88 and 90 of that statute; Section 87 empowering one Railway Company to make contracts with another for through traffic and rates, and to apportion such rates, Section 88 being a proviso that no such contract should effect the rates which the contracting Companies should be entitled to demand from any person or any other Company, and that all other persons and Companies should be entitled to use any of the Railways of the contracting Companies, on payment of the same rates as if no such contract had been made, and Section 90 being a section which after premising that it was expedient that a Railway Company should be empowered to vary its rates so as to accommodate them to the circumstances of traffic but not so as to prejudice or favor particular parties, proceeded to give such power to alter rates, with a proviso that such rates must always be charged equally and impartially to all persons and on all goods of the same description, conveyed over the same portion of the line and under the same circumstances. It was held that the Plaintiff Company were entitled to charge the lesser through rate, and at the same time to charge the Defendants the higher rate, for the carraige from Cudworth to Hull; Section 90 being held not to apply to the through traffic arrangements dealt with by Section 87. That case would be very much in point if the question now under consideration were whether the Great Indian Peninsula Railway Company were justified in charging a higher rate from some station on their own line (say Poona) to Bombay for goods conveyed from that station to Bombay than they charged, according to the contract with the Southern Mahratta Railway in question, for goods conveyed from some station on the South Indian Railway to Bombay. But the question now under consideration is different, it is a question as to two through rates, one, the through rate for goods carried over the Southern Mahratta Railway and the Great Indian Peninsula Railway, the other the through rate for goods carried over the North-West Line of the Madras Railway Company and the Great Indian Peninsula Railway. It would be useless, therefore, I think, to institute a comparison between those Sections 87, 88 and 90 of the Railway clauses, Consolidation Act, 1854, with the corresponding Enactments (Section 50, para. (*d*) and proviso, and Section 42, para. (2) and Section 43) of Indian Act IX of 1890, in view to considering whether the decision in that case governs the present case.

But Section 43 of Act IX of 1890 appears to me to be as applicable to unequal through traffic rates charged by a Railway Company as to unequal rates charged for traffic

from one to another station on its own line; there are no words in it restricting it to the latter kind of traffic only. That Section is to a great extent in substance as well as in words, the same as Section 27 of the Railway and Canal Traffic Act, 1888 (51 and 52, Vic. S. 25). The only reported decision that has as yet been pronounced on the last mentioned enactment, *viz.*, Liverpool Corn Association *V. L.* and North Western Railway Company *L. R.* (1891) 1, Q. *B.* 120, was not a case of through rates; but, of unequal rates charged by a Railway Company (the Liverpool and North Western Railway Company) for carriages over two different portions of its own line, the station of despatch and the station of destination being in both cases stations on the Company's own line, *viz.*, in the one case Liverpool and Birmingham, in the other case Cardiff and Birmingham.

If I am right in my opinion as far as I have gone, it remains to consider whether the Great Indian Peninsula Railway Company or the Southern Mahratta Railway Company can justify a reduction of rates which is *prima facie* contrary to the provisions of Section 42 (2) and Section 43 by showing that it does not amount to an undue preference. The ground, or the chief ground, on which the Agent and the General Traffic Manager of the Great Indian Peninsula Railway profess to justify the reduction, is the desire to compete successfully with the sea-borne coast traffic and draw to the Railways of those Companies produce which reached Bombay by Steamers and native craft from the southern ports. A similar ground was put forward in the case of Liverpool Corn Trade Association V. L. and North-Western Railway Company (above referred to) as a justification for the lower rates [for carriage from Cardiff to Birmingham than those charged for that from Liverpool to Birmingham], complained of; *viz.*, the desire of the London and North Western Railway Company to compete successfully with the traffic which went to Birmingham, *viz.*, the Severn in vessels and onward by Canal or Railway. The Court of Commissioners held the North-Western Railway Company not justified on this ground in charging the unequal rates. They did not, indeed, lay it down that in no case would competition with another rival route be a justification of inequality of rates over different portions of a Company's line. They denied that the public interest was the only thing to be taken into consideration; Section 27, Sub-Section (2) of the English Statute of 1888, like Section 43, Sub-Section (2) of the Indian Act of 1890, provides that those interests may be taken into consideration "*in addition to any other considerations affecting the case.*" and Wills, J., said (p. 132) "the legitimate interests of the Railway Company are therefore not excluded from consideration." But, they were of opinion that there were no circumstances which justified the inequality of rates complained of. Wills, J., said (p. 133) "I take into "account the fact that but for the low rates the respondents would not get the Cardiff traffic "in question at all; and I therefore think that the low charge was established, not for the "purpose of giving preference; but, of securing the traffic. That however cannot be a "justification of itself. * * * * There is no other circumstance that has been pointed "out, or can be pointed out, tending to justify it; whilst mileage, route, necessity of sharing "the rates with other Companies, are all against the low rate." On the question whether the lower charge was "necessary for the purpose of securing in the interests of the public the "traffic in respect of which it is made" (which words occur in the English Enactment, Sub-Section (2)of Section 27 of the Statute of 1888, as well as in the Indian Enactment which is copied from it, Sub-Section (2) of Section 43 of Act IX of 1890) the Court while admitting that that portion of the public which was at Birmingham would be benefited by the low rates in question were of opinion that such low rates were not in the interests of the public on the whole, Wills, J., in his judgment said (p. 135) "It is, however as a general rule against the public interests "that uncertainty should be introduced into trade by frequent or violent or arbitrary changes "of the circumstances under which people engaged in business have to carry it on and to "make their living. It is, as a broad general rule, against the public interests that artificial "circumstances, which at the will or caprice or for the self interest of any one man or body "of men may be swept out of existence as lightly as they were perhaps created, should be "permitted to interfere with the natural course of trade. These considerations appear to me "to be weighty ones, and to afford broad and safe-grounds for saying that it is not necessary

"in the present case to secure, in the interests of the public, the Cardiff traffic in question. "On the other hand, no circumstance has been brought to our notice in the course of the "present discussion to indicate that any important public interests will be affected if the traffic "in grain, flour, and the like goods by rail from Cardiff to Birmingham should, by reason of "of our decision, be lost to the Railway Companies, and have to go by some other route." The Court disclaimed an intention to define the limits of "the public interests," and admitted that there might be special circumstances under which the public interests would justify a preferential rate. "One can imagine" said Wills, J., (p. 136) "for instance, that as "between a coal field and a district which embraced a Government dockyard, it might be "of the greatest public importance, in time of war, say, that no obstacle of any kind should "add a hair's weight to the difficulties of coaling our ships. If, in the present case, "the effect of raising the rates from Cardiff to something like the same level as the "Liverpool rates would be seriously to interfere with the food supply of half the nation, "the public interest might well warrant the lower rate in spite of the damage to the "Liverpool merchants."

In the present case no special circumstances justifying the reduction of rate in question on the score of public interests have been put forward by the Great Indian Peninsula or the Southern Mahratta Railway Company, so far as I can see from the copies of letters sent me. In his letter of 21st July 1892 to the Agent and Manager of the Madras Railway, the Agent of the Great Indian Peninsula Railway says that he should think it unlikely any traffic of importance finds its way by the route to Bombay from Negapatam or Tuticorin. But, as I gather from letters of the Traffic Manager of the Madras Railway Company, the cigar traffic from Trichinopoly and Dindigul, attracted to Bombay by the Southern Mahratta Railway route, is considerable or at least not insignificant. Even, however, if the traffic from those and other stations on the South Indian Railway Company's line, diverted from the Madras Railway Company's route to the Southern Mahratta Company's route by the attractions of the reduced rates in question were at present insignificant, this would not, in my opinion, be a justification of the reduced rate in question. The same ground was put forward by the Respondents the Liverpool and North-Western Railway Company, in the case against them by the Liverpool Corn Trade Association, above referred to (*L. V.* 1891. 1. Q. B. 120), and was held not to justify the inequality of rates there complained of. I think it worth while to cite what Wills, J., said on the point (p. 127 of that report), which was as follows:—"In the present instance" said His Lordship, "I am satisfied that the traffic in grain, &c., from Cardiff to Birmingham taken by "itself is not large enough to make any appreciable difference to the Liverpool traders, and "further; that a far more serious element in the competition from which they suffer is traffic "from the Severn ports. Such traffic is partly by water, and the applicants cannot touch the "rates applicable to it; partly by railway, under rates as to which no suggestion has been "made that they are improper or afford grounds of complaint against any of the Companies. "But no one can say to what extent a traffic by Railway from Cardiff, fostered by the two "rates complained of, may not grow in time, and it is far better for the Respondents them-"selves as well as for all others concerned, that the comparative rates for the Liverpool and "for the Cardiff traffic to Birmingham should be properly adjusted now than at some future "time when perhaps great industries might have been established at Cardiff on the faith of "the existing rates; and I cannot help thinking that if such a state of things had been permitted to grow up under the eyes of the Liverpool traders without effectual remonstrance on "their part, that fact might have been very properly relied upon as at least one reason for "refusing an application of this kind. "*Obsta principiis*" is a maxim which here, in my "opinion, may be justly applied, and I therefore think it is no answer to the application to "say that the Cardiff traffic to Birmingham in grain, &c., is very small. That of the Respon-"dents undoubtedly is so." Similarly, in the present case the traffic from Trichinopoly and other stations on the South Indian Railway south and east of Trichinopoly to Bombay *via* the Southern Mahratta Company's route, even if now small, may, fostered by the reduced rates in question, become large and important.

The further words "and whether the inequality cannot be removed without unduly "reducing the rates charged to the complainant," which occur in the English Enactment, 51 and 25. Vict. C. 25, Section 27, Sub-Section (2) and which had to be considered in the case against the Liverpool and North-Western Railway Company, referred to, have not been included in the Indian Enactment, Act IX of 1890, Section 43, Sub-Section (2).

I understand from my instructions that the Great Indian Peninsula Railway Company are not willing to accord to the Madras Railway Company a similar arrangement for reduced rates for through traffic to that which they have entered into with the Southern Mahratta Company.

For the above given reasons, I am of opinion, that the reduction of rates in question, in the present case, amounts to an undue preference, as against a trader or class of traders or the traders in certain local areas, and is contrary to the provisions of Section 43 of the New Indian Railway's Act, and also that, in so far as it favours traders in goods without similarly favoring traders in animals, it is contrary to the provisions of Section 42, Sub-Section (2), of that Act in being an undue and unreasonable advantage given to a particular description of traffic.

2. The route from Trichinopoly and stations on the South Indian Railway south of Trichinopoly and from Negapatam to Bombay *via* Tanjore and Arkonam, the North-West Line of the Madras Railway and Raichur is, I understand, shorter than the route from those same stations to Bombay *via* Bangalore, the Southern Mahratta Company's line and Poona. I also understand that in the case of the former route, for goods, it is only necessary to break bulk or "tranship" once, *viz.*, at Arkonam, whereas in the latter case, owing to the differences of gauges of the respective lines passed over, and to the greater number of Junctions, it is necessary to do so several times. Also it is said by the Traffic Manager of the Madras Railway Company that his Company's and the Great Indian Peninsula Company's Railways being broad gauged Railways possess a quicker service of trains than the Southern Mahratta Company's line; and that for the same reason the two former Companies can carry traffic at paying rates cheaper than the Southern Mahratta Railway, which is a narrow gauge Railway, can. For these reasons, it appears to me clear that if the through rates to Bombay *via* the Madras Railway route and *via* the Southern Mahratta Railway route were equal, goods sent to Bombay from the stations abovementioned, or *vice versa*, would by preference be sent by the former route. And I gather from the copies of letters of the Traffic Manager of the Madras Railway Company sent me that, as a matter of fact such goods were as a rule, if not always, sent by that (the Madras Railway) route before the introduction of the reduced through rates for the Southern Mahratta route now under consideration, it follows that the introduction of those reduced rates is prejudicial to the Madras Railway Company.

That being so, if, as I understand to be the case, the Great Indian Peninsula Railway Company not only did not offer, but refused and refuse, to agree to the same reduction of rates for through traffic *via* the Madras Railway Company's North West Line and Raichur, I think that the reduction of rates in question is an undue and unreasonable preference or advantage in favour of the Great Indian Peninsula and the Southern Mahratta Railways and as such, contrary to the provisions of Section 42, Sub-section (2) of Act IX of 1890. The grounds on which my opinion on question No. 1 are based are, to a great extent the grounds on which I base my opinion on this second question. Section 43 of Act IX of 1890, indeed, does not apply to Railway administrations (but only to traders), but I think that in considering under Section No. 42, Sub-section (2) whether a preference or advantage in favor of a particular Railway administration is undue or unreasonable, considerations as to the interests of the public and other considerations, which may be entertained under Section 43, are entertainable. I do not mean to say that in all cases that which would be an undue preference as against traders prejudicially affected thereby, would be an undue preference against a Railway administration also prejudicially affected thereby (supposing it did also prejudicially affect a Railway administration); nor *vice versa*. But in the present case, the

circumstances which appear to me to render the reduced rates in question an undue preference as against certain traders or class of traders appear to me to render them also an undue preference as against the Madras Railway Company. Conversely, if the Great Indian Peninsula Railway Company could have shown, for instance, (which they cannot) that, but for such reduction of rates, the supply of an essential or every important article of consumption would not be obtainable by the public at Bombay, and that therefore on grounds of public interests the reduction was justifiable as against the traders prejudicially affected thereby, it would probably, I think, be held justifiable also as against the Railway Company prejudicially affected thereby, *viz.*, the Madras Railway Company.

The English cases as to undue preference which have arisen under Railway Acts or Railway and Canal Traffic Acts, are all so far as I have found, cases between traders (whether persons or non-Railway Companies or Associations) on the one hand and Railway Companies on the other hand; none of them are cases between two Railway Companies. Section 2 of the Railway and Canal Traffic Act, 1854, which is recited in Section 25 of the Railway and Canal Traffic Act, 1888, provides that no Railway Company shall make or give any undue or unreasonable preference or advantage to or in favor of any particular person or *Company*. The Indian Act, IX of 1891, Section, 42 Sub-section 1 (2), provides that a Railway administration shall not make or give any undue or unreasonable preference or advantage to or in favor of any particular person or *Railway administration*. Competition between Railways is not allowed, by this Enactment, to go beyond the bounds of what is reasonable. For the reasons which I have stated, I am of opinion that the agreement in question for reduction of rates made by the Great Indian Peninsula Railway Company with the Southern Mahratta Railway Company is, as against the Madras Railway Company who have the shorter route to Bombay an unreasonable and undue preference within the meaning of Sub-section (2) of Section 42, Act IX of 1890.

3. I have given my opinion on this question in giving my opinion on the two preceding questions.

4. I would advise the Madras Railway Company to prefer a complaint to the Governor-General in Council under section 28 (*a*) of Act IX of 1890, in view to the matter of the reduced rates in question being referred for decision to the Railway Commissioners. The Madras Railway Company could only, I think, make such a complaint in respect of their own interests as affected by such reduced rates, they would have no *locus standi*, I think, to complain on account of the interests of trades affected thereby. In his judgment in the Liverpool Corn Trade Association *versus* Liverpool and North Western Railway Company (above referred to) Sir F. Peel said "I agree with Mr. Pope that a preference to be held to be undue, must be "injurious to those who complain of it, or who are represented by a public body appearing as "a complainant" (The English Railway and Canal Traffic Act of 1888, S. 7 enables Chambers of Commerce and other representative bodies and associations of traders, such as the complaints in that case, to make complaints to the Commissioners).

A suit could, I think, be barred by Section 41 of Act IX of 1890.

The case for opinion on which I have advised as above relates (see para. 5 thereof) only to the effect of the reduced rates in question in respect of traffic from Trichinopoly and other station in the route. I am not called upon to give, and do not give, any opinion on the effect of those reduced rates in respect of the Kristna grain traffic, the traffic between Bellary and Bombay and stations in north of India, or the traffic between Bombay and stations between Jalarpet and Calicut, regarding at which the Traffic Manager of the Madras Railway Company writes to the Great Indian Peninsula Railway Traffic Manager in his letter of 28th June 1890.

(Signed) R. B. MICHELL.

High Court Buildings,
Madras,
3rd *November* 1891.

GREAT INDIAN PENINSULA RAILWAY,
GENERAL TRAFFIC MANAGER'S OFFICE,
BOMBAY, 1*st March* 1895.

TELEGRAMS.

From Traffic Manager, Madras Railway, Madras, to the General Traffic Manager, Great Indian Peninsula Railway, Bombay, dated 26th February 1895.

O-52. The following goods are refused at Bangalore City because invoiced at rates which we have declined to accept. Victoria Terminus to Bowringpet Invoice No. 6 of 13th instant, one box Victoria Terminus to Mettupalaiyam Invoice No. 11 of 14th, 6 articles *and* Victoria Terminus to Tinnevelly Invoice No. 7 of 13th, 8 articles. They must be re-invoiced at rates in force *viâ* shortest route or re-booked locally from Bangalore.

From Traffic Manager, Madras Railway, Madras, to the General Traffic Manager, Great Indian Peninsula Railway, Bombay, dated 1st March 1895.

O-64. You will probably have a heavy claim for delay to some of the packages refused at Bangalore City. They remain at the risk of the Great Indian Peninsula Company who wrongfully forwarded them. Do you propose to leave them there?

No. 5731.

GREAT INDIAN PENINSULA RAILWAY,
GENERAL TRAFFIC MANAGER'S OFFICE,
BOMBAY, 1*st March* 1895.

F. W. READ, ESQ.,
Traffic Manager,
Madras Railnay, Madras.

DEAR SIR,

In reply to your telegram No. O-52 of the 26th ultimo, as to certain consignments which your Railway has refused to accept at Bangalore, I can only say that we must ask you to deal with such traffic as you think right. We do not admit that you are correct in declining to accept it.

Yours truly,
(Signed) H. CONDER,
General Traffic Manager.

TRAFFIC MANAGER'S OFFICE,
Madras, 4th November 1895.

No. 50218.

HENRY CONDER, ESQ.,
General Traffic Manager,
G. I. P. Railway, Bombay.

DEAR SIR,

As already stated you have had ample notice that this Company would decline to accept traffic booked at preferential rates and as apparently you do not propose to arrange for the goods to be re-booked locally we shall no doubt have to see the matter out in a Court of law when the claimants prefer their claims.

In the meantime I repeat that the goods which have been refused are lying at Bangalore City at the risk of the Great Indian Peninsula Railway Company who contracted to forward them at rates which this Company had declined to accept in through booking.

Yours faithfully,
(Signed) F. W. READ,
Traffic Manager.

MADRAS RAILWAY TARIFF ADVICE No. 134, DATED 20TH MARCH 1894.

GENERAL.

As certain Railways have booked traffic to, and over this Railway *via* Bangalore City, *via* Guntakal or *via* other Junctions, because the rates have been the cheapest, although the distances are greater than *via* the Madras Railway route, it seems to be necessary to remind Railways generally that lower rates quoted by a neighbouring Railway with the avowed intention of competing with the sea or with other Railways, as far as its own line is concerned, clearly constitute undue preference when applied by such Railway in through booking, without the consent of the Railways owning the shortest route, and *that the Madras Railway Company declines to accept in through booking to or over its own line any lower rates, via longer routes, than those in operation by the shortest route, unless the Company's acceptance of the lower rate by the longer route has been intimated in the Advice of tariff alterations issued from this office.*

MADRAS, 15*th November* 1898.

No. G. 76686.

THE TRAFFIC MANAGER,
South Indian Railway,
Trichinopoly.

DEAR SIR,

The competitive clause in the new South Indian and Madras Railway Agreement.
Your letter of 8th instant.

It is possible in quoting the new competitive rates under clause 3 of the Agreement alluded to above they may with certain South Indian Railway Stations work out lower than by a shorter route. Should this prove to be the case there will be no objection to the South Indian Railway collecting on inward traffic, the through rate *via* the shortest route if the balance so collected is added to and credited with the Madras Railway proportion until such rates can be readjusted.

Similarly with outwards traffic there will be no objection to the South Indian Railway charging over the Madras Railway forwarded competitive traffic at the through rate *via* the shortest route if the Madras Railway competitive rate *via* the longer route works out lower. In such cases the additional sum collected to be dealt with as the Madras Railway proportion, South Indian Stations giving reference on the invoice to M. R. advice 134, dated 20th March 1894, as authority. (*Vide* para. 24, page 159 of Director-General's report, Part I. for 1894-95).

Circular 134 alluded to was issued under legal advice and will be adhered to where the Madras Railway are either the sending or receiving Railway, and it may save subsequent trouble if you either at once raise or cancel with the Southern Mahratta Railway *via* Dharmavaram and Renigunta and Dharmavaram and Katpadi, if you have not already done so, any rate which were or are over the S. I. and S. M. Railways lower than those *via* the shortest route to a Madras Railway Station.

In February 1895 the Madras Railway had to refuse traffic at Bangalore City booked through contrary to the advice under reference and it remained at the disposal and risk of the sending Railways until they agreed not to book any more traffic at rates not accepted *via* Bangalore City by the Madras Railway.

The Southern Mahratta Railway records may possibly be overlooked in this case and if traffic be accepted by the South Indian Railway at Dharmavaram booked at rates not accepted by the Madras Railway, the South Indian Railway may be saddled with the incidental charges and claims, &c., owing to refusal at the Madras Railway Junction until such traffic has been booked locally over this Railway.

You are aware that the Southern Mahratta Railway have cancelled all special rates *via* Guntakal and *via* Bangalore and if they wish to book through to Madras Railway Stations by any other route they can only do so at through rates which are not lower than the through rates quoted by the shortest route.

Kindly refer to your $\frac{94 \text{ R } 595}{17091}$, of 8th and 10th December 1894.

Will you kindly acknowledge the receipt of this letter by telegraph.

Yours faithfully,
(Signed) F. W. READ,
Traffic Manager.

No. G. 76686.

THE TRAFFIC MANAGER, MADRAS, *24th November* 1898.
Southern Mahratta Railway,
Dharwar.

DEAR SIR,

I beg to invite your attention to Madras Railway advice 134 of 20th March 1894 and to para. 24, page 159 of the Director-General's report for 1894-95 and to state that this notice is still in existence. If therefore traffic is booked to Madras Railway Stations *via* Dharmavaram at lower through rates than are in force *via* Guntakal and Bangalore City where those routes are shorter than the Dharmavaram route it will be refused at the Madras Railway Junction and will remain there at the risk and expense of the booking Railway unless and until rebooked locally after being carted to the Madras Railway's Good shed in the same way as was done at Bangalore City in 1894.

Yours faithfully,
(Signed) F. W. READ,
Traffic Manager.

Minutes of a Meeting held at Poona on Tuesday, the 14th January, 1896

Present.

Mr. A. Muirhead, Traffic Manager, Southern Mahratta Railway.
„ H. Davies, Traffic Manager, South Indian Railway.
„ F. W. Read, Traffic Manager, Madras Railway.
„ E. W. Keily, Acting General Traffic Manager, Great Indian Peninsula Raillway.
„ H. H. Swan, Acting Deputy Traffic Manager, Great Indian Peninsula Railway.

1. Read Minutes of a Meeting, held at Poona, on the 15th March 1895, Appendix A attached. After considerable discussion it was agreed that as so many difficulties had arisen in connection with the working of this agreement it should be cancelled from the 29th February 1896.

2. The representatives of the Southern Mahratta, South Indian, Madras and Great Indian Peninsula Railways agreed, subject to the approval of their respective Agents, that the following arrangements should be brought into force from the 1st March 1896.

3. The Southern Mahratta and Great Indian Peninsula Railway representatives under the agreement of their respective Boards are precluded from entering into any arrangement between the four railways for goods traffic arising between Bombay and Poona stations on the one part, and Southern Mahratta stations on the other, and this position was accepted by the meeting.

4. Proposed that in order to prevent undue competition and inconvenience to the public, all goods traffic other than that referred to in para. 3 consigned from any stations on any one of the Railways, parties to this agreement, to any station on any of the other three railways named shall be carried by the shortest railway route, each railway taking its own proportion except as provided for in para. 11.

5. If a sender directs that his traffic shall be forwarded by any but the shortest route a letter or note on the forwarding note to the effect that he is aware that he will have to pay a higher rate, and that the route is longer must be obtained or the receipt will be divided over the shortest route in the manner stated in para. 4.

6. In any cases in which the rates *via* the shortest route are so high as to prejudice traffic which would otherwise be likely to travel between certain districts it is the intention under this arrrangement that the four railways interested shall agree to such reduction as the circumstances may warrant, any difference of opinion as to the rate to be settled by the majority, or if a majority does not exist with the four railways concerned, the question to be decided by the Claims Arbitration Committee.

7. All rates in through booking between the four railways named herein *via* longer routes shall be cancelled or made inapplicable between the points provided in para. 4. If a sender demands that his traffic shall be forwarded by the longer route the ordinary class rates will apply, but in all cases they must be higher than the rates *via* the shortest route.

8. Conference Rule 30 will apply to the purely local traffic of each railway, and should any difference of opinion arise the majority will decide, or failing a majority the matter will be referred to the Claims Arbitration Committee.

9. No local rates shall be quoted which will compete with through rates or cause the rebooking of through traffic.

10. The question of through traffic beyond the four railways was discussed, and the Southern Mahratta, South Indian and Great Indian Peninsula Railways were of opinion that

endeavours should be made to apply the same principle to traffic beyond the four lines interested. Mr. Read reserved his opinion pending further consideration of the subject.

11. Pending adjustment of the rates by the several routes it was further agreed that in any case where the through rates by the longest route is cheaper than the through rates by the shortest route, the cheaper rate shall be applied by the shortest route divided in mileage proportion after deduction of the terminal for each railway.

*12. Mr. Davies was prepared to accept a proposal that traffic should not be forwarded by any route in excess of 25 per cent. above the through distance *via* the shortest route, but did not see his way to assent to the proposal in para. 4 until he has further discussed the matter with the South Indian Company's Agent.

A. MUIRHEAD,
Traffic Manager,
S. M. Railway.

F. W. READ,
Traffic Manager,
Madras Railway.

E. W. KEILY,
Acting General Traffic Manager,
G. I. P. Railway.

APPENDIX—A.

Minutes of a Meeting held at Poona on the 15th March 1895.

Present.

Mr. Read, Traffic Manager, Madras Railway.
,, Stenson, Traffic Manager, South Indian Railway.
,, Muirhead, Traffic Manager, Southern Mahratta Railway.
,, Conder, General Traffic Manager, G. I. P. Railway.
,, Keily, Passenger Superintendent, G. I. P. Railway.

The question of through rates for traffic between

(*a.*) Bombay and places on Southern Mahratta, Madras, and South Indian Railways, and Great Indian Peninsula Railway and

(*b.*) all other places,

was discussed.

Mr. Muirhead stated that he was opinion that it would faciliate matters at this discussion if the question is divided into two parts, namely :—

(*a.*) Through rates for interchanged Traffic to Bombay.

(*b.*) Through rates for all other interchanged Traffic.

As regards (*a*) he desired it to be recorded that unless the Mormugao route was considered and its distance accepted as in all agreements between the West of India Portuguese Railway, the Portuguese Government, and the Bombay Steam Navigation Company, he was unable to discuss the matter, as a reference to the Boards of the Great Indian Peninsula and the Southern Mahratta Railways has been made recently on the question of interchanged Traffic between the Bombay stations of the Great Indian Peninsula Railway and the Southern Mahratta Railway stations.

In regard to (*b*) he was prepared to purpose (1) that the rates by the longer distance in the case of competing routes should not, in any case, be less than the rates by the shorter route, and that through equal rates should be quoted for the different competitive routes,

* *Note.*—In reference to para. 12, the Traffic Manager, South Indian Railway, has withdrawn and declines to sign the minutes.

divided in mileage proportion between the Railways concerned, subject to Railways having a lead of less than 75 miles to be allowed 3 pies more in division per maund as shorter distance charge.

It must also be clearly understood that this does not necessarily mean that traffic should always follow the shortest route. This proposal is made on the understanding that in the question of routes the Mormugao route is to be accepted, and that the Railway on which traffic originates is at liberty to retain the traffic as long a lead as possible on its own line, and that for traffic originating and terminating on the same Railway, Conference Rule 30 will apply, *viz.*, that any Railway having entire command of a route between the despatching and receiving stations may send the traffic by its own route.

As to (*a*)—The matter having been referred to the Southern Mahratta and Great Indian Peninsula Boards, the Southern Mahratta and Great Indian Peninsula representatives stated that they were not prepared to consider it further until the reply of the Boards is received.

As to (*b*)—It was agreed to recommend that the shorter route shall fix the rate, the rates by other longer routes not to be lower than the rates so fixed by the shorter route, and the rates charged by the longer routes to be divided on mileage throughout, subject to the proviso that Railways which have not more than 75 miles of the through distance, are each to have before division three (3) pies a maund, the balance to be divided on mileage throughout.

As to the rates charged by the shorter route, when they are ordinary class rates of the railways concerned, each Railway will retain its own proportion including terminal of the through charge, and in cases where they are special rates, they should be divided on mileage throughout.

But it is understood that this arrangement does not include the Mormugao route which has no reference to traffic from places other than Bombay.

It is further agreed to recommend that traffic not specially consigned by the sender by any particular route, should be sent by the shortest route.

Mr. Read, Mr. Stenson, and Mr. Muirhead agreed that Conference Rule 30 should be adhered to.

It was agreed to propose that these arrangements should come into force from the first of June next.

HENRY CONDER,
General Traffic Manager,
G. I. P. Railway.

A. MUIRHEAD,
Traffic Manager,
S. M. Railway.

J. H. STENSON,
Traffic Manager,
South Indian Railway.

F. W. READ,
Traffic Manager,
Madras Railway.

O. 58599.

MADRAS RAILWAY,
TRAFFIC MANAGER'S OFFICE,
MADRAS, 21*st March* 1898.

To

THE AGENT AND MANAGER,
Royapuram.

DEAR SIR,

Competitive rates between Madras and Bombay *viâ* Junctions from the Madras Railway and *viâ* Junctions from the Great Indian Peninsula Railway.

You are aware that some time past the merchants of Madras have complained bitterly of the preferential and obstructive rates which exist on the Southern Mahratta Railway between Bombay and Madras *viâ* Poona from Bombay and *viâ* Bangalore from Madras—preferential rates from Bombay, and obstructive rates on the part of the Southern Mahratta Railway with traffic from Madras—and that, when I met the Traffic Manager of the Southern Mahratta Railway at Guntakal recently, we briefly discussed the question of equal mileage rates from Bombay and from Madras. The matter has since been represented to that Officer officially, with the request that he would agree to adopt this system between the ports of Bombay and Madras *viâ* the Junctions named. I regret, however, to have to state that the following telegram, dated the 2nd instant, has been received in reply:—

"Impossible for me to consider your proposals to introduce equal mileage rates
"between ports of Bombay and Madras. Our present agreement with the Great
"Indian Peninsula which was duly accepted by you at meetings held at Poona on
"16th January and 8th October 1896, forbids it. The agreement, which is based
"on fact that Mormugao route exists, was arranged by Boards of Southern
"Mahratta Railway and Great Indian Peninsula at home, and therefore cannot be
"ignored or altered."

My answer to this telegram was:—

"We have never accepted Southern Mahratta Railway and Great Indian Peninsula
"agreement without protest, and only under compulsion."

2. A proposal that equal mileage rates should be quoted from the two ports on the standard gauge lines was discussed in November last between the Great Indian Peninsula and Madras Railways, to put an end to any unfair competition between the two ports named, and I am informed that the principle has since been accepted by the East Indian and Indian Midland Railways between the ports of Bombay and Calcutta. The Great Indian Peninsula Railway have agreed to its application between Madras and Bombay *viâ Raichur*, the agreement being that a longer distance on either side shall not quote for the same classes of traffic a lower rate per mile than is in force over the shorter distance from the other port.

3. For example, the rates for Cotton from Raichur to Bombay and Raichur to Madras are to be 9 pies per ton per mile, which gives a through maund rate over the longer distance Raichur to Bombay, 443 miles, of Rs. 0-12-4 per maund, and from Raichur to Madras 351 miles, of Rs. 0-9-9 per maund, exclusive of terminals.

4. Similarly, from Madras to Yadagiri, 394 miles, the through Cotton rate per maund is to be Rs. 0-10-11, while from Bombay to Yadagiri, 400 miles, the through Cotton rate is to be Rs. 0-11-1 per maund, exclusive of terminals, the same rate per mile being charged in each case.

5. The mileage rate for Cotton, Raichur to Bombay, owing to a recent reduction, was lower than the mileage rate to Madras. It has since been raised to the same mileage rate, and the Great Indian Peninsula Railway find that, so long as the Bombay merchants know that the rates per mile from each port are equal where there is competition, they are perfectly satisfied.

6. It has been pointed out to the Southern Mahratta Railway that the records of the Dharwar Office will show that for some years past the Madras Railway have continued to protest against the unequal rates from Bombay *via* Poona to stations within easy reach of Madras, and the examples given on page 4 of this letter will illustrate the injustice which has been imposed upon the Madras merchants, and which still exists.

7. It will be seen from these figures that if the Madras Railway carried Special class and bulk Oil traffic free to Bangalore, the Southern Mahratta Railway rates for the 263 miles thence to Yalvigi are higher than for the total distance of 482 miles from Bombay to Yalvigi—higher by Rs. 1-4-3 per ton on Special class and Rs. 3-3-9 per ton on bulk Oil. The Madras Railway are, therefore, powerless to help the Madras merchants. The subject, as you are aware, has previously been referred by the Board to the Secretary of State in a different form and an assurance was then received that the Madras Railway would be protected against the policy complained of. The continued existence and subsequently elaboration of this obstructive policy has therefore caused some amazement in Southern India.

8. The Madras merchants would not object to the mileage rates from Bombay being increased to the level of the rates from Madras, but if the Southern Mahratta Railway continue to object to the present rates being interfered with, then Madras merchants and the Madras Railway claim that similar mileage rates *viâ* Bangalore and Guntakal from Madras shall be quoted to all stations on the Southern Mahratta Railway to which Madras is as near, or nearer than, Bombay.

9. Apparently, in the past, the Southern Mahratta Railway have been of opinion that the introduction of through rates on this basis would be prejudicial to that Railway, but I may point out that the additional facilities offered to Madras would be likely to develop new traffic, giving return loading for rolling stock and reducing the cost of working.

10. Perhaps it would be difficult to give a more forcible illustration of the manner in which the Southern Mahratta Railway have blocked traffic from Madras than the return empty haulage rate levied upon Messrs. Best & Co.'s Oil tank wagon between Yalvigi and Bangalore (Rs. 0-5-3 per mile on narrow gauge trucks), while no charge for return haulage is made on traffic from Bombay, and the rate is only 2 annas per wagon per mile on any part of this or any other broad gauge Railway in India.

11. Most of the Working Agreements are published in the Administration Reports of the Director-General of Railways, but I have been unable to find any copy of the Working Agreement for the Bangalore-Guntakal Branch of the Southern Mahratta Railway, although section 43 (1) of the Indian Railway Act reads as follows and is very clear:—

"Whenever it is shewn a Railway Administration charges one trader or class of
"traders, or the traders in any local area, lower rates for the same or similar
"animals or goods, or lower rates for or similar services, than it charges to other
"traders or classes of traders or to the traders in another local area, the burden
"of proving that such lower charge does not amount to an undue preference shall
"lie on the Railway Administration."

12. But it is unfortunately a fact that the preferential and obstructive rates, (examples of which are shown on page 4) are still being levied, the mileage rates *viâ* the shortest route between Guntakal and Bangalore being higher instead of lower than those *viâ* the longer routes, while preferential rates still exist *viâ* Poona and obstructive rates *viâ* Bangalore.

13. One of the many firms who have been seriously injured by the preferential and obstructive rates quoted by the Southern Mahratta Railway are Messrs. Best & Co., of Madras who have repeatedly asked the Southern Mahratta Railway to quote reasonable rates for their traffic from Madras *viâ* Bangalore. Their requests, however, have met with no success, the *empty return haulage* on their Oil tank wagons from Bangalore being fixed at the unreasonable charge of 5 annas 3 pies per empty wagon per mile for a metre gauge wagon, which would be equivalent to a charge of 6 annas 3 pies for a Madras Railway 15 ton wagon, on which our charge is 2 annas per mile only on any part of the Railway. The Southern Mahratta Railway, on the other hand, charge no return haulage whatever on Oil tank wagons from Bombay.

14. Taking for working purposes in India the rupee at par, the obstructive empty haulage rate under protest is equivalent to slightly over 9 pence per mile for a standard gauge wagon, or at the current rate of exchange, approximately 6¼ pence per mile. It is hoped that further comments on the rates alluded to will be unnecessary.

Since modified. See Madras Railway Note para. 30.

15. From the fact that four of the leading Railways in India, (namely, the East Indian, Great Indian Peninsula, Madras and Indian Midland Railways) have accepted the principle of equal mileage rates to settle the competitive difficulty, it is obvious that the principle is equitable. The Madras Railway have since proposed it to the South Indian Railway where competition comes in between the ports of Madras and Tuticorin, and it is also as applicable to the competitive difficulty between the ports of Mormugoa and Madras, or to any other ports in India.

16. From the quotation in paragraph 1 of this letter, it will be seen that the respective Boards of the Southern Mahratta and Great Indian Peninsula Railways are directly responsible for the existing policy, and as, in the past, representations from the Madras Railway Board to the Boards alluded to have failed to effect a satisfactory alteration in their policies as pursued in India with regard to this traffic, I am compelled to ask you to kindly recommend that this Company's Board will again lay the subject before the Secretary of State as early as possible.

17. One of the beneficial results of the introduction of equal mileage rates would be, that both the Madras and Southern Mahratta Railway Traffic arrangements at Bangalore City and Guntakal (local as well as through) could be managed by a joint staff, very considerably reducing the present working expenses, while the friction which at present exists between the subordinate employés of the two Railways would cease.

18. If the Secretary of State would be pleased to agree to pass orders that the Southern Mahratta Railway shall forthwith refrain from levying lower through equal mileage levy on traffic from the port of Madras *viâ* Bangalore and Guntakal, our competitive difficulties would cease, and the protection which has been promised by the Secretary of State's Department would be effectual.

19. The term "equal mileage rates," as applied between the East Indian, Great Indian Peninsula, Madras and Indian Midland Railways is understood to mean that the rates from competing ports shall not only be the same per mile, but that, where they pass over more than one Railway, the total sum collected upon a consignment, exclusive of terminal charges, shall be divided between the Railways concerned in proportion to the miles traversed; and this is the principle which it is desired shall be introduced from Madras as well as from Bombay.

20. Will you kindly give the subject your early attention?

Yours faithfully,
F. W. READ,
Traffic Manager.

A.

Present rates per ton, **Madras** to **Yalvigi**, a station on the Southern Mahratta Railway equidistant from **Madras** and **Bombay**.

Stations.	Miles.	Special class.			1st class.			2nd class.			3rd class.			4th class.			5th class.		
		Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.
Madras to Bangalore	219	9	11	3	11	15	3	16	0	6	21	1	6	27	15	9	41	10	0
Bangalore to Yalvigi	263	12	12	9	12	12	9	18	15	9	25	0	6	31	3	6	37	6	6
Total...	482	22	8	0	24	12	0	35	0	3	46	2	0	59	3	3	79	0	6

Present rates per ton, **Bombay** to **Yalvigi**, a station equidistant from **Bombay** and **Madras**

Stations.	Miles.	Special class.			1st class.			2nd class.			3rd class.			4th class.			5th class.		
		Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.
Bombay to Poona	119	3	1	6	4	3	6	5	7	9	8	0	3	10	6	6	13	1	3
Poona to Yalvigi	363	8	7	0	11	13	0	15	12	0	23	12	3	30	10	6	39	15	0
Total...	482	11	8	6	16	0	6	21	3	9	31	12	6	41	1	0	53	0	3

	Special class.			1st class.			2nd class.			3rd class.			4th class.			5th class.		
	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.
Difference per ton between Madras to Yalvigi and Bombay to Yalvigi in favor of Bombay...	10	15	6	8	11	6	13	12	6	14	5	6	18	2	3	26	0	3

KEROSINE OIL.

	Miles.	Amount.		
		Rs.	a.	p.
Madras to Bangalore	219	*10	4	3
Empty return haulage	...	2	10	9
Bangalore to Yalvigi	263	8	9	3
Empty return haulage	...	6	14	3
Total...	482	28	6	6

	Miles.	Amount.		
		Rs.	a.	p.
Bombay to Poona	119	3	3	9
Poona to Yalvigi	363	9	0	0
Total...	482	12	3	9

Difference per ton between **Madras** to **Yalvigi** and **Bombay** to **Yalvigi** in favor of Bombay, Rs. 16-2-9.

* Ordinary special class rate with terminals.

B.

Present rates for 1,000 tons, **Madras** to **Yalvigi**, a station on the Southern Mahratta Railway equidistant from **Madras** and **Bombay**.

Stations.	Miles.	Special class.			1st class.			2nd class.			3rd class.			4th class.			5th class.		
		Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.
Madras to Bangalore ...	219	9,703	2	0	11,953	2	0	16,031	4	0	21,093	12	0	27,984	6	0	41,625	0	0
Bangalore to Yalvigi ...	263	12,796	14	0	12,796	14	0	18,984	6	0	25,031	4	0	31,218	12	0	37,406	4	0
Total...	482	22,500	0	0	24,750	0	0	35,015	10	0	46,125	0	0	59,203	2	0	79,031	4	0

Present rates for 1,000 tons, **Bombay** to **Yalvigi,** a station equidistant from **Bombay** and **Madras.**

Statoins.	Miles.	Special class.			1st class.			2nd class.			3rd class.			4th class.			5th class.		
		Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.
Bombay to Poona ...	119	3,093	12	0	4,218	12	0	5,484	6	0	8,015	10	0	10,406	4	0	13,078	2	0
Poona to Yalvigi ...	363	8,437	8	0	11,812	8	0	15,750	0	0	23,765	10	0	30,656	4	0	39,937	8	0
Total...	482	11 531	4	0	16,031	4	0	21,234	6	0	31,781	4	0	41,062	8	0	53,015	10	0

——	Special class.			1st class.			2nd class.			3rd class.			4th class.			5th class.		
	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	a.	Rs.	a.	p.	Rs.	a.	p.
Difference per 1000 tons between Madras to Yalvigi and Bombay to Yalvigi in favor of Bombay.	10,968	12	0	8,718	12	0	13,781	4	0	14,343	12	0	18,140	10	0	26,015	10	0

KEROSINE OIL.

——	Miles.	Amount.			——	Miles.	Amount.		
		Rs.	a.	p.			Rs.	a.	p.
Madras to Bangalore	219	*10,265	10	0	Bombay to Poona	119	3,234	6	0
Empty return haulage... ...	...	2,671	14	0	Poona to Yalvigi	363	9,000	0	0
Bangalore to Yalvigi	263	8,578	2	0					
Empty return haulage... ...	...	6,890	10	0					
Total...	482	28,406	4	0	Total...	482	12,234	6	0

Difference per 1,000 tons between **Madras** to **Yalvigi** and **Bombay** to **Yalvigi** in favor of Bombay, Rs. 16,171-14-0.

* Ordinary Special class rate with terminals.

NOTE.—The equidistant point is taken to illustrate the effect of the perferential and obstructive policy. Yalvigi itself is an unimportant station. But taking bulk Oil alone Messrs. Best & Co. despatched tons 1,058 in 1897 to Southern Mahratta Railway Stations generally via Bangalore even at the excessive rates while their estimate of what they would have sent at equal mileage rates is tons 3,085.

Particulars of this commodity are given because some further delay would arise in obtaining the detailed figures of all the traffic, and it is impossible without the figures for traffic carried over the Southern Mahratta Railway to give the actual weight of traffic which the preferential and obstructive rates have taken away from the port of Madras.

SOUTHERN MAHRATTA RAILWAY

(INCLUDING MYSORE AND KOLHAPUR STATE RAILWAYS.)

Dharwar, *August 20th*, 1898.

ADVICE OF TARIFF CHANGES No. 8.

Additions to, and alterations in, Goods and Coaching tariffs to come into force in Local and through booking on and from October 1st, 1898, except where otherwise stated:—

COACHING.

Nil.

GOODS.

Articles.	Rates, &c.
1. Cotton, loose, (docras) ...	In booking loose Cotton (Docras) from Out-Agencies to and *via* all S. M. Railway stations each 40 maunds will be treated as a wagon load. This cancels the scale of 54 maunds hitherto in force and will have effect from the 1st September 1898. Special attention is drawn to para. 91 (*b*) of S. M. Railway current Goods Tariff, Part I (No. 2 of 1898.)
2. Mowra flowers ...	Mowra flowers from Gondia to Dharwar *via* Nagpur and Poona will be charged at a through rate of 11 annas 1 pie per maund with effect from 1st September 1898. The proportions for the G. I. P. and S. M. Ry. being Re. 0-7-1 and Re. 0-4-0 respectively.

3. Goods Tariff, Part I, No. 2 of 1898 modified as noted below will continue in force till the end of September or until further notice.

4. Cancel the note in italics commencing with "For special rates, &c." at the foot of paras. 141, 142, 143, 144 of the S. M. R. Goods Tariff, Part I, No. 2 of 1898.

5. Cancel the "Note at foot of the table at page 45.

6. Cancel paras. 151, 152, 153, 155(*b*) and 157.

7. Cancel the "Note" at end of para. 161(*a*).

8. Cancel paras 161. (*b*) 162(*a*), 163, 165, 174, 178, 178(*a*) and 181.

9. Cancel the note commencing with "For special rates" at end of paras. 185 and 186.

10. Cancel paras. 186(*b*) and 189(*a*).

11. Cancel the "Note" at end of para. 192(*a*).

12. Cancel para. 194 (*a*), 195 (*a*), and 201(*b*)

13. Under entry of SALT between paras. 205(*b*) and 206 cancel "229 to."

14. Cancel paras. 207, 210(*a*), 214(*a*), 221, 221(*a*), 223, 224, 226, 227, 229, 230, 232, 233, 234, 235, 236 and 237.

15. With the exception of the rates in foot note (*a*), at pages 277, 278, 292 and 294 which are cancelled, the rates at pages 221 to 313 will be charged in through booking with Stations on the G. I P. Railway, Bombay to Kirkee inclusive.

16. Special rates between Bombay and Bangalore City:

The following articles when booked between Bombay and Bangalore City *via* Portuguese Frontier will, with effect from 1st September 1898, be charged as under:—

Commodities.	Proportions.			Rate per maund.
	B. S. N. Co.	W. I. P. Ry.	S. M. Ry.	
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
Flour at (O. R.)				0 8 9
Iron bars	0 1 6	0 1 11	0 5 4	0 12 9
Pepper Spices	0 1 6	0 2 3	0 9 0	0 12 9
	0 1 6	0 2 3	0 9 0	
Cast, or wrought iron pipes				
Cast iron railings (ornamental)				
Common tools, such as:—				
Mamoties, Picks, Hammers, crowbars, &c.				
Galvanized iron sheets for roofing..				
Galvanized wire fencing..				
Iron trusses				0 9 1
Lead in pieces or pigs	0 1 6	0 2 3	0 5 4	
Portland Cement				at O. R.
Rolled iron and Steel joists and girders—latter from 20 to 35 feet				
Teak doors and windows not larger than 5'×10'				
Tramway rails, wagons, &c.				
Cocoanut oil				0 9 9
Oil Vacuum at O. R.	0 1 10	0 2 7	0 5 4	0 13 5
Beer, at O. R.	0 1 10	0 2 7	0 9 0	0 9 9
Potatoes at O. R.	0 1 10	0 2 7	0 5 4	0 9 9
Jaggree at O. R.	0 1 10	0 2 7	0 5 4	0 9 9
Salt at O. R.	0 1 10	0 2 7	0 5 4	0 7 9
Piece goods common packed	0 1 10	0 2 7	0 4 5	1 0 0
Sugar at O. R.	0 1 6	0 1 10	0 10 5	0 5 0
	0 2 4	0 3 3	0 5 4	
Bangle stone or Kunch	0 1 6	0 2 7		
Coir, pressed				
Drainage pipes, clay uncounted				
Flax, pressed				
Hemp, pressed				
Iron, old				
Jute, pressed				
Lac refuse				0 9 9
Lac stick				
Moonj pressed	0 1 10	0 2 7	0 5 4	
Rhea plant stalk or fibre, pressed				
Soap stone				
Sugar cane rollers				
Tow, pressed				
Stone ware, country				
Aloe fibre				
Grass, hay, kirby and straw pressed				0 11 2
Stone chakkee				
Lac seed	0 2 7	0 3 3	0 5 4	
Coffee				
Flour (Sojee)				
Goat and sheep skins				0 9 9
Hides and skins	0 1 10	0 2 7	0 5 4	
Paper country				
Turmeric common				
Cement				
Fuller's earth				
Gunny bags or sacks				
Iron, angle				0 9 9
Do Bands or ties	0 1 10	0 2 7	0 5 4	
Do Dust				
Do Rivets				
Steel old				
Do scrap				

At O. R. to be loaded and unloaded by owners and subject to rules regarding bulky articles.

Subject to rules regarding bulky articles.

Commodities.	Proportions.			Rate per maund.
	B. S. N. Co.	W. I. P. Ry.	S. M. Ry.	
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
Aal root				
Flour, European				
Iron, beams, girders and joistts				
Do. bolts				
Do. fastenings				
Do. hoops, loose	0 2 7	0 3 3	0 5 4	0 11 2
Do. nails, and screws				
Do. rods, loose				
Do. wire				
Do. flat				
Spelter				
Steel bars, angle, flat, hoops and plates				
Do. rails, rods, sheets and square				
Do. Bands, loose				
Stone mills of sorts				
Tobacco Native raw at O. R.				
Zinc in sheets, nails, pieces and pipes				
Grain and common seeds and all other articles charged at grain ratcs	0 1 6	0 2 7	0 5 4	0 9 5
Betel nuts	0 1 10	0 2 7	0 5 4	0 9 9
Brass foundry refuse				
Fire bricks, uncounted				
Fire clay uncounted				
Flag Stones				
Gypsum (plaster of Paris)				
Iron scrap	0 1 6	0 2 7	0 5 4	0 9 5
Slag				
Slates, rough in tiles or slabs				
Stone rough of any description				
Tamarind (raw)				

At O. R. to be loaded and unloaded by owners and subject to rules regarding bulky articles.

Subject to rules regarding bulky articles.

The above rates do not include the wharfage charges made by the Port Trust authorities in Bombay.

TELEGRAM.

Dated 19th September 1898.

From
AGENT,
SOUTHERN MAHRATTA RAILWAY,
Dharwar.

To
AGENT AND MANAGER,
MADRAS RAILWAY,
Rayapuram.

No. 396. Am arranging for cancelment paras. 4 to 15 inclusive of our rate circular No. 8 and of paras. 1 and 2 of supplement to Great Indian Peninsula and West of India Portuguese Railway arrangements to be brought in on termination our agreements with Great Indian Peninsula Railway. Can you and Agent, South Indian Railway, meet me at Guntakal or Bangalore about end of this week to talk things over. Cancelment of our agreement with Great Indian Peninsula Railway involves new shortest route arrangement. I concur generally in your views about equalisation to ports and importance of avoiding farther cutting of rates. Copy to Agent, South Indian Railway.

TELEGRAM.

Dated 20th September 1898.

From
AGENT AND MANAGER,
MADRAS RAILWAY,
Rayapuram.

To
AGENT,
SOUTHERN MAHARATTA RAILWAY,
Dharwar.

Shelley is absent on leave, and I am afraid it is no use our meeting until he returns to duty. Bombay traffic has always been excluded from shortest route agreement. I think you had better formulate your proposals and call meeting of all Companies. I too am averse to rate cutting, and if changes are proposed, my Board will wish to express its views. Am not clear what your position is now with Great Indian Peninsula Company.

Minutes of a Meeting, held at Victoria Terminus, Bombay, on the 10th of October 1898.

Present:—

Major J. BURN-MURDOCH, R.E., Agent, S. M. Railway.
Mr. N. PEIRSTLEY, Traffic Manager, S. M. Railway.
„ E. S. PEMBERTON, Agent, W. I. P. Railway.
Captain A. D. SHELLEY, R.E., Agent, S. I. Railway.
Mr. H. DAVIES, Traffic Manager, S. I. Railway.
„ W. SIMPSON, Chief Auditor, S. I. Railway.
„ L. S. MOSS, Agent, Madras Railway.
„ F. W. READ, Traffic Manager, Madras Railway.
„ G. A. BARNETT, C.I.E., Agent, G. I. P. Railway.
„ S. GORE-BROWNE, Chief Auditor, G. I. P. Railway.
„ A. MUIRHEAD, General Traffic Manager, G. I. P. Railway.

Mr. G. A. Barnett, the Agent of the Great Indian Peninsula Railway, was invited to take the chair.

A letter, dated the 19th July 1898, from the Secretary of the Southern Mahratta Railway, to the Secretary of the Great Indian Peninsula Railway, and extracts, paras. 6 and 7 of a letter, No. 64, dated the 29th July 1898, from the Board of the Great Indian Peninsula Railway, to the Agent of Great Indian Peninsula Railway, were read and recorded. (Appendix A.)

The Agent of the Southern Mahratta Railway read two letters, No. 8168-9459, dated 30th September 1898, and No. 8168—9658, dated the 5th October 1898 (Appendix B), which he had addressed to the Agent of the Great Indian Peninsula Railway as showing the views of his Board, and asked whether the Great Indian Peninsula Railway were prepared to accept through rates worked out on this basis.

The Agent of the Great Indian Peninsula Railway regretted that he could not recommend acceptance of the proposals for the following reasons:—

That the scale of rates applied by competing routes would, in the case of the Marmugao route, be operative to Marmugao only, the freight from Marmugao to Bombay being the present rates or any future rates which may be quoted by the sea-route.

That the main factor in the quotation of competing rates on a mileage basis is, of course, the geographical position. The geographical position of Marmugao is admittedly 253 miles, or a little more, from Bombay, but the proposal of the Southern Mahratta Railway attempted to place it 88 miles from Bombay. The bearing on the distribution of traffic by the shortest route under the Southern Mahratta Railway proposal might, he said, be illustrated by the following example:—

RAIBAG TO BOMBAY.

	Correct distance.	
Raibag to Poona	191	
Poona to Bombay	119	
	Total ...	310

Raibag to Portuguese Frontier...	106
Portuguese Frontier to Marmugao	51
Marmugao to Bombay	253
Total ...	410
Miles in favour of railway route	100

As proposed.

Raibag to Bombay by railway	310
Raibag to Portuguese Frontier	106
Portuguese Frontier to Marmugao	51
Marmugao to Bombay	88
Total ...	245
Miles in favor of the sea-route	65

Taking the real mileage, the Great Indian Peninsula Railway could claim to quote the lower rate from all stations on the Poona Branch up to Belgaum, but on the assumed mileage the lower rate would apply *via* Poona from stations up to Shival Road only; that is, the Great Indian Peninsula Railway, it is proposed, should give up traffic from and to thirteen stations on Poona Branch alone and as far as the Agent could see without any *quid pro quo*.

Mr. Barnett further stated that the traffic under consideration is between Southern Mahratta Railway stations and Bombay not between Southern Mahratta Railway stations and Marmugao, Marmugao being merely a station *en route* to Bombay.

It appeared to him unreasonable therefore that the Southern Mahratta Railway should claim that 253 miles of the Marmugao route should remain uncontrolled, whilst the rail route would be bound by agreement, only to quote certain rates which would have the undoubted effect of diverting the traffic to the sea-route, and that this would be so was clear from the following example:—

SPECIAL CLASS.

Miles.		Rate. Rs. a. p.	Per maund per mile.
356	Bombay to Belgaum *via* Marmugao ...	0 4 8	·16
364	„ „ „ Poona	0 6 1	·20
410	„ Raibag „ Marmugao ...	0 5 2	·15
310	„ „ „ Poona	0 5 2	·20
367	„ Dharwar „ Marmugao ...	0 4 8	·16
441	„ „ „ Poona	0 7 0	·19

Thus the proposal is that the average rate per mile *via* Marmugao shall be from 20 to 25 per cent. lower than *via* the rail-route.

It seems very clear to Mr. Barnett that the Great Indian Peninsula Railway could not agree to such an unreasonable arrangement.

Mr. Moss remarked that the Southern Mahratta Railway made proposals under the orders of their Board, declining to consider any sea mileage route between Marmugao and Bombay.

The Madras Railway were not prepared to consider the question of an arbitrary or reduced mileage between Bombay and Marmugao in connection with traffic booked through from any station on its system to Bombay, nor is it prepared to book through to Bombay by the sea route *via* Marmugao.

A proposal was then made by the Agent of Great Indian Peninsula Railway for a division of the traffic between Bombay and stations on the Southern Mahratta Railway and placed before the meeting (Appendix C.) Mr. Barnett, in offering these proposals for discussion, stated that he was prepared to consider any modification which might be reasonable, and would at least give to the rail-route some share of the traffic under discussion.

The Agent of the Southern Mahratta Railway asked whether the Great Indian Peninsula Railway would be prepared in their calculations of distances and rates to consider the propriety of reducing the 253 miles between Marmugao and Bombay. The Agent of the Great Indian Peninsula Railway replied that he could only accept the distance between Marmugao and Bombay at its true distance, whatever that might be, as any reduction of the true mileage between Marmugao and Bombay could only but result in all traffic following the Marmugao route.

The Agents of the West of India Portuguese and Southern Mahratta Railways then stated that they could not accept the proposal set forth by the Great Indian Peninsula Railway, inasmuch as it is based on the recognition of the true mileage as per quotation of 253 miles Bombay to Marmugao as the basis on which through rates and distances are to be calculated.

As unfortunately no equitable traffic arrangement could be come to at this meeting, the Agent of the Great Indian Peninsula Railway enquired from what date the existing through rates between the Great Indian Peninsula and Southern Mahratta Railways would be cancelled. Was he correct in assuming that the Southern Mahratta Railway would give notice in due course on the 20th of this month, of the rates which would come into force on the first of December 1898?

The Agent of the Southern Mahratta Railway said that he was correct in his assumption.

The meeting then terminated.

APPENDIX A.

THE SOUTHERN MAHRATTA RAILWAY COMPANY, LIMITED,
44, FINSBURY CIRCUS, E. C.,
LONDON, 19*th July* 1898.

THE SECRETARY,
Great Indian Peninsula Railway Company,
Copthall Avenue, E. C.

SIR,—I am directed by my Board to state that, in deference to the wishes of the Secretary of State, they propose, from 1st October next, to quote rates from stations on their system to Marmugao similar to those in force between the Great Indian Peninsula Railway and Southern Mahratta Railway stations.

My Board will be prepared to revise the working agreement between this Company and the West of India Portuguese Railway Company, so as to embody conditions as to notice regarding change of rates by rail or by steamer similar to those laid down by the Conference Rules.

I am desired to enquire whether the Board of the Great Indian Peninsula Railway Company will consent to accept short notice of the introduction of this change of rates to Marmugao, and to waive the right to the longer notice to which they are entitled under the agreement of 15th July 1895, between the two Railway Boards.

My Board would add that they propose to instruct their Agent in India to endeavour to arrange, in concert with the Agents of the other Railways with which we are connected, some traffic scheme which may be equitable to all concerned, and which can be brought into force before the next busy season begins.

Please accept this letter in substitution of my No. of 11th instant.

From Board of Great Indian Peninsula Railway to Agent,
Great Indian Peninsula Railway, Bombay.

Extract paras 6 and 7 from the Secretary's letter, No. 64, dated 29th July 1898.

Received 12th August 1898.

Working agreement with the Southern Mahratta Railway. Board's letter No. 60 of 1895.

6. You will observe from the enclosed correspondence that in the circumstances, the Board have acceded to the request of the Board of the Southern Mahratta Railway Company to be permitted to give short notice of the determination of our joint traffic working agreement. That Company will therefore be free to enter into a working agreement from the 1st October next should they still so desire.

7. The two Boards, however, believe that another working agreement can be devised which can be made equally applicable to Bombay *via* our Poona and Hotgi junctions, or to Marmugao; with this in view, the Board desire that their General Traffic Manager should give the subject very early attention, in order that the new scheme can be brought into operation in time for the next busy season. Meanwhile, the present traffic agreement will remain in force.

APPENDIX B.

No. 8168/9459.

SOUTHERN MAHRATTA RAILWAY CO., LD.,
AGENT'S OFFICE,
DHARWAR, 30*th September* 1898.

To

THE AGENT,
Great Indian Peninsula Railway,
Bombay.

DEAR SIR,—In reply to your marginally noted telegram, dated the 29th instant, I beg to refer you to my telegram No. 372 of the 12th idem, which is also repeated in the margin. It, I think, gives my Board's proposals fairly clearly, but I amplify them further.

(1) Telegram No. 74—"It will facilitate discussion on the tenth (if?) you will formulate and let me have your proposals *re* mileage rates to ports before meeting. I shall be obliged if you will do this."

(2) Telegram No. 372.—"Modified instructions about grain rates just received. My Board would like the same scale to be applied on the through distances between S. M. R. stations and both ports Bombay and Mormugoa, the total rate being divided between S. M. R and foreign lines, *i.e.*, G. I. P. and W. I. P. in mileage proportion. Please say if you are prepared to accept such a scheme: if so, am willing to postpone cancelment our present agreement and the introduction new rates."

(2) Traffic between Southern Mahratta Railway stations and the ports of Marmugao and Bombay to be dealt with as follows:—

Distance sliding scales to be agreed upon for various classes of traffic, *e.g.*, for special class goods the scale now quoted at page 42 of the Southern Mahratta Railway Goods Tariff No. 2 of 1898 might be adopted. It runs as follows:—

For distances	0	to	175	miles	1/3	pie	per	maund	per	mile.
„ „	176	„	275	„	1/4	„	„	„	„	„
„ „	276	„	500	„	1/5	„	„	„	„	„
„ „	500	„	925	„	1/6		„	„	„	„
„ „	926 and over				1/7	„	„	„	„	„

Differential Rule (para. 58) to apply.

This or some such scale would be applied on the through distance between Southern Mahratta Railway stations and the ports of Bombay and Marmugao, *e.g.*, the charges for consignments sent from stations 100, 200, 300 miles distant from Bombay would be the same as those for consignments from stations 100, 200, 300 miles distant from Marmugao.

The gross receipts to be divided between the Southern Mahratta and Great Indian Peninsula Railways or between the Southern Mahratta and West of India Portuguese Railways as the case may be in mileage proportion.

(3) *Minor points.*—Question of terminals; whether they should be included or not included in the divisible charge: whether they should be made uniform or not.

I am, dear Sir,

Yours faithfully,

J. BURN MURDOCH, Major, R. E.,
Agent.

SOUTHERN MAHRATTA RAILWAY COMPANY, LD.,

No. 8168—9658.

AGENT'S OFFICE,

DHARWAR, 5*th October* 1898.

To

THE AGENT,

Great Indian Peninsula Railway, Bombay.

DEAR SIR,—In reply to your letter No. A 74-13936, dated the 3rd October 1898, I have much pleasure in sending you a few figures illustrative of my Board's proposals, which I trust will be of use. I have only given rates, &c., to the two ports of Bombay and Marmugao. The charges Marmugao to Bombay do not come within the purview of my Board's orders, but the matter is treated of elsewhere, *viz.*, in the proposals regarding the new Shortest Route Agreement. I may, however, note that the normal sea charges Marmugao to Bombay come to about 30 pies, *viz.*, wharfage Marmugao 8 pies (in case of grain, &c.,) sea freight 18 pies, and Port Trust charges (in case of grain, &c.,) 3½ pies.

(2.) Should these my Board's original proposals not commend themselves to you, I should be greatly obliged if you would formulate and, if possible, wire me the outline of any other scheme which would, in your opinion, meet the wishes of our Board as set forth in the correspondence you kindly forwarded to me, with your letter No. A 74-11926 of 26th August 1898. As at present advised, the only alternative I can see to what I may call my Board's original orders is to adopt the quotation of same scale rates to junctions indicated in their subsequent orders, *i.e.*, re-issue Traffic Circular No. 8 of 1898.

(3.) I do not understand your remark about "and to quote rates much below your minimum, &c."

Yours truly,

J. BURN MURDOCH, Major, R.E.,
Agent.

ILLUSTRATIVE CHARGES UNDER S. M. R. BOARD'S PROPOSALS.

Take Stations on the Line Portuguese Frontier, Hubli, Bangalore at distances of, say, 50, 100, 200, 300 miles from Portuguese Frontier.

STATIONS 50 MILES FROM PORTUGUESE FRONTIER.

(Mugad is 54 miles).

Charges.

To Marmugao.

	S. M. R.	W. I. P. R.
Distance ...	50+51	=101

Rates under sliding scale quoted on page 48 of S. M. R. Current Goods Tariff 1/3

Freight	34 pies
S. M. R. Terminal ...	3 ,,
,, C. L. R. charge* ...	3 ,,
G. I. P. and W. I. P. Terminal	8 ,,
Total ...	48 pies.

To Bombay *via* Poona.

S. M. R.	G. I. P. R.
50+(—19+278)	+ 119.
= 309	+ 119 = 428.

1/5; but charge limited under differential rule to—

84 pies.
3 ,,
0 ,,
8 ,,
95 pies.

* If W. I. P. care to reduce their terminal from 8 to 3 pies, we would forego the C. L. R. charge.

Stations 100 miles from Portuguese Frontier.

To Marmugao.

	S. M. R.	W. I. P. R.	
Distance ...	100	+ 51	= 151

Rate under same sliding scale 1/3 limited by D. R. to

Freight	44
Terminals, etc., as before ...	44
	58

To Bombay *via* Poona.

S. M. R.	G. I. P. R.	
359	+ 119	= 478

1/5 limited by D. R.

84
11
95

Stations 200 miles from Portuguese Frontier.

	S. M. R.	W. I. P. R.	
Distance ...	200	+ 51	= 251

Rate 1/4 limited by D. R. to

Freight	55
Terminals, etc. ...	14
	69

S. M. R.	G. I. P. R.	
459	+ 119	= 578

1/6
96
11
107

And so on.

APPENDIX C.

1. All traffic to be rated on a mileage basis, *i.e.*, the shorter route to have the lower rate.

2. The Marmugao route to and from Bombay to be accepted only on the true mileage, *viz.*, 253 miles as the distance Bombay to Marmugao. Port Trust charges are not to be considered at all in connection with quotations of through rates.

3. *Class rates.*—The present class rates between Bombay *viâ* Marmugao, or *via* the rail route, and Southern Mahratta Railway stations, whichever is the cheaper, to be taken as the basis of charge, such rates being applied by the shorter route, the rate by the longer route being increased in proportion to the extra mileage.

4. *Piece-goods.*—The same principle to be applied to the present rates for Piece-goods, which are adjusted rates, that is, the rates *via* Marmugao or by rail direct, whichever is the cheaper, to be taken as the basis of charge and applied by the shorter route, the rate by the longer route being increased in proportion to the extra mileage.

5. The following commodities (*vide* the Southern Mahratta Railway Classification) to be rated on sliding scales to meet each case, particularly having regard to the rates which the traffic can bear; such scale to apply to the Marmugao route and also by the shorter rail route *via* Poona, Hotgi, Raichur, or Wadi as the case may be:—

(*a*) Special class articles under column V.

(*b*) Kerosine oil, Sugar, Molasses and Jaggree.

(*c*) Salt.

(*d*) Articles under column III.

(*e*) Articles charged at Wagon rates, column K.

(*f*) Articles charged at Wagon rates, column L.

6. The lump sum rates, arrived at as described in paras. 3, 4 and 5, to be divided on mileage by the all-rail route.

7. In booking *via* Marmugao, the Steamer Company to receive the present rates, the difference between such rates, and the mileage division of the distance Marmugao to Bombay, 253 miles, to be divided between the Southern Mahratta and West of India Portuguese Railways in such manner as may be agreed to between those two Railways, subject to the proviso that the rate between any station on the Southern Mahratta Railway and *via* Marmugao Harbour locally shall not in any case be lower than the Southern Mahratta and West of India Portuguese Railways' proportions up to Marmugao in the quotation of through rates.

Example.

The first class rate from Bombay to Belgaum *via* Marmugao is, say, Re. 0-7-0 per maund, made up as follows:—

	RS.	A.	P.
Steamer	0	1	10
Mormugao to Portuguese Frontier	0	3	3
Portuguese Frontier to Belgaum	0	1	11
Total... Rs.	0	7	0

The through rate from Belgaum to *via* Marmugao being Re. 0-5-2, the local rate, Belgaum to Marmugao itself, is not to be less than Re. 0-5-2.

8. For examples of class rates, see Appendix "A", and for Kerosine Oil Piece-goods, and Jaggree, Sugar and Molasses, Appendix "B".

9. The scale for special class goods (*vide* Southern Mahratta Railway column V) to be the following, subject to adjustments:—

1 to 100 miles... ...	·33
101 to 275 ,, ...	·30
276 to 500 ,, ...	·25
501 to 700 ,, ...	·20
701 miles and beyond ...	·15

} pie per maund per mile.

applied *via* Marmugao and by the shortest all-railway route. For examples of rates by both routes, see Appendix "B".

10. The Salt rates to come under the same scale as column V. If lower rates are required at particular points, such rates to be quoted in lump sum by the shorter route and divided on mileage, the rate by the longer route being increased in ratio of mileage.

11. The special rates column III scale to be the following, subject to adjustments:—

1 to 400 miles ...	·33
401 to 600 ,, ...	·25
601 miles and beyond ...	·20

} pie per maund per mile.

For example of rates, see Appendix "B".