



Ticket Pricing Of BB&CI Railway: Debates and Deliberations (1860-1870)

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In the middle of the nineteenth century railway, as a means of public transport was introduced in India by the colonial government. The railways were built through public-private enterprise from 1849-69, wherein the railway was constructed by the private railway companies with a guarantee of 5% interest given by the government. In return, the government reserved to itself the power of supervision and control on the working of the railways, including rates and fares. Bombay Baroda Central India Railway (henceforth referred to as BB&CIR) was one such guaranteed company in the Bombay Presidency.

This paper seeks to delve into the influence of the passengers' fares on the demand for the railway by the public and consequently its impact on the earnings of the BB&CI Railway during the first ten years of its operation from 1860-1870. Also, it attempts to probe into the approach of the railway company and the government towards the passengers' fares. This paper is primarily based on rich archival material excerpted from the Maharashtra State Archive and is supplemented with secondary sources.

Keywords: *Bombay Baroda Central India Railway Company, Fares, Passengers.*

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Introduction:

Fares are vital for the effective working of the public transport as they constitute a major source of income to the operators. Studies have generally observed that fares and patronage are inversely related. An increase in fares leads to a decrease in patronage and vice versa.”ⁱ In the middle of the nineteenth century, the English railways carried out experiments to assess the impact of fares on its profitability. A Commission formed by the British Parliament reported several evidences in favor of low fares. Consequently, most railway companies gave the system of low fares a trial.ⁱⁱ

It was around the same period that railways were introduced as a means of public transport in India by the colonial government. The railways were built through public-private enterprise from 1849-69, wherein the railway was constructed by the private railway companies with a guarantee of 5% interest assured by the Indian colonial government. In return, the government reserved to itself the power of supervision and control on the working of the railways, including rates and fares. Bombay Baroda Central India Railway (henceforth referred to as BB&CIR) was one such guaranteed company in the Bombay Presidency.

This paper seeks to delve into the influence of the passengers' fares on the demand for the railway by the public and consequently its impact on the earnings of the BB&CI Railway during the first ten years of its operation from 1860-1870. Also, it attempts to probe into the approach of the railway company and the government towards the passengers' fares. This paper is primarily based on rich archival material excerpted from the Maharashtra State Archive and is supplemented with secondary sources.

Background

The BB&CIR Company entered into a contract with the East India Company on 21st November, 1855. The contract specified the role of the Company as a fund-raiser and manager of the operations, while the Government of India acted as the supervisor and guarantor of the Company against the risk of loss. It was agreed that the Company would construct a railway of 309 ½ miles from Surat to Ahmedabad in Gujarat, which was later to be extended to Bombay.ⁱⁱⁱ

The Contract provided that all fares and tolls for passengers and goods were to be charged and increased by the company only with the prior approval of the Government.^{iv} Initially the fares charged were experimental and adjustments were made only through experience.^v The broad rule was to keep a balance between “fair remuneration” to the railway company as well as maximum public benefit.^{vi}

Government records reflect that they intended to promote the maximum movement of the lower-class passengers by railways by keeping fares to the minimum. This attitude is well reflected in a letter by the Government of India to the Madras Government:

“His Excellency in Council is accordingly strongly of opinion, that it will be to the ultimate benefit of the Company to work more at present to an increase of numbers; by the adoption of a lower fare for the third class, than to any immediate important addition to the receipts....It can neither be to the financial interest of the company nor to the well being and prosperity of the country, that the fares should be pitched so high, that the millions may not be induced to travel.”^{vii}

Both the Government as well as the railway Companies sought higher remuneration. However, their approaches differed. Contrary to the Government, the railway Companies usually favored higher rates for passenger fares. A struggle therefore ensued between the Government and the railway Companies on the issue of the rates of passengers’ fares. Horace Bell, a Consulting Engineer to the Government of India has devoted a chapter in his seminal work, *Railway Policy in India* to this question.^{viii} Mahesh Chandra Ashtha, in his article entitled “Passenger Fares on The Indian Railways, 1849-1869” has also thrown light on this aspect.^{ix} However, these writings broadly deal with all the railway Companies in general with very few references to the BB&CIR Company. This paper attempts to fill in this void by giving a detailed and in-depth account of the deliberations that took place between the Government and the BB&CIR in this regard.

The first part of the BB&CIR was opened to public between Amrolee (Utran) and Ankleshwar on the 10th February 1860. It opened section by section, until the entire stretch between Bombay and Ahmedabad was completed and Colaba was inaugurated as the terminal station in Bombay on 18th January 1870. Being parallel to the sea coast, the BB&CIR line was thus exposed to severe competition with the waterways. Throughout the year, except monsoons, boat-traffic enjoyed high demand, as it was far less costly than the railway. In fact, much before railway construction, C.W Grant in “*Bombay Cotton and Indian Railways*” was circumspect about its ultimate prospect as he predicted the railway to cost more than three times than that of the sea-trade.^x However Lord Dalhousie, the Governor General had anticipated a profit for the railway in his Minute of 1853, on ‘*Railways in India*’ as the railroads offered a rapid, easy and safe system of transport than the country boat which was slow and risky.^{xi} Besides, Gujarat being richest and most populated area in the Bombay Presidency, there were high hopes of the BB&CIR being a profitable undertaking.

Passenger Fares

When on 10th Feb 1860, the first 29 miles of the line was opened between Amrolee and Ankleshwar, three

classes of passengers' compartment were introduced in the BB&CIR. Initially the third-class fares were kept at par with that of the Great Indian Peninsula Railway (henceforth referred to as GIPR)^{xii} at 2 pies while the second and third-class fares were 18 pies and 6 pies per mile respectively.^{xiii} With the waterways running parallel to the railways, these rates were not attractive for passengers.^{xiv} So a fourth class was introduced in Jan 1861 with a fare of 1 ½ pies per mile, while the third-class passengers fares were increased to 3 pies. This was a tactical move as large number of passengers were induced to travel by the railway, which J.B.Lane, the Managing Agent, writes “no amount of Bill posting and “tom tomming” or any other form of advertisement would have effected.^{xv}

In the latter half of that year, the fourth class was abolished and the fares were consolidated into one for the third class at 2 pies.^{xvi} In Oct 1861, the first and second-class fares were also further reduced to 12 pies and 5 pies respectively.^{xvii} The third class made a steady progress. However, the first class had hardly increased at all and the second class had actually decreased partially. Therefore, on the suggestion of the government engineer, a new stock of third-class carriages with narrower seats and lower roofs were ordered so that passengers were deterred from travelling in these carriages and prefer travelling by the second class.^{xviii} Nevertheless, the majority of the passengers travelled by third class. Therefore, this paper will henceforth mainly focus on the change in fares of this class, about which both the Government as well as the Railway Company were more concerned.

Seeing the progress in the demand for the railways, soon the third-class fares were increased to 3 pies on 1st June 1862, as the Company management entertained a belief that the comparatively wealthy people of Gujarat could well afford the hike. With the railway being sufficiently popular among the local public by then, P.T.French, the Chairman of BB&CI railway was convinced that higher rates would not affect the size of the passengers. The Bombay Government (henceforth referred to as BG)) approved this hike on an experimental basis.^{xix}

Nevertheless, the hopes were belied as after a year it was observed that the number of passengers declined from 3,426 to 2,665 per mile open.^{xx} However, P.T.French was too happy to call it a great success and proposed a further increase of the rates to 4 pies per mile.^{xxi}

Lt.Col. Humpkins, the Consulting Engineer, BG, was skeptical to this hike in rates as he believed it was beyond the financial capacity of passengers traveling by third class. By way of caution, he cited the example of GIPR, who had similarly experimented but were forced to revert to lower fares, to attract more passengers. He insisted that similar to what fare-structure existed in Britain, if more people belonging to economically weaker sections of society are to utilize train services, the fares ought not to exceed 3 pies.^{xxii} Despite opposition for fare rise, the BG succumbed to the pressure of the Company and sanctioned an increase in fare to 4 pies for an initial period of six months as an experiment. This prompted the inhabitants of Gujarat to submit a petition to the Governor of Bombay, demanding immediate reduction of fares to its former level. Though J.P. Kennedy, the Consulting Engineer of the Railway Company, was in favor of low-fares in principle, he advised against rolling back the fares unless financial viability of sustaining such rates on the line was ascertained.^{xxiii} Since then the records show lengthy deliberations and differences on the issue of fares among the railway officials and the government authorities; while the former supported the increase in fares, the government officials totally opposed it as unsustainable. Nevertheless, despite protests from all quarters, the BB&CIRC continued the rate of 4 pies till Nov 1869.

It may be observed from the table given below that fares of the BB&CIRC were comparatively higher than other railway companies in India.

Statement showing the fares [in English currency] for 100 miles journey on the following railways in 1863-64^{xxiv}

Name	1 st class s d	2 nd class S d	3 rd class s d	Parliamentary S d
<i>Indian Railways</i>				
East Indian	10 9	9 4	3 1	-
Great Indian Peninsula	11 5 ½	5 8 ½	2 8 ½	-
Madras	11 5 ½	4 9	2 10 ½	-
Bombay and Baroda	12 6	7 3	4 2	-
Eastern Bengal	12 6	6 3	3 1 ½	-
Great Southern	10 0	6 8	2 3 ½	-
Sinde(105 miles)	11 0	7 4	3 8	

The government officials reviewed the impact of the higher fares on the railways thoroughly, to argue on stronger grounds against its increase. J.S.Trevor, the Government Deputy Consulting Engineer, for instance, made meticulous calculations to point out the corresponding decrease in the demand for the railways, due to increase in fares. For instance, he observed that the distance travelled by passengers was about 20 percent greater in 1861 than in 1862 when the fare was increased from 2 to 3 pies, while number of travellers per mile was 24 percent less than in 1862 and 35 per cent less than in 1861 in 1863, when the fare was 4 pies. What alarmed him more was that this decrease took place at a time when Gujarat experienced a boost in economy as a result of the American Civil war. Moreover, there was a marked increase in the population from 2,86,000 in December 1861 to 4,55,000 in October 1863 in the area through which the railway passed.^{xxv} He chided the shareholders of the Company residing in Britain for promoting higher rates of fare without knowing the ground realities of India and whose interests were entirely protected by the Government guarantee. What surprised him more was that the BB&CI line ran through the richest area in the Presidency and yet yielded less per mile than either of the two railways, the GIP and the Sind Railway. This he attributed to the high rates of fare.^{xxvi}

J.M. Greig, the Deputy Consulting Engineer for Gujarat, also presented a report on the effects of increased fares from the weekly returns in July 1863, where he noted a considerable drop in the number of passengers, even though rail lines had been connected to large cities like Ahmedabad and Nadiad. He also made a comparative analysis with the fares on sea-routes between Surat and Bombay, namely, the fares for steamer travel were Rs.3 and 4as. Yet, the poorest class of people, he observed, preferred to travel by pattimar for Re.1, as the former was considered to be expensive by them. The BG also stressed that a lower rate of 3 pies may be more profitable to the railway company and serve interests of the general masses well of that region. In support of their argument, the example of GIPR was cited, who could attract more passenger traffic towards railway than they could actually accommodate by reducing fares.^{xxvii}

Making a comparison between the railways of Britain and India, J.M.Greig pointed out that in Britain where railways were completely built through private investments, each railway ran a parliamentary train at a penny a mile. He insisted that in India, where railways were built through guarantee system, it was fair that the poorer classes, through whose taxes the guarantee of interest was secured, must derive some advantages, at least equal to those secured by their fellow labourers in England. He cited a Consulting Engineer's report where 2 pies (or ¼ of a penny) was calculated to be the equivalent of a penny due to the difference in the scale of wages.^{xxviii}



In spite of repeated pleas by the Government officials to reduce the fares, the Company remained apathetic in its response. On the contrary, C. Currey, the Managing Agent of the BB&CIR reiterated that since BB&CIR carried the bulk of passenger traffic in the area of their operation, any reduction of fare could only deplete revenues to half. He raised doubts if the losses could be made up by any prospective increase in passenger traffic. The GOI too supported BG's argument for a reduced fare for lowest classes for the entire country. Currey opposed this opinion tooth and nail as it would not make the venture sustainable in Western India, where the fuel and labour charges were comparatively higher than the other parts of the country. Hence, he insisted on a higher rate of fare.^{xxix}

The year 1868 witnessed a noticeable drop in passenger traffic of all categories as compared to the earlier year. The BG felt vindicated in argument supporting lower rates and noticed that this had pushed the people back to former mode of conveyance such as cart and boat. In fact, such a phenomenon was not experienced by the other two companies – the GIPR and Sind Railway. If BB&CIR were to make their venture sustainable and inject vitality for a healthy growth, the only alternative left open in BG's opinion was to reduce third-class fares and also start fourth-class with much lower fares. A 3% decrease in revenue each year alarmed the GOI and they pressurized the BB&CIR to temporarily experiment with the reduced rates and observe its effects. Since the government had given guarantee to the railway company on the interest amount, they felt that it had nothing to lose and only to gain – for, in any eventuality of prospective loss was guaranteed to be borne by the government.^{xxx}

In the meanwhile, pressure from media and the general public for fare reduction of third -class mounted. Such concerns were voiced in the *Broach Vartman* of 3rd May 1869.^{xxxi} In public interest, Byramji Jijibhai, a well-known Indian businessman and philanthropist sent two representations to the Agent of BB&CIR appealing against high fares.^{xxxii} Eventually, the company relented and Currey announced a reduction to 3 pies per mile on an experimental basis.^{xxxiii} The fares were scaled down gradually segment-wise, and were introduced on 1 Nov 1869 for a 37 miles stretch between Bombay and Virar; between Ahmedabad and Vadodara from 1 Feb 1870; between Vadodara and Valsad from 1 March 1870 and covered all other stations from 1 April 1870.^{xxxiv} This reduction in fare was lauded by the entire local media.^{xxxv} The results were at once visible – the number of passengers in third class category increased substantially from 1,521,497 in 1868 to 1,738,047 in 1869, and 2,387,097 in 1870.^{xxxvi} In spite of the increase in passengers the net profits for the year 1869 totalled merely 1.8% on the estimated cost which was far less than the guaranteed interest of 5%.^{xxxvii}

It may therefore be apt here to point out that passenger fares alone did not determine the revenue receipts of the railway Company. Another factor more responsible for the failure of the railways in earning was its extravagant cost of construction. With a guaranteed interest, the Railway Company hardly had any inducement to economize on their expenditure.^{xxxviii} No wonder, the average cost of a single line per mile of the BB&CIR was £24,000, which was far higher than the initial estimate made by the Directors of the BB&CIR Company at £5000 per mile.^{xxxix}

Conclusion

The colonial Government favoured the policy of low experimental fares whereas the BB&CIR company opposed this. However, their objective was compatible. Both wanted a fair remuneration. Since the railway was a commercial enterprise, making of profit was the main motive. But their means were different. While government wanted to increase the receipts by increasing the number of passengers, the railway company wanted to do the same by enhancing the rates of passengers' fares. In spite of repeated pleas from the public, the BB&CIR Company seemed impatient in calculating financial surpluses, turning a deaf ear to the wants and needs of the Indian people.

The Government seemed sympathetic towards lowering the fares for the benefit of the public. But this seems only to be an eye wash benevolence. For, even if the railway ran at a loss due to higher or lower fares, the loss experienced by the railway was compensated by the guarantee system, wherein the shareholders got their interests from the taxes paid by the people of India. Thus, the public either paid higher fare, which might lead to a profit for the Company or they paid a lesser fare and made up for the loss of the Company through their taxes. The position of the Indians in this guarantee system in relation to the fares may therefore rightly be described as that “between the devil and the deep sea.”

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