

## John Chapman and the Promotion of the Great Indian Peninsula Railway, 1842–1850

Ian J. Kerr (University of Manitoba, Canada)

European railway promoters, investors, contractors, and engineers did not restrict their activities to railways constructed within Europe or within areas of large-scale European settlement such as Canada or the United States. Most of the 19<sup>th</sup> century railway construction in Asia, Africa, and Latin America was financed by European capital and directed by Europeans. British capital and personnel predominated in most of these extra-European arenas.

Both within Europe and without it is useful to conceive of British, mid-19<sup>th</sup> century railway ventures as, in the words of Leland Jenks, “a migration of enterprise *and* labour *and* capital from one part to another of a commercial area conceived as an expanding economic whole.”<sup>127</sup> The railways of the second and third quarters of the 19<sup>th</sup> century led the way into a new era of economic integration. To use the American term for sleepers, the railways provided the “ties” that bound sub-regional, regional, national and, in the event, supra-national economies together. Steam railways (and their oceanic brethren, steamships) made possible that “most impressive episode of international economic integration,” the world has yet seen, namely the period extending roughly from 1870 to 1914.<sup>128</sup>

Nowhere was this more strikingly evident than in India. Railways, I have argued elsewhere, were at the infrastructural core of the making of the Indian state and

---

<sup>127</sup> Leland Jenks, The Migration of British Capital to 1875 (1927; London: Nelson paperback, 1971), p. 178.

<sup>128</sup> Kevin H. O'Rourke, “Europe and the Causes of Globalization, 1790 to 2000,” in Henryk Kierzkowski, ed., Europe and Globalization (Houndmills, Basingstoke: Palgrave Macmillan, 2002), p. 65.

nation—politically, economically, and culturally.<sup>129</sup> Some historians have argued that without the development of a large network of railways there would have been no India as we know it: in effect, no railways, no India.<sup>130</sup> Perhaps so, or perhaps the assertion is a non sequitur since modern India would have been made differently in the absence of railways. Internationally, railways and steamships integrated India more tightly to the global economy albeit under conditions beneficial to the commercial and financial interests of the colonial power, Britain. Thus, India's railway history provides important examples to which the questions that inform our collective effort here at Semmering can be applied. To what extent were investors from one country crucial to railway development elsewhere (1)? How difficult was it to realize those investments (2), and what were the consequences of those railway investments (3)? The initial answers from India are crucial (1), difficult to realize (2), and enormously consequential (3).

Most of the initial costs (into the 1870s) of India's railways were financed by British investors. Indian investors contributed about one per cent of the total although there were no direct impediments to their participation.<sup>131</sup> Most wealthy Indians faced with the new and uncertain railway ventures, made the rational choice to invest their money in more familiar opportunities. British investment in the private railways of India (state owned and managed railways were started in 1869) totaled some 150 million pounds in the 19<sup>th</sup> century, of which some 95 million was raised by 1875. A guarantee, secured against the revenues of the Government of India, assured the railway investor a five per cent return on capital whether the company made money or not.<sup>132</sup> A guarantee

---

<sup>129</sup> Ian J. Kerr, "Introduction," in Ian J. Kerr, ed., Railways in Modern India (New Delhi: Oxford University Press, 2001), pp. 1-61.

<sup>130</sup> Raymond W. Goldsmith, The Financial Development of India, 1860-1977 (New Haven: Yale University Press, 1983), p. 57.

<sup>131</sup> A. K. Banerji, Aspects of Indo-British Economic Relations 1858-1898 (Bombay: Oxford University Press, 1982), p. 56.

<sup>132</sup> In Addition To Banerji, the following examine the political and financial aspects of the early decades of British investment in Indian railways. Daniel Thorner, Investment in Empire, British Railway and Steam Shipping Enterprise in India 1825-1849 (Philadelphia: University

was held to be essential to raise the needed capital. Guarantees were not unique to India. They were present in other railway ventures.

Initially and throughout the colonial period Britons supervised the construction and operation of what became, by the start of the 20<sup>th</sup> century, the world's fourth largest railway network encompassing nearly 38,000 route kilometers in 1900. The first line (April 1853) to open officially in India was a 34-kilometer section of the Great Indian Peninsula Railway (hereafter GIPR) between Bombay and Thana. Eventually, after a decade of difficult construction the GIPR surmounted the formidable Western Ghats some sixty-five kilometers east of Bombay with one line going northeast via the Thal Ghat incline and another southeast via the Bhore Ghat incline. The GIPR's chief engineer, James John Berkley, previously one of Robert Stephenson's trusted lieutenants, likened the 25 kilometer conquest of the Bhore Ghat to what was then the most formidable point of comparison in European railway engineering, the Semmering Incline.<sup>133</sup> The subsequent growth of Bombay (modern Mumbai) into one of the world's largest cities was made possible by the railway-made revolution in transportation to and from Bombay and its excellent, sheltered, deep-water harbour.

The promotion and financing of the GIPR—and its contemporary in eastern India, the East Indian Railway (EIR)—was fraught with difficulty. Railways for India were mooted in the 1830s and by the early 1840s many schemes (and quite a few schemers) sought approval and investors. European railway promoters often faced difficulties; those seeking to build in India faced even greater obstacles. In the 1840s India was governed by the East India Company (EIC), a royally chartered joint-stock company founded in 1600 albeit shorn of its commercial role. The complicated, constitutional history of the EIC can be followed elsewhere. Suffice it to say that in the 1840s sub-units of India's colonial administration (provinces under governors, styled "Presidencies" as in

---

of Pennsylvania Press, 1950); W.J. Macpherson, "Investment in Indian Railways, 1845-1875," *Economic History Review*, 2<sup>nd</sup> series, VIII: 2 (1955), pp. 177-186.

<sup>133</sup> James John Berkley, "On Indian Railways; with a Description of the Great Indian Peninsula Railway," *Minutes of Proceedings of the Institution of Civil Engineers*, XIX (1859-60), p. 595.

the Bombay Presidency headquartered at Bombay city) had some room for maneuver vis à vis the Government of India under the Governor-General in Council headquartered at Calcutta; the Governor-General reported to the Court of Directors of the EIC in London via the London-based, India Office secretariat (whose formidable cadre had included James Mill and, from 1823 to 1858, John Stuart Mill) ; the Court, in turn, was subjected to the Government Board of Control whose Chairman, an important politician and member of one of the Houses of Parliament, was a member of the Cabinet of the day. Through this link, Indian issues were reported to Parliament who had final authority over many matters, including railway development. Add to all of this the many in Britain with Indian interests (largely economic but also military, philanthropic, evangelical and even personal) then one immediately sees that railway ventures for India had to be negotiated through and with a variety of regulatory regimes and interest groups with different and sometimes conflicting agendas. Getting investors was but one aspect of promoting an Indian railway.

British railway promoters and potential investors did have one advantage where India was concerned. Railway ventures were launched within a context controlled and largely populated largely by Britons, and according to laws, rules, and procedures established by the British. Much of the crucial action took place in Britain. This differentiates trans-national railway promotion and development in Europe from that in colonial contexts like India. European states, strong and weak alike, had independent governments. India was a colony and Indians had little say in railway promotion and development. India's railways were colonial railways: a statement fraught with meaning. A few prominent Indians became members of the Bombay Committee of the GIPR, but their share of GIPR stock was small and their ability to shape the course of events was limited.

The GIPR as a Company and as vision of railways for western India was largely the work of a gifted, tireless, dogged, prickly promoter named John Chapman

(1801-1854).<sup>134</sup> Chapman was born in the Midlands town of Loughborough (roughly mid-way between Leicester and Derby). His father was a successful clockmaker, a religious nonconformist (Baptist), and a political radical (in the 19<sup>th</sup> century British political use of radical). John Chapman was decently educated, studied Latin and Greek, and thoroughly mastered English and later acquired French. Mechanical matters and mathematics, however, were his greatest interests and his commitment to the Baptist Church (he was a Deacon and taught Sunday school) unwavering throughout his life. Thus, Chapman was not of the establishment order. He came from comfortable, respected stock but as a dissenting, Midlands-born person he moved in circles distant from the monied elite of London and their aristocratic and gentry allies in the countryside: those whom Cain and Hopkins memorably labelled the practitioners of “gentlemanly capitalism.”<sup>135</sup>

Chapman’s career got off to a promising start. He began to manufacture bobbins, carriages, and other precision parts for lace making in Loughborough. Business increased and Chapman did well until the mid-1830s when a combination of factors led to bankruptcy and ruin. The impoverished Chapman, joined later by his family, moved to London where, thanks to his mechanical skills, he initially eked out a living as an instrument maker. He also began to write political articles for the newspapers (the DNB characterizes Chapman primarily as a “political writer”). He also began to write for the Mechanics Magazine, a leading technical journal in whose pages railways were often discussed. The founder of that journal later founded the Railway Times, for which Chapman also subsequently wrote. Thus, Chapman developed a considerable—if somewhat abstract—knowledge of railways. Chapman

---

<sup>134</sup> There is an entry for Chapman in the Dictionary of National Biography (and likely also in the New Dictionary of National Biography, once it is available). A descendant of Chapman wrote a brief account of his life: John Wallis Chapman, Philosopher John. John Chapman of Loughborough 1801-1854: Engineer – Inventor – Political Writer (Cartmel, England: privately circulated, 1983). However, the details of Chapman’s life and particularly his association with the GIPR can be dug out from the massive collection of Chapman’s private papers located in the India Office Collections of the British Library, Mss Eur. E 234.

<sup>135</sup> P.J. Cain and A.G. Hopkins, British Imperialism: Innovation and Expansion 1688-1914 (London: Longman, 1993)

invented and patented improvements to the horse-drawn Hansom cab and, later, became involved in a serious effort to design a flying machine.

In 1841 Chapman came into renewed contact (there was a distant connection) with George Thompson, radical politician, abolitionist and later (1847), Member of Parliament. Thompson was interested in the early 1840s in the “improvement” of India and Chapman suggested to Thompson that road and rail construction in India designed particularly to bring cotton (a crucial commodity for the textile industries of the Midlands) cheaply to the coast would contribute greatly to India’s progress. The critical conjuncture had occurred: Chapman had begun to advocate railways for India. But what an unlikely promoter he was: poor, little connected to banks and financiers, and with at best an abstract knowledge of railways and a limited knowledge of India! Chapman later acknowledged that when his “solitary efforts commenced” in 1842-43 to promote a railway in India his ideas were often met with “incredulity and even ridicule . . .”<sup>136</sup> However, he was a man of talent, vision, great energy, and dogged determination bolstered by his Baptist faith and his concern for his family’s well being.

One point requires highlighting. Chapman was neither the first nor the only promoter of railways for India. Even in Bombay a group of local officials, commercial men and a few wealthy Indians had, with encouragement from the Sir George Arthur, Governor of Bombay, utilized the proposals of the railway engineer George T. Clark to establish in July 1844 the “Provisional Committee of the Bombay Great Eastern Railway.” A subscription list was opened and well supported. Clark, who had come out to India in 1842 after a period in the employ of Brunel, proposed 89 kilometers of railway from Bombay to the foot of the Western Ghats.

---

<sup>136</sup> John Chapman, The Cotton and Commerce of India, Considered in Relation to the Interests of Great Britain With Remarks on Railway Communication in the Bombay Presidency (London: 1851), p. 185.

What Chapman did was to broaden considerably the vision of railways for Western India, give that vision an organizational and financial presence in Britain, and to integrate the efforts in Bombay into the London-based GIPR. In 1844, Chapman was responsible for a detailed prospectus for a Great Indian Railway (sic) of some 2100 kilometers extending from Bombay to a port on India's East Coast and tapping the cotton-growing tracts of Western India. After the EIC issued a despatch in May 1845 indicating they were prepared to receive detailed plans for railways in India, Chapman's British group now titled the GIPR, with which some people of prominence had become associated, formed themselves into a "Provisional Committee" to turn the GIPR into a joint-stock company. The Committee had its first meeting on 10 May 10 1845 and by July 1845 published its prospectus and called for subscriptions in India and Britain.

The GIPR advertisement in The Times of London on 2 July 1845 (p. 2) envisaged a capitalization of £6,000,000 raised via 120,000 shares of £50 each. John Stuart Wortley, M.P., soon to be Lord Wharnccliffe after the death of his father, was listed as Chairman with W.P. Hamilton, another M.P., Deputy Chairman. The twenty listed members of the Board of Directors included eight who had held senior military or civil positions in India, among whom some, plus others on the Board, were active in commercial endeavors in Asia. Others among the directorate included six prominent British merchants and bankers, of whom four were major promoters of railways in Britain and Europe. Denison, Heywood, Kennards and Co., a powerful firm with considerable investment in British railways, was listed as the GIPR's British banker.<sup>137</sup> Messrs. White and Borrett were the London solicitors and John Chapman was listed as "Manager."<sup>138</sup> Robert Stephenson had agreed to be the Company's "Consulting Engineer."

---

<sup>137</sup> My summary of the interests of the Directors follows the analysis in Thorner, Investment in Empire, p. 110.

<sup>138</sup> Thanks to R.W. Kostal, Law and English Railway Capitalism 1825-1875 (Oxford: Clarendon Press, 1994) we understand better the pivotal role of the legal profession in railway promotion in Britain.

The invitation to subscribe to the GIPR was taken up enthusiastically. A list of subscribers dated 26 November 1845 contained close to six hundred names.<sup>139</sup> This, however, did not mean the GIPR was awash with capital. To the contrary, the GIPR was short of working capital until 1849 when permission to build was finally received thus triggering the call for full payment from the investors. In the meantime, a deposit of 5 percent was all that was needed. £250 reserved one thousand shares nominally valued at £50,000. Large blocks of shares were reserved primarily by the Directors. Most investors bought less than 100 shares; many bought less than fifty.

How did Chapman overcome the ridicule and scepticism with which his proposals were initially met such that the prospective GIPR was well received in 1845? Part of the answer can be found in the abilities and determination of Chapman. Another part of the answer can be found in Chapman's effective promotional techniques. On the one hand, he offered what seemed to be convincing evidence of likely success for his proposed line; he consulted former Indian officials of knowledge and long experience; he spent many hours in the records of the India Office researching all aspects—from mountains to markets—of his proposal. He also made contact with persons of influence or potential influence. One finds in his correspondence a pattern of using one open door, one person of influence, to open additional doors; to use one person to gain access to another person. One wonders if Chapman ever slept, such was the volume of his correspondence, his research and research findings, and his publications. One also suspects that the deferential, even servile, tone he had to adopt in some approaches to men of influence grated on Chapman. Nonetheless, Chapman made connections, generated support, and persuaded

---

<sup>139</sup> The complete list is available in the India Office Records of the British Library, file L/AG/46/12/1. There is dispute about the extent to which subscription lists fully reflected subsequent, paid-up shareholders. See, for example, S.A. Broadbridge, "The Early Capital Market: The Lancashire and Yorkshire Railway," *Economic History Review*, 2<sup>nd</sup> series, VIII: 2 (1955), pp. 200-212. Cautious, largely middle class investors seeking secure returns—the five per cent guarantee—predominated among the GIPR's stockholders; debenture issues were taken up largely by banks and insurance companies for the same reason. See, Macpherson, "Investment in Indian Railways, 1845-1875," p. 181.

people the GIPR was a worthy venture. He engaged in public advocacy and private persuasion.<sup>140</sup>

The final part of the answer is the context of the times. Britain in the mid 1840s was gripped with railway fever. As Pollins wrote: “At the height of a boom it was sufficient for a company to place an advertisement in a railway journal for it to be flooded with applications.”<sup>141</sup> Virtually any railway scheme with impressive backers and a convincing proposal could find investors. The GIPR had both. However, as all railway historians know, the bubble burst. Just as the GIPR looked ready to finalize its arrangements, the severe economic downturn of 1847-48 occurred. Funds for railways became scarce, especially for railway development in distant India where no track, and hence no record of accomplishment, existed to convince the wary investor.

Chapman had gone to India to promote the GIPR and to develop a better-researched scheme to lay before the EIC. The latter, of course, crucially involved detailed surveys of potential routes. Chapman personally conducted some of the surveys in trying conditions. Reaching Bombay in September 1845 he also quickly persuaded the local promoters of the Inland Railway (successor to the Bombay Great Eastern) to join the already established (July 1845) Bombay Provisional Committee of the GIPR. The GIPR with Provisional Boards of Directors in London and Bombay had, for some years at least, Western India to itself.

Chapman returned to England in September 1846 having cemented support for the GIPR in Bombay and acquired the information he needed to prepare the thorough, detailed report required to support an application to the EIC. But the financial markets had soured, the EIC was little inclined to support railway development in India, and neither it nor the Government of India was inclined to do so with any kind of guarantee. 1847-48 were tough times for Chapman. He

---

<sup>140</sup> I base this paragraph on my reading of the Chapman Papers. See Mss. Eur. E 234, esp., files 9-88.

lived hand to mouth (and often had to borrow money to maintain his family); he had no income from the GIPR (which had no capital). Nonetheless, he pursued his dream of railways for Western India. He wrote; he testified before Parliamentary Committees; he rallied commercial interests in the Midlands to support the GIPR in the interest of a cheaper and more secure supply of raw cotton; he knocked on the doors of high India officials and less savoury figures like George Hudson in his search for approval and for financial backing.

In later 1848, the financial situation in England began to improve and the political pressure of Chapman and his allies pushed the Court of Directors of the EIC to negotiate contracts with the GIPR and the EIR. The two companies eventually got their guarantee and other favourable conditions in an offer made in March 1849 and contractually formalized five months later after Acts of Parliament had incorporated both with limited liability.

Meanwhile, just as success was imminent Chapman's relationships with some among the GIPR Direction began to sour. Difficulties had surfaced earlier but now they became irreconcilable. Chapman was not a greedy man but he had his pride and a strong sense his worth. He demanded what he believed to be an appropriate position and salary with the now successful GIPR. He received neither, made intemperate remarks, and was dismissed in September 1849. Attempts to regain his position failed. Chapman was no match for powerful men with capital and their factotums. In September 1854 he contracted cholera and died.

---

<sup>141</sup> Harold Pollins, "The Marketing of Railway Shares in the First Half of the Nineteenth Century," Economic History Review, 2<sup>nd</sup> series, VII: 2 (1954), p. 233.