

13th March, 1923

**THE  
LEGISLATIVE ASSEMBLY DEBATES**

**(Official Report)**

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**THIRD SESSION**

**OF THE**

**LEGISLATIVE ASSEMBLY, 1923.**



**SIMLA  
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# Legislative Assembly.

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CAPTAIN SURAJ SINGH, BAHADUR, I.O.M.

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# LEGISLATIVE ASSEMBLY.

Tuesday, 13th March, 1923.

The Assembly met in the Assembly Chamber at Eleven of the Clock. Mr. President was in the Chair.

## DATE OF FUTURE SESSIONS OF THE LEGISLATIVE ASSEMBLY.

**The Honourable Sir Malcolm Hailey** (Home Member): I am sorry that I was not in my place yesterday when my Honourable friend Mr. Chatterjee kindly accepted a number of inquiries on my behalf regarding the future sittings of the Assembly. I am now able to announce that there will be a Summer Session of the Assembly. It has been arranged provisionally that this will commence on the 2nd of July. This date has been arranged with the assent of the President.

**Mr. Jamnadas Dwarkadas** (Bombay City: Non-Muhammadan Urban): Can the Honourable Member give us any idea as to how long the Session is likely to last?

**The Honourable Sir Malcolm Hailey**: I am afraid not, but we anticipate in the light of the business that we can foresee that it will be a short Session.

**Mr. K. Ahmed** (Rajshahi Division: Muhammadan Rural): What about the September Session as usual? Do I understand that instead of the September Session, we are going to have a July Session?

**Mr. President**: I understand that the Honourable Member will probably be engaged at that time in meeting his constituents.

## THE BUDGET—LIST OF DEMANDS.

### SECOND STAGE—contd.

#### RAILWAYS.

**The Honourable Mr. C. A. Innes** (Commerce and Industries Member): I beg to move, Sir:

“That a sum not exceeding Rs. 54,47,79,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1924, in respect of ‘Railways’.”

**Mr. P. P. Ginwala** (Burma: Non-European): I beg to move:

“That the Demand under the head Railways, sub-heading Working Expenses be reduced by Rs. 4 crore.”

This is a slight verbal modification of the amendment No. 173 which stands in my name. It was all along my intention to confine my arguments solely to the reduction of working expenses and I did not wish to touch upon any other items, so far as this amendment was concerned. Sir, a layman like myself handling figures against the financial experts of the

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Government of India is necessarily at a great disadvantage for it is very difficult for him sometimes to follow the reasoning of our financial experts.

To give an instance yesterday, we moved a reduction of Rs. 4 lakhs under the head Customs and the Honourable the Finance Member got up and said that the effect of that would be to increase the deficit by one crore of rupees. Applying that principle, I feel that if I succeed in carrying this amendment of mine, the deficit will be increased by 100 crores. That, however, is the difference between the expert and the lay mind and as the difference is of a permanent character, I suppose it must be allowed to remain. Subject to that limitation, I would invite the attention of the House to a few figures. The original Budget estimate as framed and presented to this House on the 1st of March for working expenses was Rs. 66-51 crores. Now, it has been reduced to Rs. 63-51 crores. It is stated that by this further reduction of 3 crores, Government have given substantial effect to the recommendation of the Inchcape Committee. No doubt, there is a literal compliance with the recommendation of the Inchcape Committee in that adjustment. But I venture to submit to the House that it does not give effect to the implications or rather the opinions of the Inchcape Committee taken as a whole as embodied in the Chapter on Railways. It is within the recollection of the House that the Inchcape Committee laid down a broad general principle that as compared to the Budget estimate for 1922-23 there shall be a reduction of  $4\frac{1}{2}$  crores but that as compared with the proposed budget for the present year there shall be a reduction of  $3\frac{1}{2}$  crores. In coming to that conclusion they adopted rather a peculiar line of reasoning. They say at page 76 of the Report, paragraph 30, in effect that first of all there was a reduction of 4 per cent. on the estimated revenues, and therefore there ought to have been an automatic reduction of 4 per cent. on the expenditure, and by this reasoning they arrive at the conclusion that as compared with the budget estimate for 1922-23 the estimate for 1923-24 ought to have been less by 2.44 crores, but that, compared to the preliminary estimate for 1924, it ought to have been less by 165 lakhs. Then they go on to say that if the railway administration carry out their other recommendations suggesting economies in certain directions, (but apart from the drop in the price of materials,) the Railway Administration ought to be able to reduce their expenditure by, say, an additional one crore and 75 lakhs. It is in that way that they get their figure of  $4\frac{1}{2}$  crores as compared to the budget estimate for 1922-23, and  $3\frac{1}{2}$  crores as compared to that of 1923-24. It is a very curious circumstance that in coming to their conclusion they should have forgotten many recommendations that they had made earlier in the Report, and which apparently have not been taken into account in stating their conclusion in those words which you find at the end of the chapter, clause 6 of the conclusions. My submission to the House is this, that though in so many words they only recommend a reduction of  $4\frac{1}{2}$  crores on the budget estimate for 1922-23, they really intended to recommend a reduction of at least 5 crores, if not more, and this is how I work out the figures. I will give the figures in their proper order.

	Rs.
Budget estimate, 1923-23 . . . . .	67-99 crores.
Revised estimate according to the Memorandum furnished by the Chief Commissioner . . . . .	66-38 "
being a saving of . . . . .	1-78 "
	on the actual figures.

The Inchcape Committee had not apparently the correct figures for they estimated the actual saving at 1.15 crores, but according to this Memorandum, it should be 1.73 crores, that is to say on the actual figures. But if you take the hypothetical basis applied by the Inchcape Committee, it ought to be 2.44 crores. Then at page 76 also, paragraph 29, they deal with what is called the Programme expenditure on revenue account. The original estimate of 1922-23 was 12½ crores and apparently that was going to be the estimate for this next year in furtherance of a general policy, which it seems has been laid down by the Railway Administration and is to be followed for a series of years. The Inchcape Committee remark in connection with this:

“As a result of our consideration we are of opinion that the budget provision for programme revenue expenditure in 1923-24 should be limited to 9 crores, and that the Agents of individual railways should be empowered to utilise the amounts allocated to their railways at their discretion for either additional repairs or renewals, which, as we have already pointed out, are very closely inter related.”

So that there is a clean cut there of 3½ crores, not for every year, but at any rate for the present year, 1923-24.

Then take another heading, the Staff, page 72, paragraph 22. They have come to the conclusion that the Railway Administration is over-staffed and that substantial reductions are necessary, and they point to the very laudable instance of the Great Indian Peninsula Railway which proposes to reduce its staff by 50 lakhs of rupees in this year 1923-24. After referring to the Great Indian Peninsula Railway, they go on to observe:

“Other Agents stated they were gradually affecting reductions, but we consider that in present financial circumstances the employment of staff in excess of requirements cannot be justified. We recommend that a further saving of at least rupees one crore should be effected in salaries and wages in 1923-24.”

This gives us an additional one crore, which added to the 50 lakhs of the Great Indian Peninsula, makes a saving of a crore and a half.

Take another item, Fuel. Under Fuel, they budgeted for 10 crores 2 lakhs for 1922-23. They saved about 38 lakhs actually in fuel last year, and according to the Memorandum of the Chief Commissioner, they expect a saving of one crore of rupees on fuel during the present year. I refer to paragraph 19 of the Memorandum where it says:

“The provision in the budget for fuel in the current year was placed at rupees 10.02 crores as compared with the actual expenditure of 9.79 crores in 1921-22. In the revised estimate it has been reduced to 9.64 crores; (that is about 38 crores reduction) due to a smaller quantity of imported coal having been purchased.”

The budget for 1923-24 provides for Rs. 8.69 crores. Therefore there is a reduction of at least one crore, if not more, compared to the budget estimate for 1922-23. It really comes to a crore and 30 lakhs. The Inchcape Committee, in referring to that, says at the bottom of page 67:

“In view of all the circumstances we are of opinion that a considerable reduction in the expenditure on fuel should be possible in 1923-24 and we understand that it is proposed to reduce the estimate to Rs. 8.68 lakhs by an arbitrary cut of 1 crore on the demands made by the Agents, included in the preliminary estimates for 1923-24.”

So they do not consider the reduction of one crore too high. In fact upon the figures appearing in the Memorandum, compared to 1922-23, there ought to be a reduction of at least one and a quarter crores, but I have taken only one crore. Now, if you total up only these four items which I have



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mentioned, namely, the actual saving during the current year of 1.73 crores, the recommended reduction of 3.50 on the revenue programme expenditure, a crore and a half on the staff and one crore on the fuel, you get a total reduction of 7.73 crores on the budget estimate for 1922-23, whereas, if you take the Inchcape Committee's hypothetical basis, in deriving the saving which, I submit, is the basis upon which any business man would act, namely, that if there is a fall in revenue there ought to be a corresponding fall in expenditure,—you get these figures, 2.44, + 3.50 + 1.50 + one crore, or a total reduction of 8.44 on the budget estimate for 1922-23. Now, if you deduct from the budget estimate of 1922-23, which was 67.99 crores this first total, namely, 7.73, you get 60.26 crores, which ought to have been the budget estimate for this year. But, if you take this 67.99 crores and deduct from that 8.44 crores, which, I submit, is the correct recommendation of the Inchcape Committee, you get 59.55 crores, which is just under 4 crores less than the revised estimate which is presented now of 63.51 crores. So that I venture to submit that, whichever figure you take, there is an excess of about 4 crores in the estimate submitted by the Honourable the Finance Member over what the Inchcape Committee actually recommended. If it is our intention, and if it is the intention of the Government that we must do our best to wipe out this year's deficit, it would be their duty first of all to convince the House that they have done their best and that they are doing their best to reduce their expenditure. If they are able to convince us, we should be the last persons to refuse them any additional taxation that is required. But under these conditions which I have just now mentioned to the House and having regard to the figures, it is perfectly plain that, unless they reduce their estimate by at least four crores of rupees, they would not be doing that which every Member in this House expects, them to do, namely, to cut down their expenditure with due regard to efficiency to the lowest possible minimum.

The figures which I have given do not make any allowance for many other causes which may lead to the reduction of expenditure. No doubt we shall be met with certain arguments such as that the staff cannot all at once be reduced, that there may be more fuel used if there is more traffic, and so on; but remembering all these circumstances, there is yet much to look to by way of economy. First of all, I will refer to the drop in prices of materials. Except perhaps, with reference to fuel, there is no account taken whatsoever in my figures of the general drop in prices. We have no evidence, so far as I know, upon which the House can definitely act as to what that drop is, but we have some indication in the Memorandum of the Chief Commissioner himself from which we can reasonably deduce what may be expected. When he deals with the revenue programme of 12½ crores, he suggests a reduction of one crore. That, I take it, is mainly due to the drop in prices of materials. So that, if you take that as your basis, namely, one crore in every 12½ crores, you will probably find that there is room for a further reduction of 3 or 4 crores only on the ground of a drop in prices.

Then, there is one other item that also deals with this revenue programme expenditure. There is no more damning condemnation of the system adopted by the Government in their valuation of depreciation than is to be found in the remarks of the Inchcape Committee. The Government apparently seem to follow what I may describe as the actuarial basis.

that is to say, they fix the life of a locomotive at 25 years or of the rails at 30 years and something else at so many years. When that period has expired they think it is their duty to scrap those articles. I want to ask Honourable Members whether in insuring their own lives they would follow that principle. If an actuary told them that the insurable value of their lives is 20 years, will they after 20 years, commit suicide? I can see no distinction whatsoever between that and the principle that is followed by the Government. You cannot scrap locomotives, for instance, simply because they are 20 or 25 years old. Any Honourable Member from Bombay or Calcutta would tell the Railway Administration how they manage repairs and renewals to their machinery in their mills. They do not scrap their machinery simply because their adviser has told them that it ought to be scrapped after 25 years. Sir, there is a very pathetic story here in this Inchcape Committee's Report of how an Agent tried to persuade the Railway Administration that it was not necessary to go in for a length of 60 miles track. (*A Voice*: "What page.") Page 65. That, as I say, is a very pathetic account of what takes place in our Railway Administration. The Report says:

"It was represented to us by one of the Agents that a considerable portion of the expenditure on his Railway was for renewals which were in his opinion absolutely unnecessary and that 60 miles of line to be renewed in 1923-24 and a similar mileage in 1924-25 could easily be strengthened at about one-third of the cost to last a further 15 or 20 years."

This is how the Chief Commissioner meets him :

"On the other hand the Chief Commissioner stated that the renewals were part of a programme framed with a view to avoiding the necessity of having to renew any unduly large portion of the line in any one year, which would mean a large financial outlay and considerable interference with traffic working."

Then the Inchcape Committee go on to say that that was not the way the Railway Board ought to carry on its business; it ought to be left to the discretion of the Agents. I do not think I am exaggerating the case when I state that most Members of this House will agree with the remarks of the Inchcape Committee and of this Agent, whoever this unfortunate individual was, whose advice was not accepted by the Railway Board. It is all very well to talk of inconvenience, but the far more important thing is balancing the budget and saving public money. It may be that they may be inconvenienced if this procedure is adopted, but that, as I say, is a comparatively small matter, and no business man, I venture to submit, will scrap 60 miles of track simply on the ground of inconvenience alone. As I said before, any Honourable Member from Bombay, for instance, my friend, Mr. Manmohandas Ramji, or Sir Campbell Rhodes, from Bengal or anybody else, who has experience of these things, will be able to tell you that that is the most unbusinesslike way of dealing with renewals and repairs. No business man follows this method in practice. So that, far from this 9 crores which the Inchcape Committee allowed for the revenue programme being unduly small, I say it is excessive. The whole system must be thoroughly overhauled and if possible, pending an investigation into it the whole of this 9 crores ought to be saved, if the Railway Board find no other way of making these renewals in a business-like fashion. I think, I can fairly claim that there has not been a single occasion when I have spoken in this House in favour of any proposition which is likely to interfere either with our revenue departments or with our business departments, if expenditure is necessary; but I must protest

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against the manner in which the Railway Administration is conducted and their business methods, or rather I should say their unbusinesslike methods. Then again you will find, that in dealing with stores, for instance, they speak of " an excessive quantity stores " at page 78. Now, I do not know I will try to get the figures—they are not given in any of the documents supplied to us—as to how much stores they are going to purchase out of revenue during the next year; but if what the Inchcape Committee say is right, that they are overstocked with stores, then there must be room for economising in the purchase of stores within the next twelve months.

There I have pointed out at least three sources from which further economies could be effected, if the Railway Administration made up their minds to do so; and if they did so there is ample provision in those economies for what the Honourable the Finance Member described as " lag " in connection with the reduction of staff and other matters. A proposal has been made for increased taxation. It has been condemned in the country so far as the Salt Tax is concerned, not on economic grounds, I admit, but on political grounds. I say that political grounds in this particular case are far more important than economic grounds. I have no hesitation in saying that for I am not one of those who would go out of my way to give an advantage to my political opponent. I know he will make capital out of this against me at the election and I am not going to give my enemy an advantage. I put it plainly and simply on that ground, and this House will be perfectly justified in refusing any further additional taxation from salt only on that ground. Under the circumstances on economic grounds it is not necessary to discuss. If the Budget has to be balanced, the expenditure on railways must be reduced by a further 4 crores, and I do not believe that the Railway Administration will suffer in the point of efficiency by that reduction in spite of what the Honourable the Finance Member said yesterday. I do not think there will be a deficit of 100 crores if we reduce this estimate by 4 crores on the basis employed by the Honourable the Finance Member yesterday; and in any case the Railway Administration would be able to prove what they have failed to prove up to now—that they have at least some business ability to handle with a difficult financial situation by making both ends meet without affecting efficiency in any way. The Inchcape Committee, I need not remind the House, consisted of business men who knew what they were talking about but who forgot to say in so many words what they actually intended. There was satisfaction in the House when it was represented to it that the Government had given effect, more or less full effect, to the recommendations of the Inchcape Committee. That may be literally true, but I venture to submit that that was not the intention of the Inchcape Committee, in so far as it can be gathered from the Report read as a whole. It is the duty of this House, after having insisted upon the appointment of a Retrenchment Committee, to see that its recommendations are fully accepted by the Government. If it does not do that, it might just as well have not asked for the appointment of that Committee at all. It is not necessary to attribute any infallibility to the Inchcape Committee; but I do not believe that if Government wanted to take advice from business men they could have selected a better lot of men than those who sat on that Committee; and for that reason alone, subject to whatever correction the Government may choose to make in my interpretation of the Inchcape Committee's Report, it is the imperative duty of the House to accept this amendment. I move it, Sir.

**Mr. S. O. Shahani** (Sind Jagirdars and Zamindars : Landholders): Sir, I beg to support the amendment that has been proposed by my Honourable friend Mr. Ginwala; and the reasons why I support this amendment are these. I would request the Honourable Members to look at page 22 of the Explanatory Memorandum on the Railway Budget for 1923-24. On this page they will find a statement of the working expenses of the railways from 1917 to 1923. I would request the Honourable Members to note the figures that are given there. In the year 1917 the working expenses amounted to 31.34 crores; in 1918 to 37.06 crores; in 1919-20 to 45.45 crores; in 1920-21 to 54.51 crores; in 1921-22 to 65.66 crores; and in 1922, revised Budget, to 66.33 crores. The estimated working expenses for the year 1923-24 amount to 66.51 crores, *minus* of course the 3 crores that have been deducted in accordance with the recommendations of the Inchaape Committee. I would now request the Honourable Members to compare the 1917 figures on the one hand, and the 1922 revised estimates on the other, and to note the increase in the working expenditure amounting to 35 crores. Then I would request the Honourable Members to compare the gross receipts of the railways during the same period. I have worked out these figures. The net receipts are given on page 23. If you add the working expenses and the net receipts, you find that the gross receipts amounted in the year 1917 to 68.90 crores, in 1918-19 to 76.24 crores, in 1919-20 to 79.08 crores; in 1920-21 to 80.97 crores, in 1921-22 to 81.69 crores, and in 1922-23, revised estimates, to 92.07 crores. The estimates for the present year will be 95.57 crores. Now if we compare the gross receipts of 1917-18 with the gross receipts of 1922-23, we find that the increase in the gross receipts has been 23.17 crores. I want the Honourable Members to note that while the increase in the gross receipts amounts to 23.17 the increase in the working expenditure amounts to 35 crores, and after the cut of 3 crores referred to above, to 32 crores. The increase in the receipts has been due to the higher rates. The increase in the working expenses has been something abnormal. I would request Honourable Members to bear with me a little and look into the statement of demands for expenditure chargeable to revenue in India—page 4, appendix P. Here the main heads of the working expenditure are given. The first is maintenance; the second is operative expenses, divisible again into general superintendence and running expenses, and the third the programme revenue expenditure. I request the Honourable Members to note that the programme revenue expenditure budgeted in 1922-23 amounted to 11.81 crores. The whole of this amount was not expended upon the railways during the year, probably because materials were not available, there was a slight fall in prices, and on account of other causes. Only 9.47 crores were spent upon the programme revenue expenditure; that is to say, 2.34 crores were left. I want the Honourable Members to note that this programme revenue expenditure is really not a part of the working expenditure, and that but for this unspent balance of the programme revenue expenditure amounting to 2.34 crores, the Chief Commissioner of Railways would have shown a deficit and not a surplus. The total working expenses in 1922-23 amount to 71.36 crores in the budget, and to 70.22 crores in the revised estimates; that is to say, the saving amounts to 1.14 crores only as against an unspent balance of 2.34 crores. As it has been already rightly pointed out by the Inchaape Committee it is a bad principle to include programme revenue expenditure in working expenditure. The suggestion that the Committee make is certainly worthy to be adopted, namely, that a sinking fund should replace the programme revenue expenditure. Take the year 1922-23. If

[Mr. S. C. Shahani.]

the programme revenue expenditure had been set apart and not included in the working expenditure last year, what would have been the result? The result would have been that this amount of 2.34 crores would have been available this year for the repairs and renewals of the railways. The railways got into disrepair during the war, and it is on that account, it has to be remembered that we have to incur such a large expenditure on repairs and renewals now. On account of a bad system of book-keeping this amount for repairs and renewals comes to be included in the ordinary working expenses, and the Chief Commissioner of Railways is able, of course nominally, to show a surplus.

I would now request Honourable Members to look at pages 80 to 85 of this Appendix B. I am seeking to make out that the expenditure that is being gone in for on the railways is abnormal. I want therefore that the Honourable Members should realise that a very large number of officers is being unnecessarily employed. On pages referred to above you will find the officers drawing Rs. 1,000 and more are enumerated—Chief Commissioner of Railways; Members, Chief Engineers, Chief Mechanical Engineers, Secretary and so on. I have put together the number of officers that have been employed. Of course here, as elsewhere whole lists are not available; and I would collaterally request the railway authorities to kindly supply a complete list of the more important officers so that we may be in a position to institute comparisons; but such information as has been furnished leads us to realise that the number of highly paid officers employed on the various railways is much too large. On the Bengal Nagpur Railway we have 174 officers, and the total mileage is 2,820; on the Bombay, Baroda and Central India Railway the total number of officers is 170, while the total mileage is 3,641; on the Eastern Bengal Railway the total number of officers, drawing of course more than Rs. 1,000, is 91, while the total mileage is 1,734; on the East Indian Railway the total number of officers is 208 while the total mileage is 2,773; on the Great Indian Peninsula Railway we have got 223 officers when the total mileage is 3,335; on the Madras and Southern Mahratta Railway we have 115 officers and the total mileage is 2,938; on the North-Western Railway we have 208 officers while the total mileage is 5,682; on the Oudh and Rohilkhand Railway we have 53 officers while the total mileage is 1,625; on the South Indian Railway we have 50 officers while the mileage is 1,850. Now, if we compare these figures we realise what a waste of public money is made in the expenditure on railways. Contemplate kindly the Oudh and Rohilkhand Railway with a total mileage of 1,625 and with 53 officers; take then the Great Indian Peninsula Railway which has got 223 officers while the total mileage is 3,335; the mileage is double or slightly more than double, but the number of officers employed is four times as much. Then kindly contemplate the Eastern Bengal State Railway with 1,734 miles and 91 officers while the Oudh and Rohilkhand Railway, with which I began, has only 53 officers although the mileage is about the same—1,625. (*Mr. T. V. Seshagiri Ayyar*: "They are State-managed railways.") I am going to show that company management is not so good as it is represented to be. The Great Indian Peninsula Railway for instance has four times as many officers as the Oudh and Rohilkhand Railway. That is however by the by. But contemplate these sets of conditions to which I have referred, and you will realise that even when you make allowance for the variation of conditions you find that there is great room for economy in the Railway expenditure.

I would now request you to look at page 10 and a few following pages of the same Appendix. Here we find revenue receipts and working expenses for 1921-22 to 1923-24. You find on comparison that on the Bengal Nagpur Railway the working expenses amounted to Rs. 303 lakhs in 1918-19; in 1923-24 they are estimated at 498 lakhs. On the Bombay, Baroda and Central India the working expenses amounted to 419 lakhs in 1918-19, while they are estimated at 813 lakhs in 1923-24. Every other line shows excessive rise in working expenses between 1918 and 1923. Eastern Bengal Railway 225 lakhs against 431, East Indian Railway 465 against 1,017, Great Indian Peninsula Railway 728 against 1,143, Madras and Southern Mahratta Railway 290 against 532, North Western Railway 686 against 1,212, Oudh and Rohilkhand Railway 132 against 260, South Indian Railway 157 against 372. Here too, I would request you will consider with some care one or two sets of conditions. Take the Eastern Bengal Railway, and you will find that the working expenses in 1918 amounted to 225, whereas the working expenses are now estimated at 431. Oudh and Rohilkhand Railway shows 132 lakhs in 1918, but its working expenses are estimated at 260. South Indian Railway shows 157 in 1918 and 372 now. And note the mileage too of these Railways. Eastern Bengal Railway a mileage of 1,734, Oudh and Rohilkhand Railway of 1,625, South Indian Railway of 1,850. Now this mileage will be approximately, roughly of course, the same, still what a difference do you find in the working expenses. On the Eastern Bengal Railway you have 225 lakhs as against 135 on the Oudh and Rohilkhand Railway and against 157 on the South Indian Railway. Then contemplate one other condition of things, and it is this. On the Bombay, Baroda and Central India Railway the working expenses for 1918 amounted to 419, and in 1923-24 they have been estimated at 813. On the Great Indian Peninsula Railway the working expenses for 1918 were 728, and now they have been estimated at 1,143. Now is not all this exceptionally irregular and abnormal? I would earnestly request the Honourable Members to remember these figures which show such an abnormal increase in the working expenses of the railways and to go in for the cut that has been proposed by my friend, Mr. Ginwala. I think we may experience a sniff such as we experienced when we proposed a cut in the Customs expenditure, but I would request the Honourable Members who are in the habit, I think, of vieing with each other in outbursts of admiration to remember that these sniffs ought not to be allowed. We now have the fiscal autonomy; and the executive Government has no business to seek to minimise that privilege. If, for instance, we are told that although we pass any Resolutions, we may take it no effect will be given to it we might, I think, very kindly but very firmly put our hand down on any nonsense of that kind. I would request the House to bear this in mind and go boldly forward proposing cuts in all exceptionally irregular expenditure. It is no use enduring abnormal expenditure any longer. The finances of the country have been disorganised, and we realise on studying facts and figures that it is time and high time that we intervened and boldly came forward to suggest necessary reductions of expenditure. If we feel convinced that the reduction in expenditure proposed by us is reasonable, we need not be afraid of any threats that may be held out to us. Excessive expenditure has been a continual theme of discussion in the country, and every effort must be made to end it.

**Sir Montagu Webb** (Bombay: European): Sir, I find myself in considerable sympathy with the Mover of this motion. I think that the recommendations which Lord Inchcape's Committee have made, are

[Sir Montagu Webb.]

deserving of the most serious study revealing, as they do, in the Railway Department, opportunities for many savings and retrenchments which I trust Government will be able to make. At the same time, I must point out that the Lord Inchcape's Committee have made recommendations for very severe retrenchments both in regard to the expenditure from capital which comes out of loans and expenditure from current revenue in respect of maintenance and working expenses. These proposed retrenchments are so severe that I am quite sure that will cause much anxiety among many of the sections of the community who make great use of the Railways. I should like to draw attention to one or two matters which show that all the statistics quoted by Lord Inchcape's Committee cannot be accepted at their face value so readily as my Honourable friend, Mr. Shahani, would have us to believe. Now the Retrenchment Committee have prepared a statement of ten of the leading Railways of India showing their receipts and working expenses; and as a result of that statement we find that the most unremunerative Railways in India are the North Western Railway, the Eastern Bengal Railway and the Oudh and Rohilkhand Railway, all of them, be it noted, State-managed Railways. I have no doubt that the advocates and also the opponents of direct State-management will take careful note of this fact. Of these "unramunerative" Railways the worst is the North Western Railway,—according to the Report of the Retrenchment Committee. Not only is it the worst statistically, but it is accused of "extravagance" in more than one department.

Now I want to draw the attention of the House to one or two important facts in this connection. The North Western Railway is the main arterial system of the Punjab and Sind, so that anything that is done that affects the efficiency of that Railway, must check the development of the Punjab and Sind. The first point I would like to draw the attention of the House to is this. In the North Western Railway system is included over 1,500 miles of strategic railways. These railways are maintained not for the benefit of the North Western Railway, not for the benefit of the Punjab and Sind, but for the benefit of *all-India*.

The second point to which I want to draw the attention of the House, is that the North Western Railway has to maintain locomotives and stock in order to be prepared for mobilization,—in case there is any difficulty in the North-West Frontier. That again is a matter which does not solely concern the North Western Railway the Punjab or Sind; but it concerns the whole of India. These two points are briefly referred to by the Retrenchment Committee, but I submit, Sir, that the importance which they deserve has not been adequately recognised by the Committee. But there is a third matter of far greater importance. As Honourable Members of this House are no doubt fully aware, the North Western Railway serves one of the largest wheat-growing tracts in the British Empire, possibly one of the largest wheat-growing tracts in the world. For the last three years, Sir, the export of wheat from India has been prohibited partly for economic reasons and partly for political reasons, and the result has been that the North Western Railway has been deprived of a very large portion of its long distance traffic. Most of this long distance wheat is conveyed 800, 900 or 1000 miles to the sea board. Now, Sir, statistics which altogether ignore the fact that one of the main sources of income of the North Western Railway had been checked owing to the prohibition of exports of wheat, statistics that do not take into account rolling stock for mobilization purposes or the 1,500 miles—think of the

figure Sir,—1,500 miles of “strategic” railways maintained for the benefit of all India, can you be surprised that such statistics of the last three years are not very satisfactory? I submit, Sir, that no reliance as to whether the North Western Railway is “unremunerative” or not, can be placed upon figures which omit these considerations. If these considerations be fully weighed, and if we exclude the “strategic” railways and the mobilization consideration, I am confident that the North Western Railway on its commercial sections can earn 5 per cent. and more than 5 per cent. when normal conditions are restored. I would therefore ask the Government of India and the Commissioner for Railways in particular to be extremely careful how he accepts any recommendation of restricted expenditure on the North Western system on the ground that it is “unremunerative.”

In the same way, Sir, I do not think that any reliance can be placed upon the figures which were quoted by my friend, Mr. Shahani, comparing the period immediately after the close of the war with the present day. We all know the reason why expenses of all railways and of all other businesses have greatly increased. It is also common knowledge that in this country that our Railway officers in the *highest* grades receive salaries on a far lower scale than is paid to officers of similar grades in other parts of the world, particularly in America. (Mr. Shahani: “Question.”) If my Honourable friend who says “question” will investigate this matter himself he will find that what I have said is a fact. These are the reasons, Sir, which impel me to urge Government to exercise great caution in accepting the recommendations of the Retrenchment Committee in the matter of cutting down expenditure on renewals and maintenance and on capital outlay on the North Western Railway.

At the same time I confess when reading the Retrenchment Report, I do feel that Government ought to be able to save more than three crores of rupees on Railways; and although I am not prepared to jump quite so far as an additional cut of four crores which my friend, Mr. Ginwala, urges—I was not quite able to follow his figures fully,—still I do hope that Government will see their way to make a saving of more than the three crores which have been put down in the amended Demand.

**Mr. B. S. Kamat** (Bombay Central Division: Non-Muhammadan Rural): Sir I support Mr. Ginwala's amendment although I cannot accept his figures. Mr. Ginwala proposes to cut down 4 crores of rupees from the original demand as put forward by the Finance Member. That demand stands at 67 crores 47 lakhs. Mr. Ginwala, I think, wants 4 crores cut down from that. (Voices. “No. no. Four crores more. Cut down to 63.”) In that case, Sir, I shall confine myself to my own amendment in which I propose that the demand for railways should be 64 crores as recommended by the Inchcape Committee. Without formally moving my amendment I shall just speak on the general question of railways.

The Inchcape Committee's Report, so far as the question of railways is concerned, has been a great eye-opener to me. That report gave me two good lessons. One was with respect to the exploding of certain military shibboleths, and the second was with reference to the railway budget. The story of waste, extravagance and negligent management which I believe the Inchcape Committee has unfolded ought to be a lesson to every Legislator in this House and to Government as well. I attach a great deal of importance to the remarks made by the Inchcape Committee about these matters for the simple reason that I believe that



[Mr. B. S. Kamat.]

our general national finance depends upon railway finance. And further, the difference between solvency and insolvency, between a deficit and a surplus, from year to year, depends greatly upon the vigilance which both Government and this House exercise on the railway budget. Now, the Inchcape Committee has indicated directions in which the waste to which I have just referred goes on. Taking only one head, for instance, the Working Expenses and out of that the railway programme Revenue Expenditure they have pointed out how engines, for example, are actually lying surplus to the requirements of the railways and yet we are going to spend this year a great amount of money on engines. Taking only the revenue account of expenditure, in revenue account alone I believe Government propose to spend something like 12½ crores, or, if we follow this memorandum, 11½ crores of rupees on revenue programme expenditure, and out of that I find that Government want to spend on engines alone 1.66 crores; they want to spend on coaches 95 lakhs and on wagons they want to spend 1.23 crores, making a total of 3.84 crores of rupees on rolling stock and engines. Now, the House must bear in mind that in addition to expenditure on engines and rolling stock from revenue account, we gave Government authority to spend a capital sum of something like 38 crores of rupees, a big item which will react on the purchase of engines and rolling stock from the revenue account. I know we are not going to discuss to-day the capital side of the 38 crores of rupees, but that fact has some bearing on this sum of 3.84 crores for the simple reason that the Inchcape Committee has definitely told us that the number of engines and rolling stock, with reference to the needs of the railways, is in excess of requirements and yet we are going to spend 3.84 crores on engines and rolling stock in addition to the amount we shall spend from the capital account. Now, I know from the capital account we are going to spend in England something like 28 crores of rupees; in India we shall spend only 10 crores. Out of that 28 crores I certainly think that a large amount will be spent on engines and other rolling stock, and I ask the House and the Member in charge of this Department whether it is necessary to go in for this purchase of engines and locomotives in spite of the fact that the Inchcape Committee has told us not to do so on certain railways.

My friend, Mr. Ginnwala has referred to the great waste under the head of the staff and that a saving could be made if we followed the recommendation of the Inchcape Committee. Then in connection with renewals again the Inchcape Committee's recommendations reveal the same tale. Now, if renewals are to be carried out on the scale which the railways are pursuing at the present moment, I believe it will lead to an extraordinary amount of wastage on many of the railways. I believe it will mean an extraordinary amount of wastage on many of the Railways. I do think this is a year when the renewals ought to be a little bit restricted in view of the fact that we have a very large deficit. The expenses on the traffic account also are, as the Inchcape Committee have pointed out, extremely heavy; and on the whole, on all these sides, the Locomotive Department on the traffic side, and on the general administration side there is plenty of room for the cutting down of the whole thing. Indeed if the whole of the recommendations are carried out in full, there ought to be a great deal of saving, as we have seen; and if the objection be that there ought to be a certain amount for "lag", the only reply to that is that probably we shall be able to save in many more directions than what Government are proposing to do themselves; further in the second place, I wish to point

out that our receipts are likely to improve far better than what Government anticipate. My reasons for this view are these. In 1921-22, in spite of a bad year so far as trade was concerned, the receipts from railways were something like 81 crores of rupees. We have increased since then both the fares and the freight charges by say 25 per cent. Very well, if 25 per cent. is added to 81 crores, the receipts in 1921 it ought to be say 101 crores, not 95½ crores as the Government are forecasting. I know that probably there are one or two adverse circumstances, but we have a set-off in one or two favourable circumstances. In the first place, during the next year this increase in rates, both in fares and freight charges, will work throughout the 12 months. Last year it did not work throughout 12 months; and in the second place, there is the revival in trade. In 1921-22 the trade was very very slack compared to the next year, I expect. Therefore, on the ground that there is going to be a better revival of trade, and secondly that the new increased rates are going to work throughout the 12 months, there is every reasonable prospect that instead of our realizing 95½ crores, it is possible, if the whole 25 per cent. increase works that is one-fourth of the additional amount comes in, we shall expect receipts to the extent of something like 101 or 102 crores instead of the 95 crores—an increase of 6 or 7 crores. No doubt the whole thing will depend on the monsoon, but I do think on the whole that Government have underestimated their railway receipts, and there is a great deal of margin to cover the lag, or even to cover some of the drastic cuts which my friend, Mr. Ginwala, wants to carry out. It is possible, in spite of the Incheape Committee's recommendations, to carry the economies still further, and although they recommend 4 crores 59 lakhs, it is possible to carry it out till further and to cover it by the expected receipts from railways to which I have drawn the attention of the Honourable Member. On these grounds, I support the large amount of cuts on the railway Demand which has been proposed.

**The Honourable Mr. C. A. Innes:** Sir, Mr. Kamat has said that the first lesson he learnt from the Incheape Committee's Report on Railways was that there had been waste, extravagance, and negligent management in the administration of those Railways. I propose, Sir, first to take up that point with reference to the Report of the Incheape Committee, and then later to deal with Mr. Ginwala's somewhat extraordinary motion. Now, Sir, as regards this Report of the Incheape Committee, in many ways it is a most valuable report. It has made suggestions which undoubtedly must be followed up, and will be followed up, but the Report has given rise to these remarks made by Mr. Kamat and also made by Mr. Ginwala, and that being so, I must claim liberty to defend the Railway Department against the criticisms made in that Report. The scheme of the Report is that it compares the working of the Indian Railways in 1913-14, with the working of the Indian Railways in 1921-22 and 1922-23. That was the method adopted by the Incheape Committee in dealing with all the Departments of the Government of India. It was a rough and ready method, naturally it was the only method that the Incheape Committee could adopt having regard to the time which they had at their disposal and the immense task which lay before them. Also, I may point out that it was a quite suitable method for adoption in regard to non-commercial Departments. But I dispute entirely the suitability of a method of that kind when you are dealing with a commercial subject like Railways. The Railways depend for their prosperity upon the trade of the country, the state of the trade in the country

[Mr. C. A. Innes.]

and it is not fair to judge the working of the railways by comparing the figures of two years taken in isolation. Railways are a going concern and you have to judge them by their working over a series of years. The unsuitability of this method becomes all the more apparent when you consider the exact years selected for the purpose of comparison. As I have said, a railway depends for its financial results entirely upon the state of trade in the year; that is to say, it depends upon conditions entirely beyond its own control. Now, the first year taken for the purposes of this comparison is 1913-14. That was a year of record trade, record prosperity. The other years taken are 1921-22 and 1922-23. Those are years when India is in a trough of post-war depression. Now, let me prove that assertion. I will take as my criterion the import and export trade of 1921-22, as compared with the import and export trade of 1913-14. I have just got a proof copy of the Review of Trade for 1921-22. In that Review of Trade, the trade of that year has been re-valued at the prices in 1913-14. Now what does it show? It shows that there has been a drop in trade amounting to 121 crores of rupees. Again in 1919-20, there was a decrease in trade, as compared with 1913-14, of 128 crores; in 1920-21 a decrease of 113 crores. Now there you see the first explanation. You take one of the worst years you ever had, judged by the volume of trade, and you take one of the best years you have ever had, you lay the figures side by side, you hold up your hands in horror and say, 'how shocking!' It is not fair to the railways; nor does the story end there. Not only, as I say, are we in a trough of post-war depression, but also we are in the throes of rehabilitation. Everybody in this House knows that during the war years the Government of India took everything it could out of the railways and put nothing back. The consequence is that we are faced now with arrears of maintenance and arrears of renewals. Moreover, we have to buy the materials for that maintenance and for those renewals at topmost prices. Mr. Ginwala talked about the drop in prices. But we do not get the benefit of that drop in prices for a year or 18 months. We are passing into use now materials brought when prices were absolutely at their highest pitch. And what does that mean? Let me give you one instance. In 1913 the price of a ton of finished steel in England was 113 shillings, at the end of 1920 it was 359 shillings: and it is the same with every other material. Sleepers have gone up, from Rs. 4 for deodar to Rs. 8-8, sal sleepers Rs. 5 to Rs. 8-8; rails, in 1913 Rs.130 a ton I think, now Rs. 158, and so on with all materials, and finally during the war, as everybody knows, the purchasing price of money decreased, with the result that there was an immense increase in the wages Bill. So there you have got your first explanation: arrears of renewal and maintenance to be completed, with materials purchased at topmost prices; a heavy increase in the wages Bill, combined with a period of great trade depression. Is it surprising that if you compare the figures of these last two years to the figures of 1913-14, a year of record prosperity, the results appear somewhat startling? But is that peculiar to Indian Railways? Certainly not. I have here an extract from the report of a speech made by the Chairman of one of an important British Railway Companies. What he said was this speaking in the year 1922:

"The volume of traffic both in passengers and goods was smaller than in 1913 and there was a corresponding reduction in train mileage. Our working costs had risen to more than double the 1913 costs."

That is precisely what has happened in the Indian railways. In paragraph 1 of the Inchcape Report it is stated that the working expenses have gone

up since 1913-14 by 131 per cent. If you exclude our programme revenue expenditure, that is our special expenditure from revenue upon renewals, the figure is 114 per cent. That is roughly what has happened to British Railways according to this Chairman of one of the important British Railway Companies, namely, that the working cost had gone up to more than double. If you apply the same method to the accounts of that company, if you point out that their train mileage had decreased considerably and their working expenses had gone up by double, you get very much the same results as the Inchcape Committee has brought out against the Indian Railways. Now, taking a broad view, has the management of our Railways been so disgraceful as Mr. Ginwala would make out? As I have said, you cannot take Railways and judge them by the working of single years; you must judge them over a series of years. Now, what has India made from Railways in the years since 1916-17? It has made a net revenue of over 46 crores of rupees. In the last three years naturally we have not earned our interest, we have not covered our interest charges. The figures given in this report are wrong, because in 1921-22 it shows a loss of 9 crores of rupees; but it is not a real loss. You took 6 crores out of the Railways in the shape of surtax. It came out of Railways. So, if you take that 6 crores, your loss that year was 3 crores. This year it is  $1\frac{1}{2}$  crores, and next year we hope it will be smaller still. We hope to cover our interest charges and get a little more. Over this series of years the Indian Railways have been paying the Indian tax-payer a net revenue of 6 per cent. Is that so bad? Compare then the operating ratio of these Indian Railways with the operating ratio of Railways in other countries. I have the figures here. Now, Sir, the operating ratio of the Indian Railways in 1921-22 was 80 per cent. If you give us credit for surtax you took out of us it is 75 per cent. In 1922-23 it was 72 per cent. In 1923-24, we hope to bring it down to 69.5 per cent. In 1920, the operating ratio for the

Canadian Railways was	...	...	97 per cent.
English Railways	...	...	98 "
France, Northern Railway	...	...	140 "
Eastern Railway	...	...	121 "
Paris-Lyons-Mediterranean	...	...	115 "
State Railways generally	...	...	157 "
Belgian Railways	...	...	135 "
Italian Railways	...	...	137 "
Norwegian Railways	...	...	102 "
South African Railways	...	...	78 "
Japan Railways	...	...	65 "
New South Wales	...	...	73 "

In 1921 the figures are almost equally startling.

Canadian Railways	...	...	92 per cent.
United Kingdom Railways	...	...	104 "

**Mr. B. S. Kamat:** Are the amount of comfort and facilities for third class passengers just the same?

**The Honourable Mr. C. A. Innes:** French Northern Railway 109 per cent. I have shown that in our working for the last six years we have paid 6 per cent. If you judge us by our operating ratio compared with the operating ratio of the Railways of other countries, you find that we are better than most of them. If you take into consideration the fact, as I said now, that during a period of trade depression we have got to spend

[Mr. C. A. Innes.]

money on the recommendation of our expert Committee, the Acworth Committee, on the rehabilitation of the railways, if you take this special expenditure, if you take into account the enormous increase in the price of materials and the enormous increase in wages and salaries, you find that the case against the Indian Railways is not nearly as black as Mr. Ginwala would have it.

Now, Sir, we come to the actual recommendations of the Inchcape Committee. I will deal with Mr. Ginwala later on. Their first recommendation is that steps should be taken to curtail working expenses. That recommendation is made in paragraph 22 of the report, and it is suggested that at least a saving of one crore should be effected. This is what they say:

"We recommend that a further saving of at least Rs. 1 crore should be effected in salaries and wages in 1923-24."

I do not mean to say that there is no scope for reduction in wages. I do not take that attitude. We are prepared to do our best to make these reductions. But I should like to examine the arguments on which they have based their recommendation. In paragraph 22 they give a statement of the staff. They show increase in that staff, and they also make a mistake. They say that the increase in the technical and industrial staff is 33 per cent. If you examine the table, you find the increase in the technical and industrial staff is only 27 per cent. On the one hand, therefore, you have got an increase in staff amounting to 27 per cent. On the other hand, you have an increase in passenger traffic amounting to 21 per cent., increase in your goods traffic, which taken in bulk only amount to 8 per cent. If you take goods traffic in terms of ton mileage, the increase is 41 per cent. In addition you have got a very large increase in your Capital expenditure, a very large increase in your programme revenue expenditure, necessitating obviously increased staff. You have more Capital expenditure, more works going on and therefore it means more staff. Therefore, the argument as it stands is not particularly a strong one. Stress is also laid on the fact that the Agent of the Great Indian Peninsula Railway has recently effected a reduction of 50 lakhs. I should like to inform Mr. Ginwala that the reduction has already been carried out in the Budget. Well, Sir, I am very glad to see that the Agent of the Great Indian Peninsula Railway has effected that reduction, for the working of the Great Indian Peninsula Railway as judged by its operating ratio is certainly more extravagant than that of other lines. Judged by the figures for 1921-22, the Great Indian Peninsula operating ratio was the highest of all important lines in India, higher even than the North-Western Railway in spite of the special circumstances of the North-Western Railway which extends over a very large area. In 1922-23 the operating ratio of the Great Indian Peninsula, the ordinary working expenses excluding programme revenue expenditure was higher than any other big railway. This year they have got it down, though it is still high. Therefore, the argument based upon the increase of staff, which I have explained, and what the Great Indian Peninsula has been able to do, is not a particularly strong one. Still, as I have said, we are prepared to explore every possible avenue, and I do not wish to be misunderstood. There are many valuable suggestions in this Report which we will examine and follow up as closely as ever we can, but we cannot undertake to make too rapid, too sudden and too drastic reductions in matters of staff. I am glad to say, since the strike on the East Indian Railway last year, we have had a very quiet

year on the railways. But we have had signs of trouble on the Bengal Nagpur Railway owing to reductions of staff, and we have just had a protest from the Great Indian Peninsula staff against the reductions made. It is a specially delicate subject on which I do not want to say too much, but the House must realise that drastic and sudden reductions of staff may have very undesirable results on the railways. That is why we have only made a reduction of half a crore in the ordinary working expenses because we have to allow for time to carry out this reduction . . . .

**Rao Bahadur T. Rangachariar** (Madras City: Non-Muhammadian Urban): How much has been allowed out of one crore?

**The Honourable Mr. C. A. Innes:** Half a crore. Then I come to this programme revenue expenditure. I would like the House to remember that early last year, in 1921, we had an elaborate examination of our Indian railways by special committee containing many railway experts, who spent over a year travelling about India examining the subject and writing a report which generally commanded very great respect throughout the country. On the one hand you have got to remember that you had that expert report written after a very long inquiry in the country. On the other hand you have got a Committee of six very distinguished, very authoritative business men devoting just the small fraction of three months to the subject of railways. What was the whole burden of the Acworth Committee's Report? The first point the Acworth Committee made was that even in 1913-14 our railways were totally inadequate to the needs of the country. They pointed out that in 1921 the position had become ever so much worse. The whole of Chapter II of this Report contains extracts of evidence from all parts of the country complaining of the paralysing effect upon trade of the inadequacy of our railway system. In one case there was a complaint that enormous losses had been incurred in Calcutta because seeds could not be moved up by the East Indian Railway to fulfil contracts; and there have been complaints of that kind from every part of the country. The Acworth Committee found that this was due to two causes. In the first place the railways had not looked far enough ahead. In the second place the Government of India had starved the railways during the war and had not taken the necessary steps to keep the railways up to the mark and to put in a proper amount of renewals. Let me read what the Acworth Committee said (page 30):

"There are scores of bridges with girders unfit to carry train loads up to modern requirements; there are many miles of rails, hundreds of engines, and thousands of wagons, whose rightful date for renewal is long overpast."

They go on to say that what the Government had done by not providing money for these renewals was merely to postpone the expenditure. It was a liability which would have to be faced. Well, Sir, we considered this subject most carefully last year and I thought that the policy of the Government of India, a policy inaugurated, I thought, with the full approval of this House, was that we should make a real effort to overtake these arrears, that we should make a real effort to put our railways into proper order, to rehabilitate them, to make them fit not only to carry the traffic at present, but also to make them fit to carry the traffic of the future, and that is what we are trying to do. That is the policy which we are now engaged upon. It may be that we have made mistakes with particular railways. It may be that we have been too enthusiastic in some respects, but the whole policy which we undertook, I say with the approval of this Assembly, was to make a real effort to effect these renewals as

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quickly as we could and to bring these railways up to the mark, and that is the policy on which we are now being attacked, not by the Inchcape Committee mind you, but by Members of this House. The first suggestion they make is that we should distinguish between unremunerative railways and remunerative railways. That seems to me a somewhat doubtful proposition. Naturally it has been received with great respect since it comes from this very authoritative Committee. But I do regard the proposition with a certain amount of doubt. It is no use quoting to me the experience of England in this matter. England has its railways converging on London and running out to the various ports. In India the thing is entirely different. Our railways depend on each other for their trade. The East Indian hands over to the Great Indian Peninsula at Jubbulpore, and the Great Indian Peninsula hands on to others. They are all exchanging traffic between one another. Shall we say some of these are remunerative and there we will put money into them and not into the unremunerative railways? What is the result going to be? Let us go back to history and look at it in the light of what happened in the war. This Chapter II of the Acworth Committee's Report is full of complaints from one railway that the other railways could not receive traffic from them. I will just quote one instance. It is an instance I may make use of later. On the Great Indian Peninsula Railway, which figures largely in this Report, "inwards traffic from the East Indian. Bengal Nagpur, Bombay, Baroda and Central India, Madras and Southern Mahratta, Nizam's Guaranteed State and other railways is restricted at 15 junctions to form 600 to 80 wagons daily."

That is to say you would have the East Indian rehabilitated, able to carry its maximum amount of traffic, and yet the Great Indian Peninsula unable to take over its due quantity of traffic from the East Indian, and unable to hand to the East Indian the amount of traffic it can carry. That is the first point I want the House to remember. And the second point is, I would like to follow up Sir Montagu Webb's suggestion about the North-Western Railway. That railway is being condemned in this Report as an unremunerative railway. In 1913-14 the North-Western Railway carried 1,800,000 tons of wheat and it carried that wheat a long distance mostly to Karachi. In 1921-22 the North-Western Railway carried 500,000 tons of wheat and it carried that wheat only short distances, most of it to other railways. That is one of the reasons why the North-Western Railway is not doing very well at present. Take the Eastern Bengal Railway. In 1913-14 the Eastern Bengal Railway carried over 1,100,000 tons of jute. In 1921-22 it carried 300,000 tons of jute less due to reduction in the cultivation of jute. Sir, I think I have shown that the suggestion that we should treat certain railways as unremunerative is a suggestion which is to be approached with a certain amount of care. Then we are up against the practical difficulty in this matter that it is extremely difficult to make a sudden cut in programme revenue expenditure. This programme revenue expenditure is being carried on in accordance with a programme which has been sanctioned. A good deal of material which was ordered last year will arrive this year and will fall due for payment. The first preliminary allotment was made to railways as far back as November because we had to give them, in accordance with the recommendations of the Acworth Committee, as much time as possible. We do not know what our actual commitments are compared with the amount provided in the budget, so it is very difficult for us. It is taking a risk even to make this cut of 2½ crores

from programme revenue expenditure because we cannot say exactly what our commitments are. We may be able to cut down this expenditure, but it is a very serious thing to do. As the Acworth Committee pointed out, capital expenditure and revenue expenditure are inextricably mixed and if you cut down the programme revenue expenditure too much you may not be able to make full use of your capital expenditure. You may have locomotives or whatever it may be arriving and may be unable to put them on to the line because we cannot provide the necessary revenue expenditure.

**Rao Bahadur T. Rangachariar:** May I ask what your revenue programme now is. You budgeted for 11½ crores.

**The Honourable Mr. C. A. Innes:** We have taken off 2½ crores.

**Rao Bahadur T. Rangachariar:** It is now only 9 crores.

**The Honourable Mr. C. A. Innes:** That is right, the same as recommended by the Inchcape Committee.

**Rao Bahadur T. Rangachariar:** The Committee recommended 9 crores and you have adopted that figure.

**The Honourable Mr. C. A. Innes:** Yes, I have tried to deal as well as I could with certain general aspects of the problem raised in the Inchcape Committee's Report. Let me come now to Mr. Ginwala's amendment, and I hope, Sir, you will excuse me if I go beyond my time. Mr. Ginwala's speech, if I may venture to say so, is an almost entirely cynical speech. I felt greatly in doubt as to whether I was intended to take it seriously or not. Let me quote just one phrase from the speech. He said that the Inchcape Committee consisted of very prominent business men. He went on to say that they knew what they were talking about and then he proceeded to say but they forgot to say it. Now, Sir, the Greeks had an expression which exactly summed up that remark of Mr. Ginwala's. It was called an *oxymoron*, and I will explain it later to Mr. Ginwala. Does anybody in this House suggest that this business Committee, composed of Lord Inchcape, notoriously one of the greatest business men in the world, and 5 of our leading business men in India forgot to say what it really meant? Surely the House, Sir, will see it is nonsense. We have carried out to the very best of our ability the recommendations of the Committee. We have fallen half a crore short, I admit, because we have to allow for lag, but I should like to say that, though we have carried these reductions out, we have done so with great hesitation, because we are extremely doubtful whether it is practicable to cut down the staff as suggested by the Committee and whether it is actually practicable to reduce the revenue expenditure in view of commitments already existing. However, we have done our best. Does anybody in this House suggest that we have got to go beyond this and deduct over another 4 crores? On what ground? Mr. Ginwala suggests in the first place—I am not sure that I understood this—that, because our revenue this year was less than we expected, therefore, there ought to be an automatic reduction in our working expenses. Next year, we hope to get a revenue much bigger than our revised estimate of revenue this year, and Mr. Kamat has suggested that it might go up to 100 or 101 crores. If it does go up to 100 or 101 crores, then on Mr. Ginwala's argument we ought to provide a very much larger sum for working expenses. (A Voice: "That is our only hope for it to go up.") Then he suggested that



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we could get  $1\frac{1}{2}$  crores out of reductions in staff, that is one crore recommended by the Committee and 50 lakhs already proposed, as he put it, by the Agent of the Great Indian Peninsula Railway. Well, Sir, the Agent of the Great Indian Peninsula Railway has already made that reduction of 50 lakhs in his budget for the coming year. Then, Sir, Mr. Ginwala suggested that we should effect another large reduction in fuel. We have already made an arbitrary reduction of one crore on the revised estimates of last year. Here again Mr. Kamat tells us that we are going to have a very large increase of trade and traffic; that again means a very large increase in our fuel expenditure. As regards this fuel, you have got to remember that we are bound by contracts. We have got to pay the price in those contracts, and fuel does not offer very much scope for reduction unless we can effect economies. Here, I should like to correct a mistake in the Committee's Report. They said that we did not take steps to watch the consumption of fuel in our locomotives. That is not correct. I understand from Mr. Hindley and from the Chief Mechanical Engineer, Railway Board, that the consumption of fuel in locomotives is checked most carefully and that the increments in the pays of drivers depends upon economy in their consumption of coal. Then again Mr. Ginwala said that the drop in prices ought to be able to lead to a very large reduction. I have just explained that we do not get the benefit of that drop in prices for a very considerable period. It takes from a year to 18 months to get our materials out from Home, and we are now receiving materials which were purchased at the very high prices of a year or 18 months ago. Mr. Ginwala also made great play with paragraph 12 of the Report. He drew a picture of the Railway Board forcing upon an unwilling Agent expenditure which had no right to be incurred. Well, Sir, the facts of that case are these. The Great Indian Peninsula Railway, as I have just explained, has been allowed to get into rather a bad state, I will not put it higher than that. I have already read out a paragraph from the Acworth Committee's Report which showed that at 15 junctions the traffic had to be restricted owing to the lack of capacity of that line. We know that the line is not in good order; we know also that the Great Indian Peninsula Railway Company has not got very much longer to live and naturally the Company under these circumstances—I am not accusing the Company of anything—look more to getting revenue than to keeping their line in good repair. Surely it is the business of the Railway Board to see that a line which is our property is kept in good condition. In this particular case I have no doubt at all that it was a fair difference of opinion. The Agent thought that this particular line could be propped up so as to last for a further period. The line was inspected by our Senior Government Inspector and he was of opinion that it ought to be renewed. One of the Members of the Railway Board also went over it and the Railway Board for technical reasons definitely thought that the line ought to be renewed. That is the whole secret of that particular paragraph of the Report. I should like to challenge the statement that it is not the proper function of the Railway Board to insist on expenditure against the advice of the Manager and Engineer of a railway. It is the proper function of the Board, I say, to see that the Agents and Engineers of Company Railways maintain our property in good condition, and I am quite sure that I will have the whole House behind me in that remark.

Well, Sir, I am afraid I have detained the House a very long time, but I hope that, in the circumstances of this case, the House will excuse me, and I do hope also that the House will not insist upon this further reduction

of 4 crores. We have done our very best to carry out the actual recommendation made by the Incheape Committee with reference to the budget of the coming year and I say that it is perfectly useless for Mr. Ginwala or for anybody else to get up now and say "the Incheape Committee did not mean that; they meant you to take off another 4 crores". We have carried out their reduction; we are quite prepared to follow up their other suggestions for economy and we may be able to effect economies; but I must say definitely that we could not accept responsibility for another reduction of 4 crores. With reference to what Mr. Shahani said, it is perfectly true that this House has a right to make that cut if it so pleases. And I do hope that the House will not think that we in any way resent the criticism we get on these Budget Demands. We do not. We value them very greatly. On the other hand, it is we, it is Government who has to take the responsibility. I am advised by the Chief Commissioner—and he has examined the question most carefully—that we could not possibly run the railways if this extra 4 crores is cut out. It would not be a real reduction of the deficit and I do hope the House will not put me again in the difficulty they put me in yesterday. Yesterday they put me in the difficulty of refusing me the money which I know to be necessary for the administration of the Customs Department. What am I to do there? Am I to go to His Excellency the Viceroy and ask him to restore it? I hope the House will not put me in the same difficulty in this matter. I think they will realise that we, on the Government Benches, have tried to co-operate with the House during the last three years; and I do put it to the House that this motion moved by Mr. Ginwala is not a motion which should be accepted by the House, and that if the motion is accepted by the House, I do not believe that it can be carried out, and if it is carried out, it means, in the first place, that train services will, probably must, be cut down; and, in the second place, we are almost certain to have the gravest possible labour unrest all over the railways by the immense reduction in staff which the making of this cut would necessitate. In these circumstances, Sir, I hope the House will reject this amendment.

**Rao Bahadur T. Rangachariar:** Sir, I am in a somewhat difficult position even after the elaborate explanation of the Honourable Mr. Innes. I quite realise that he was in a difficult position as he had to defend the Railway Board against the Incheape Committee's Report and the criticisms founded thereon. What we are now immediately concerned with is the Budget for 1923-24. I should have received considerable help in forming my own opinion if the Honourable Mr. Innes had told us under this head and this head the Incheape Committee made this recommendation; we have carried out that recommendation to this extent under each head, and under the other heads we are unable to carry it out, or how far we have been able to carry out, their recommendations. It is that aspect of the question on which I would like to have information. Probably in the lengthy explanation he had to give he forgot this point with which we are now concerned. I think Mr. Ginwala and the Honourable Mr. Innes are at cross purposes in this matter, due to a misunderstanding perhaps of the Incheape Committee's recommendations. As we understand those recommendations, they have recommended a cut of 4.59 crores irrespective of the 3 crores recommended under Programme Revenue and also the 1 crore they recommend under Establishment. They recommend 1 crore addition under Establishment; and they recommend 3 crores reduction in the programme of revenue and expenditure by bringing it down to 9 crores from 12.50 crores. We also understand that they recommend a saving of 1 crore under Fuel.

**The Honourable Mr. C. A. Innes:** We have done that : that is carried out.

**Rao Bahadur T. Rangachariar:** We should like to know how the 4-59 crores recommended by the Inchcape Committee is made up, what it comprises; and there are also other paragraphs in the Report which make certain recommendations which we fear have not been carried out and are not included in the 4-59 crores. If the 3 crores are included in the 4-59 crores; if the 1 crore under Establishment is included in the 4-59 crores; then what is really the retrenchment that has been effected? What about the Fuel 1 crore?

**The Honourable Mr. C. A. Innes:** That is carried out in the Budget?

**Rao Bahadur T. Rangachariar:** What about the 3 crores and the other  $1\frac{1}{2}$  crores, including the Great Indian Peninsula Railway, which with 1 crore under Fuel make  $5\frac{1}{2}$  crores. There are also other savings which they expect under stores and other things. All this must be more than 4-59 crores. So we are in this difficulty. I have been very carefully reading this Report and I have not been able to make out how this 4-59 crores is made up; what they have taken into account in arriving at this figure. There are several paragraphs in the Report which recommend further reductions, but we fear these have not been taken into account. If that can be explained; probably this misunderstanding of which I spoke will disappear. This recommendation of Mr. Ginwala is not a recommendation made at random. We think we are carrying out the recommendations of the Inchcape Committee, and if we really are satisfied that we are not carrying out the recommendations of the Inchcape Committee, it is better that the House should be informed in that matter.

I may draw the attention of the House to this paragraph at page 80 of the Retrenchment Committee's Report:

"We have discussed this Report with the Chief Commissioner of Railways who accepts the conclusions of the Committee in the present circumstances. Reductions in the Railway Budget are unavoidable. Naturally we may find it convenient in working up to them to make certain alterations in the method of arriving at them and this, we quite realise, he is in general agreement with many of our recommendations."

So that I did not expect this outburst of criticism on the part of the Honourable Mr. Innes against the Inchcape Committee's recommendations when we find the Chief Commissioner was in agreement with them. And in fact they proceed to say:

"The Chief Commissioner was good enough to say that he considers the Report extremely valuable."

**The Honourable Mr. C. A. Innes:** I said that too.

**Rao Bahadur T. Rangachariar:** With that certificate from the authority responsible for the running of the railways, I was rather surprised at the criticism levelled at this Report by the Honourable Mr. Innes. In fact, my Honourable friend relied a great deal on the Acworth Committee's Report, but I find that two of the Members were Members of both Committees, and therefore they could not have forgotten what they wrote as Members of that Committee. We on the other hand are inclined to attach the greatest importance to the recommendations made by the Inchcape Committee. We are trying to see if we can balance the Budget. That is the plain truth. We have got to reduce the Budget by hook or by crook, so long as it is a

straight crook—not by misunderstanding each other; we do not want to misunderstand each other. Let us understand the facts correctly.

Now, Sir, one other matter I may mention, and it is this. Last year we were asked to vote 73,67,00,000 for the working expenses of the railways. The voted expenditure was Rs. 73,67,00,000, and the non-voted expenditure was Rs. 20,96,00,000 whereas under the voted head we were asked to vote 6½ crores more than what was actually needed. If Honourable Members will turn to pages 2 and 3 of the revised statement furnished to us a few days ago, Honourable Members will see that in column 9, page 3, the amount actually spent out of the amount voted by us is Rs. 6,61,00,000,—that is less than what we were asked to vote. Why was that extravagant estimate made last year? On the other hand, I find under the non-voted expenditure, they have increased it by 6 crores, because from 20 crores they have increased it to 26 crores. They seem to be budgeting extravagantly in the Railway Department when they ask us to vote more than what is really needed for expenditure. I therefore think on these points

1 P.M. a clear explanation is needed; otherwise I should be bound to support the motion for reduction.

**Captain E. V. Sassoon** (Bombay Millowners Association: Indian Commerce): Sir, I would like to preface my remarks by saying that I do not support Mr. Ginwala, partly because I do not quite understand his figures, and partly because I, like him, have a great deal of respect for the members of the Retrenchment Committee, and I do not think that had a further cut of 4 crores been justified they would not have made different recommendations to what they did. I rather follow the lead in this case of Mr. Kamat who suggests that we should follow the recommendations of this Committee. I understand from what Mr. Innes has said that the Government are prepared to do that. If I am right in my calculations the Inchcape Committee suggested that a sum of Rs. 64 crores should be sufficient for the provision of working expenses including surplus profits and if I am right I gathered that the budget to-day has made a cut of 50 lakhs less than the recommendation of the Inchcape Committee; that is to say, they have reduced the Inchcape cut by half a crore, roughly speaking. But I would like to draw the attention of the House to the remarks at page 77 of the Inchcape Committee Report in which they point out that they think that much greater reductions can be effected in the near future, and I therefore am not satisfied that it would be impossible for the railway administration to make further reductions to counteract this lag and my feeling therefore is that the Inchcape Committee's recommendation as it stands in the Report and as I believe will be given effect to by a motion of Mr. Kamat, would probably be the practical solution of the wishes of a number of Members of this House. Now, Sir, the Honourable Mr. Innes complained bitterly that it was not fair to judge two years separated as widely apart as 1913-14 and 1921-22, and I think he rather unfairly criticised the Report and Mr. Ginwala for doing this. But I am sure that the Report has in no place suggested that the cost should be the same as in 1913-14, and I do not think I understood that Mr. Ginwala suggested that we should have the same working expenses as in 1913-14. These figures have been simply put down as a guide, and all the members of the Committee and all Members of this House fully realise that we cannot possibly expect to work at the same rate of expenditure as in 1913-14. Now, the Honourable Mr. Innes asked that we should treat these railways as a commercial concern. I, Sir, am more than ready to deal with the subject on those lines. I am prepared to criticise the railway management, not only as regards

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state-managed lines, but also as regards company-managed railways—I shall do so on commercial lines. One of the points laid down in this report is that there is a large surplus, an unnecessary surplus of stores. Now, Sir, all business concerns during the war had to carry big surplus of stores. It was necessary because one did not know when one could get renewals, but directly we knew, the war having ended, that we could get normal supplies, I think that most carefully managed business concerns reduced their orders for stores so as gradually to work off their stocks. I know that in my own concerns I have been doing this during the last three or four years. I suggest, therefore, there was no reason why the railway administration should not have done the same and should not therefore be in a position of carrying surplus stocks of stores, of which I understand from the Incheape Committee Report, the present price is 50 per cent. below the book value of the stores. That is one of my criticisms.

Another of my criticisms is that though I am fully in agreement with the rehabilitation of railways I am also fully in agreement with the recommendation of the Committee which states that we should repair as much as possible instead of renewing as much as possible. Sir, in this connection only yesterday I was asked by a very charming lady to explain to her the points at issue in the railway demands in the budget. I did so to the best of my ability and she then replied to me "Oh, I understand what it is; the Indian railways are rather like me; I would like to buy new silk stockings, but I have to darn them." I think that that is a very good description of the position of the railways in India; we would like to buy new silk stockings, but we cannot afford to, and therefore we must darn them; we would like to renew, but we cannot afford to and therefore let us repair. Sir, in my business I have been doing this; instead of renewing my machinery I have been repairing it. I am glad to say that my policy has been successful. Only three days ago, when I was in Bombay, a machinery manufacturer was going through one of my mills, and I showed him a department the machinery of which was 30 years old and asked him whether he considered that I ought to scrap that machinery and give him an order for new machinery. His reply was "You would be a fool if you did, because although it is true that the new machinery would be a little more efficient than your repaired machinery, it would only be 5 per cent. more efficient and this 30-year old machinery of yours will be able to give you good service for a large number of years." Now, Sir, when the Honourable Mr. Innes drew attention to the point raised by the Retrenchment Committee whether an Agent should repair or renew a portion of a line, he maintained and quite rightly that the Railway Board should control the Agents. But, Sir, I consider that if the Railway Board insists on renewing a line when repairs would make that line carry on efficiently and effectively for another 15 years, which I believe is the time mentioned in this Report, then I would challenge the wisdom of that Railway Board in insisting on renewals.

**The Honourable Mr. C. A. Innes:** What about restrictions on the traffic?

**Captain E. V. Sassoon:** I understood the Honourable Mr. Innes to maintain that a line was in a very bad state. If you have got 15 years more by repairs, you can always arrange to make the renewals spread over the last portion of the 15 years for portions of the line that are entirely worn out.

Now, Sir, another point that the Honourable Mr. Innes mentioned, I think, in criticism of Mr. Kamat's remarks was that we should not compare the two years, because one of the two years was a boom year and

the other was a very bad year for the trade. I think that a railway administration which, I take it, prides itself on being run on commercial lines, should have the business foresight of commercial houses and try to anticipate what the future is going to be like. If the railway administration anticipates a good monsoon and extra trade, I do not think, Sir, that we would grudge it a supplementary grant later on, if it could show that the profits were coming in. On the other hand if it does not consider that we are going to have an increase of trade what is the point of increasing the carrying capacity of our railways at a very high cost, at a particularly high cost because as the Honourable Member has pointed out the prices of materials are still very high? I am not ordering new machinery to-day unless it is absolutely necessary, because I consider that prices will drop. Why, therefore, should the Government do so for its railways, unless it is convinced that the increased expenditure will bring in a profitable return? and in that respect I would like, Sir, to join issue with Sir Montagu Webb as regards the North-Western Railway. If he will turn to page 75 of the Inchcape Committee's Report he will see that the reason why the Committee does not encourage further expenditure on the Railway is because it did not appear to them that the economy to be effected by the use of large engines would be sufficient to justify the heavy expenditure which is apparently necessary to bring the line up to the required standard. Let the North-Western Railway, whether by wheat or any other traffic, show that that expenditure is justified, and I for one would be prepared to agree to it, but if it is not justified then, I think, it should quite rightly be abandoned.

**Sir Montagu Webb:** The Inchcape Committee apparently forgot all about the wheat export traffic.

**Captain E. V. Sassoon:** If the Agent who does not appear further up in that paragraph to be very enthusiastic about extra expenditure, if the Agent who is the man on the spot, and who is the executive officer of the Railway and who does know about the wheat traffic, considers that there is likely to be a sufficiently large import of wheat into Karachi at the particular time which Sir Montagu Webb has in mind to justify the capital expenditure in these engines, let the Agent come forward and say so to the Railway Board; let the Government ask us for a supplementary grant, and I think this House will grant it. Let us run these Railways as commercial concerns. If the extra expenditure will bring in extra profits, let us agree to it; if not, let us postpone it as would be done by any commercial house. Sir, that is the line on which my criticism of the Government and the Railway Administration is based. And, Sir, although, as I have said, in prefacing my remarks that I do not propose to follow Mr. Ginwala because I think that his cuts are excessive, I do propose, when the proper time comes, to follow Mr. Kamat into the lobby and insist on the Inchcape Committee's recommendations being carried out.

**Mr. N. M. Joshi (Nominated: Labour Interests):** Sir, the motion for reduction proposed by my friend, Mr. Ginwala, technically is a motion for reducing the voted portion of the Demand. But I submit to the House, that when Government tries to give effect to the reduction which the House may sanction, Government is not restricted to make the reduction only in the voted portion of the Budget. I shall therefore at the outset draw the attention of the House to some items in the non-voted portion of the Railway Budget. The first item to which I would like to draw the attention of the House in the non-voted portion of the Budget is that of Annuities . . .

**Mr. President:** We cannot deal with Annuities under a motion for reducing the working expenses.

**Mr. N. M. Joshi:** I suppose, Sir, Mr. Ginwala's motion is . . . . .

**Mr. President:** I can understand the Honourable Member's difficulty. The Honourable Member may easily have made a mistake, because Mr. Ginwala's motion for reduction is printed in a wrong place; it should have been "working expenses", and the motion which he has moved is that the Demand under the head Railways and the sub-heading Working Expenses be reduced by Rs. 4 crores. Therefore that restricts the debate to working expenses.

**Mr. N. M. Joshi:** Sir, I am sorry I misunderstood the point. I shall first deal with the working expenses out of the total demand. The first point I would like to make is about the establishment charges. My Honourable friend, Mr. Shahani, has already drawn the attention of the House to the great rise in the establishment charges of the several Railways. He has compared the establishment charges of the different Railways, but I propose to compare the present year's establishment charges of one Railway with those of the previous year. The Railway which I propose to take for the purpose of comparison is the Bengal Nagpur Railway. In this Railway in the last year's Budget 68 officers drawing Rs. 1,000 and over were shown, whereas in this year's Budget in the same Railway 175 officers drawing Rs. 1,000 and over have been shown. There is thus an addition of 107 officers in one line. I know, Sir, that it may be said that all these 107 officers are not new officers. Some of them may have been promoted and therefore they have been included in the list of officers drawing a salary of Rs. 1,000 and over. But from the Statement it is not clear how many of these 107 officers are new recruits and how many of them have come there on account of promotions. I see however there are at least some offices which have been newly created. There are 4 Personal Assistants out of whom 2 Personal Assistants have not come in the list by promotion. There are some Superintendents. I do not know whether they have come by promotion or not, but it will be quite clear that during one year in the Bengal Nagpur Railway while there were only 68 officers last year drawing Rs. 1,000 and over, this year there are 175 officers drawing Rs. 1,000 and over. Therefore, this point makes it perfectly clear that the establishment charges of these Railways are very extravagant and that they are spending a good deal of money out of the working expenses for establishment charges.

Sir, while speaking about the establishment charges, I would like to make one remark which I also made in the course of my Budget speech, and it is this, that while we compare figures about establishments, we are in a great difficulty because we do not know whether the additional figures are there on account of promotions or on account of new appointments. I therefore feel that the Government, when they prepare the next year's Budget, should place the Members in a position to judge whether the additional posts shown there are new appointments or they have been made by promotions. I suggested to Government that in order to enable Members to compare these figures they should give us copies of the establishment roll. Unless we are furnished with copies of the establishment rolls, we cannot get this information at all, and I therefore trust that Government will accede to my request and enable the Members to compare these figures.

Sir, the Honourable Mr. Innes has made some reference to the retrenchments made by certain Railways, and on this point also I want

to make one remark. The retrenchment made by these Railways has been made mainly in the low paid staff, and there is a great complaint both in the Bengal Nagpur Railway as well as in the Great Indian Peninsula Railway about this matter. I would therefore suggest to the Railway Board that when they ask these Railways to effect retrenchments they should exercise some control over them and ask them to make retrenchments in such a way that the burden will not wholly fall upon the low paid staff but at least a portion of it will fall on the highly paid staff. In the case of the Bengal Nagpur Railway, only yesterday I asked a supplementary question while Mr. Agnihotri's question was being answered, whether when low paid servants were being dismissed, any of the highly paid officers were also being removed. But from the figures I have quoted I have shown that on the Bengal Nagpur Railway there is not only no reduction in the highly paid officers, but while there were 68 officers drawing Rs. 1,000 and over in the last year's Budget, there are 175 officers drawing Rs. 1,000 and over in this year's Budget. My Honourable friend the Chief Commissioner yesterday asked me what was the bearing of my supplementary question. I will make it clear to him. The bearing was that the railways made reductions in the low paid staff only. If he had scrutinised the figures, he would have found in the case of highly paid officers that the number had increased to more than double. (*A Voice*: "What about the Great Indian Peninsula?") In the case of the Great Indian Peninsula also the same is the complaint. The Great Indian Peninsula has appointed an officer, a Mr. Heseltine or some such name, and that officer in making retrenchments has dismissed a number of low paid servants while the complaint is that he has not touched any of the highly paid officers. Sir, that is not the way to make retrenchment. I therefore think that there is a great room for retrenchment in the case of railways in the item of supervising officers. The establishment charges have grown tremendously and more and more officers are being appointed and their number as shown in the budget statement has been doubled in one year. I therefore hope that Mr. Ginwala's motion will be accepted.

**Sir Deva Prasad Sarvadhikary** (Calcutta: Non-Muhammadan Urban): Sir, I have tabled a motion for a lesser cut (No. 179). Having gone through the figures, I originally asked for a reduction of Rs. 1,71,70,000, as shown in the printed paper. But on going through the revised figures as supplied to us on Saturday last and availing myself of what Sir Basil Blackett told us, I have sent in a motion reducing that figure to 50 lakhs. If Honourable Members will please read 50 lakhs for the figure 1,71,70,000, then my meaning will be clear. Those figures, with the marvellous *plus* and *minus* system brought into the revised paper, work out at 50 lakhs, as Captain Sassoon has pointed out, and leaves something over.

The reason why I ask for this smaller cut is that the Assembly having only recently carried a motion for State management I believe all the support that the railway administration can be given should be vouchsafed. Although it was my duty to take another view from some of my friends at that debate, I am loyal enough to their Resolution to perceive that if railway administration is really to do what is expected of it and must be expected to go beyond, at least for the present, what the Inchcape Committee laid down. I shall read their words again:

"The budget provision for the working expenses including surplus profits in 1923-24 be limited to 64 crores, subject to . . ."



[Sir Deva Prasad Sarvadhikary.]

a variety of things mentioned in the concluding portion of the recommendations. I do not propose for the present to go into the somewhat hypothetical figures about 4.59 crores and 3.50 crores savings mentioned there, or undertake with Mr. Rangachariar a research into the unspoken thoughts, as Mr. Ginwala put it, of the Retrenchment Committee, nor stop to enquire how the 4.9 crores is made up. For my purposes for the present it would be enough if the Government were to accede to a very small reduction of 50 lakhs which would enable those of us who are wanting a reduction of at least a crore of rupees on the civil side of the expenses to suggest acceptable means for the purpose of balancing the budget. I do not for a moment concede that other reductions will not be insisted on. But for the present I do not think we ought to embarrass the railway administration by demanding more than a cut of 50 lakhs. I am perfectly sure, and I hope the Government will admit, that in dealing with large allotments like this it ought not to be difficult to find that sum of 50 lakhs. Sir, it has been pointed out that the demands have been (I do not say consciously or purposely) inflated, but in the first presentation they were inflated, and later on for reasons that have not been made quite clear, it appeared that what was budgeted for last year was not really what was required. And quite naturally that has led us to believe that a small cut of 50 lakhs will not at all prejudice the situation. Sir, when some one proposed that a day should be set apart for discussing the Inchcape Committee's Report, the Leader of the House invited us to discuss the report in the course of the budget debate. The first fruits of that suggestion are now before us. We have had a very animated debate and had retorts from both sides of the House regarding the suggestions made by the Inchcape Committee. When my friend, Mr. Innes, got up I thought he was going to combat Sir Montagu Webb for flinging the first stone at the Inchcape Committee. Well, Sir, some of us will have to follow suit later on, but on surer grounds. Here however I believe the Inchcape Committee was occupying quite unassailable ground. Mr. Rangachariar reminded us that two members of the Railway Board were members of that Committee, and it is not a fact that all that the members learnt about railway administration and railway finance was hurriedly picked up in the course of three months of Delhi dissipation. Far from it. Well, I know in other concerns that there has been corridor talk about "Commercial Commission," about "Clive Street Commission", or as some prefer, the "Bengal Commission," because unfortunately most of the Members happened to come from Bengal or had their training in Bengal. That does not take away from the value of the recommendations of the Committee. Certainly in regard to business propositions and commercial undertakings I am not prepared to enthuse to the extent that some Members have done over the Inchcape Recommendations. A great deal more could and should be done. Nor am I prepared to endorse Mr. Innes's severe criticism to-day and give the go-by to the Inchcape criticisms because they happen to be adverse. We are not concerned at present as to how matters of policy which have been introduced in the report, which Mr. Innes criticises, are to be carried out. Where is it however that the Inchcape Committee have erred in insisting on reductions? That is our objective so far as the budget deficit is concerned and I believe that can be met by the lower scale of cut that I am trying to put before the House. I do not think there ought to be any hesitation in acceding to the request for a cut of 50 lakhs. I do not know, Sir, what procedure you will be pleased to adopt when the debate is over and Mr. Ginwala's and other larger demands for reductions are disposed of. I submit that my

motion ought to come last and then it will probably have a better result than the bigger demands.

**Mr. President:** I can put the Honourable Member's motion now, if he wishes, as an amendment to Mr. Ginwala's in order to give the House an opportunity of expressing its wishes.

The original question was :

"That the provision for working expenses under the head 'Railways' be reduced by Rs. 4 crores,"

Since which an amendment has been moved to omit the words 'four crores' and to substitute in their place the words 'fifty lakhs'.

**Mr. C. D. M. Hindley** (Chief Commissioner, Railways): Sir, amid this welter of figures we have had this morning I feel that the House by now has perhaps realized what the actual cuts which are being made consist of. I think if I may refer again to the Statement which was placed in our hands on Saturday, on page 3 of that statement Honourable Members will see, against working expenses under Budget, 1922-23, the figure of 67.99. That is the figure on which the Retrenchment Committee were working when they proposed their reduction. They made the proposal for a reduction of 4 crores and 59 lakhs which will be found in the next column. In the meantime our Budget had been prepared for 66.51, shown in the next column, that is our Budget prepared for 1923-24. We now propose to make a further reduction of 3 crores on that figure, bringing down the working expenses to 63.51. Therefore, we have our working expenses under that head brought down from 67.99 to 63.51, a total reduction of 4 crores 47.50. Taking the next three figures below relating to surplus profits, etc., down to the bottom of the column, you will see that, as compared with the total cut recommended by the Retrenchment Committee of 4.59, we propose to make a cut of 4.19.93, leaving our total demand at 64.88, irrespective of interest, annuities, and sinking-funds. Now what I want to point out is that the actual retrenchment recommended by Lord Incheape's Committee was that the working expenses including the surplus profits to Companies should be fixed at 64 crores. If you take the two figures representing working expenses in column No. 6, 63.51 crores for working expenses and 98.77 lakhs for surplus profits, and add them together, you will get the figure to which we have reduced our working expenses corresponding with the basis used in the last recommendation of the Retrenchment Committee, i.e., 64.50. I think those remarks of mine will perhaps meet the Honourable Mr. Rangachariar's request for a clear explanation of what cuts we have made. I may say that we have been going in for a great deal of retrenchment before Lord Incheape's Committee began to study the question. For many months during last year special officers have been at work on nearly every railway making strenuous endeavours to reduce working expenses in all directions. Now having made those endeavours, the estimates were still in our opinion above what they should have been. I may just quote a few more figures, though I do not want to bore the House. The total demands sent up from the railways, i.e., the estimates made by the Railway Agents which they sent up for our consideration amounted to 70 crores. We reduced these in the first instance to 68, and further down to 66.51, the figure with which we started this Budget, and we have again reduced it now by 3 crores, so that you will see that, altogether, we have made a clear reduction of nearly 7 crores on the figures sent up to us by the Agents of the Railways for consideration. Now, Sir, I think that that shows that we

[Mr. C. D. M. Hindley.]

have not been wanting in our endeavours to make retrenchments in every possible direction. With regard to many of the criticisms which have been made to-day against the Railway Administration, I am perhaps in the rather happy position of looking to the future than to the past, and yet although I admit that there is a great deal of truth in much that has been said, and a very considerable amount of truth in what is written in the Retrenchment Committee's Report, I should like to defend on general grounds the railway administration of the past, for I feel that there is no Department of Government perhaps which receives more adverse criticism. (*An Honourable Member*: "and for obvious reasons.") But one of the things that I was looking forward to doing when I took up this appointment was to try and clear away some of the mud thrown at the Railway Board, and I do hope I shall have a chance of doing so. Now with regard to some of the criticisms that have been recently made, I would like to refer to one point made by Captain Sassoon. He tells us that instead of replacing our worn-out material, our worn-out engines and stock, we should repair them. He says, 'darn your stockings, don't buy new ones.' Well, we have been doing this, Sir, for years, and we know perfectly well that third class passengers in particular are beginning to feel the darns in the stockings,—and that has been the trouble, dating back from the war period particularly. We have things, Sir, not 30 years old like Captain Sassoon's most excellent machinery, we have engines 40 and 42 years old still awaiting replacement. I should rather like to know whether Captain Sassoon does not find that his 30-year old machinery does not cost him more in maintenance than new machinery would. It is an actual fact that a 40-year old locomotive costs very much more in maintenance than a new locomotive does, and therefore you cannot be sure, deferring the renewals of locomotives, that you are not inevitably increasing the cost of maintenance, because locomotives must run and must keep up to the mark, and there, Sir, we come back to this very difficult question of programme revenue. What is programme revenue? We have heard it discussed in many different directions, and I am inclined to think that it is very hazily understood what programme revenue really is. The nature of programme revenue, that is to say, expenditure incurred according to programme on revenue account is purely part of working expenses and part of maintenance and upkeep. But for the purposes of budgetting some years ago, it was considered necessary and advisable to separate this from the ordinary working expenses account. One of the things about railway working is that your working expenses vary, fluctuate up and down in proportion to the traffic moved. Now in budgetting, especially when, as has unfortunately been the case, our railway budget has been dependent very largely on the exigencies of the finances of the Government of India for the particular year, it has been found very difficult in the past to arrange for this fluctuation in accordance with the traffic receipts. It was therefore considered necessary some years ago to separate that portion of the expenditure which does fluctuate with traffic from that portion which does not and which can be programmed, and that is the origin of the expression 'programme revenue'. It is possible to lay down beforehand what shall be renewed and what shall not be renewed and that is why we have this head of programme revenue, because it enables us, by standardizing to some extent the amount of renewals which is to be done year by year, to look ahead and arrange beforehand and set aside a certain amount of money each year which will be used for necessary renewals and replacements. Then, it will be said, how is the figure arrived at? Now in this

connection the Retrenchment Committee, I think, were possibly led away into a misunderstanding of our actual process. We can, as a matter of fact, justify the expenditure which we proposed, *viz.*, 12½ crores. We have estimates and proposals before us sent by the Railways for the replacement of actually worn-out materials, rails and locomotives which are lying there ready to be replaced and waiting to be replaced not strictly in accordance with any life figure as some Members have mentioned. Not because a rail is 30 years old do we take it out of the line; not because an engine is 35 years old do we replace it, but because those rails are incapable of carrying the traffic at the present time, incapable of carrying our heavier engines and the old engines incapable of hauling longer and faster trains. In other words we have got to make our renewal programme to fit the actual requirements of the different Railways. It is perfectly true, as the Acworth Committee pointed out, that there are hundreds and thousands of units of our stock which require immediate replacement, not because they have run an age limit, but because they are really falling to pieces and cost us a great deal in maintenance; and that is the real reason why our maintenance on locomotives and carriages and wagons have gone up during the last few years, because during the war period and for some years after the war, expenditure on these very necessary renewals was scamped and starved. If you see the figures, you will find that we were not able to expend any appreciable sum in past years owing to financial exigencies. It was impossible to carry out the renewals of engines which were worn out and could not haul the traffic. I think perhaps I have explained what is the origin of this programme revenue. You will see, Sir, that the Inchaape Committee's report refers to a certain Depreciation Committee. The object of that Depreciation Committee was to settle and if possible standardise the expenditure in regard to renewals. It was not intended that they should lay down an exact figure to be spent on any individual Railway each year but their investigations were intended to enable us to form a basis for fixing the amount of programme revenue which should be spent year by year in order to keep the Railways up to the mark. I think there is absolutely no disputing the figures which they have produced and which are now under examination. They have investigated into the case of every Railway in India and after careful consultation with the Agents and Engineers responsible, they show that the arrears of renewals can roughly be assessed at about 18 crores of rupees; and they also say that the normal amount to be used in replacing depreciation should be 9½ crores. I just mention these facts to guard against a fallacy. It is said that the arrears of renewals are 18 crores of rupees, that is to say about two years' arrears. Actually the renewals have been many many years in arrears and 18 crores is the accumulation of the arrears of depreciation in many years which actually exists at the present time.

I think, Sir, that I have explained, how we arrived at our figure which we placed in the original budget. You will see that as against the proposal of 12½ crores, it was anticipated that there would be a saving of one crore during this year, that is to say, we anticipated that there were possibilities of effecting that saving owing to the fall in prices or possibly late delivery of materials. We have brought our figure to 11½ crores, and now, as the result of the recommendation of the Retrenchment Committee we have reduced that figure to 9 crores and made a cut of 2½ crores in programme revenue. Now, it sounds very easy to take a pencil and cut 2½ crores, but I can assure you that it is going to be done with the very greatest difficulty and with the greatest detriment to the Railway property. There is

[Mr. C. D. M. Hindley.]

no doubt whatever that you are deferring very necessary renewals which should be made at the present time. We have not done it year after year. During the war we passed it over because we could not get materials and we could not get money; subsequently also there was no money and we could not get on with the work; and it is now getting into a serious liability. What we are doing is that we are living on Capital. We are eking out the existence of our Railways, not replacing the depreciation that has occurred and we are seriously depreciating the asset; and what is much more important is that we are depreciating the earning power of these Railways. We might perhaps stand by and see the Capital book value of the Railways being reduced, but we are very seriously concerned with the possibility of reducing the earning power of certain parts of our Railways; and that is why I appeal very strongly that this House should not make a further reduction on that figure of 9 crores, programme revenue. We have already explained, I think what has been done in regard to staff. Out of the general head of working expenses, where the Retrenchment Committee recommended a reduction of 1 crore, we propose to make a reduction of 50 lakhs. Now, Sir, it is a very difficult matter to effect large reductions in staff at very short notice. The House has to remember that these reductions will have to come into force on the 1st of April. It is not always possible to get rid of men without notice whatever their stage in the service. You must allow a certain amount of latitude when you are getting rid of a man and depriving him of his occupation. I understand that so far as can be done on the Great Indian Peninsula Railway, the men who have to be unfortunately reduced are being given every possible concession in the matter of leave, provident fund or anything that is due to them. Any leave which they have earned is, I believe, given to them as is natural and right. Now, I ask anyone here, is it reasonable to expect that you can sack men on the 1st of April and give them no leave and no concessions? If that is the case, how are you going to allow for "lag" as it is called in connection with these reductions? For that reason, after very serious consideration we kept our figure at 50 lakhs reduction only. I must say that I have been very seriously impressed not only with the Inchcape Committee's Report, but with the criticisms which have been brought forward to-day. I feel on going through the whole of the report and through the whole of these criticisms that there is a feeling, a commercial feeling. I may say, that the Railways should be better managed and that they should produce a profit and that they should pay their way. I do not believe that it is right that you should ask your Railways to give a very large and substantial relief of general taxation. I believe you should be content to have your Railways paying their way as an ordinary commercial concern, and it will be our business here to carry out as far as we can those recommendations. I gather that Honourable Members do understand how we have arrived at the figures and there is no necessity for me to go further into the figures, but I would rather take advantage of a suggestion made, I think, by Mr. Shahani and Mr. Kamat, that in the event of earnings improving during the year,—as I am optimistic enough to believe they will prove—that it will not be made difficult for us to come forward for an additional grant to meet the necessary working expenses which must arise when greater traffic is being carried. On that understanding, I am prepared on behalf of Government to accept the recommendation made by Sir Deva Prasad Sarvadhikary that the total figure of working expenses should be reduced by 50 lakhs. We shall do our level best to carry out that reduction, though in my opinion it is not a wise thing to do at the present moment. We will do

our best to carry it out, and I may claim that it should be left to me, to the Railway Department, to decide how we should make the incidence of that cut fall. With these words, Sir, I oppose Mr. Ginwala's motion and accept Sir Deva Prasad's amendment.

**Mr. P. P. Ginwala:** Sir, I want to ask a question. Did I understand the Honourable Member correctly when I heard him say that he had cut down 12 crores 50 lakhs in the estimate to 9 crores in the programme revenue, and that he had effected a saving of half a crore in the staff?

**Mr. O. D. M. Hindley:** In ordinary working expenses.

**Mr. P. P. Ginwala:** 3½ crores plus half a crore?

**Mr. O. D. M. Hindley:** 2½ crores in programme revenue. It stood at 11½ crores and it is cut down to 9. I am talking about the present budget figures.

**Mr. President:** The original question was:

"That a sum not exceeding Rs. 64,47,79,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1924, in respect of 'Railways'."

Since which an amendment has been moved:

"That the provision for working expenses under the head 'Railway' be reduced by Rs. four crores."

Further amendment moved:

"Substitute the words 'fifty lakhs' for the words 'four crores'."

The question is that that amendment ("Substitute the words 'fifty lakhs' for the words 'four crores'") be made.

The Assembly divided:

AYES—67.

Abdul Quadir, Maulvi.  
Abdul Rahim Khan, Mr.  
Abul Kasem, Maulvi.  
Achariyar, Rao Bahadur P. T.  
Srinivasa.  
Ahmed, Mr. K.  
Ahsan Khan, Mr. M.  
Aiyar, Mr. A. V. V.  
Aiyer, Sir P. S. Sivaswamy.  
Akram Hussain, Prince A. M. M.  
Allen, Mr. B. C.  
Amjad Ali, Maulvi.  
Barua, Mr. D. C.  
Bhanja Deo, Raja R. N.  
Bhargava, Pandit J. L.  
Bishambhar Nath, Mr.  
Blackett, Sir Basil.  
Bradley-Birt, Mr. F. B.  
Bray, Mr. Denys.  
Brayne, Mr. A. F. L.  
Burdon, Mr. E.  
Cabell, Mr. W. H. L.  
Chatterjee, Mr. A. C.  
Clark, Mr. G. S.  
Cotelingam, Mr. J. P.  
Crookshank, Sir Sydney.  
Dalal, Sardar B. A.  
Faridoonji, Mr. E.  
Gajjan Singh, Sardar Bahadur.  
Ghulam Sarwar Khan, Chaudhuri.  
Gidney, Lieut.-Col. H. A. J.  
Haigh, Mr. P. B.  
Hindley, Mr. C. D. M.  
Holme, Mr. H. E.

Hullah, Mr. J.  
Hussanally, Mr. W. M.  
Innes, the Honourable Mr. C. A.  
Iswar Saran, Munshi.  
Jamall, Mr. A. O.  
Jamnadas Dwarkadas, Mr.  
Jejeebhoy, Sir Jamsetjee.  
Joshi, Mr. N. M.  
Ley, Mr. A. H.  
Lindsay, Mr. Darcy.  
Mitter, Mr. K. N.  
Moir, Mr. T. E.  
Muhammad Hussain, Mr. T.  
Muhammad Ismail, Mr. S.  
Mukherjee, Mr. J. N.  
Mukherjee, Mr. T. P.  
Percival, Mr. P. E.  
Ramayya Pantulu, Mr. J.  
Ramji, Mr. Manmohandas.  
Rhodes, Sir Campbell.  
Samarth, Mr. N. M.  
Sams, Mr. H. A.  
Sarfaraz Hussain Khan, Mr.  
Sarvadhikary, Sir Deva Prasad.  
Sassoon, Capt. E. V.  
Schamnad, Mr. Mahmood.  
Shahab-ud-Din, Chaudhuri.  
Singh, Mr. S. N.  
Sircar, Mr. N. C.  
Spence, Mr. R. A.  
Townsend, Mr. C. A. H.  
Webb, Sir Montagu.  
Willson, Mr. W. S. J.  
Yamin Khan, Mr. M.

## NOES—27.

Abdul Majid, Sheikh.  
 Abdulla, Mr. S. M.  
 Agarwala, Lala Girdharilal.  
 Asjad-ul-lah, Maulvi Miyan.  
 Ayyangar, Mr. M. G. M.  
 Ayyar, Mr. T. V. Seshagiri.  
 Bagde, Mr. K. G.  
 Basu, Mr. J. N.  
 Das, Babu B. S.  
 Faiyaz Khan, Mr. M.  
 Ginwala, Mr. P. P.  
 Girdhardas, Mr. N.  
 Gulab Singh, Sardar.  
 Jatkar, Mr. B. H. R.

Lakshmi Narayan Lal, Mr.  
 Mahadeo Prasad, Munshi.  
 Man Singh, Bhai.  
 Mudaliar, Mr. S.  
 Neogy, Mr. K. C.  
 Pyari Lal, Mr.  
 Shahani, Mr. S. C.  
 Singh, Babu B. P.  
 Sinha, Babu Ambica Prasad.  
 Sinha, Babu L. P.  
 Srinivasa Rao, Mr. P. V.  
 Subrahmanayam, Mr. C. S.  
 Venkatapatiraju, Mr. B.

The motion was adopted.

**Mr. President:** The question is:

“That the provision for working expenses under the head ‘Railways’ be reduced by 50 lakhs.”

The motion was adopted.

The Assembly then adjourned for Lunch till Three of the Clock.

The Assembly re-assembled after Lunch at Three of the Clock. Mr. President was in the Chair.

**Mr. B. Venkatapatiraju** (Ganjam *cum* Vizagapatam: Non-Muhammadan Rural): Sir, my amendment as amended again runs as follows:

“That the provision for Working Expenses under the head ‘Railways’ . . . .”

**Mr. President:** We have passed from Working Expenses; that is finished.

**Mr. N. M. Joshi:** I have an amendment for cutting down the Working Expenses by one rupee.

**Mr. President:** We have had a whole morning’s discussion on Working Expenses; that subject is now exhausted.

**Mr. B. Venkatapatiraju:** I had not an opportunity of speaking; I got up ten times as I wanted to speak on the general question.

**Mr. President:** Mr. Venkatapatiraju, No. 134.

**Mr. B. Venkatapatiraju:** I move:

“That the provision for Surplus Profits under the head ‘Railways’ be reduced to Rs. 65,00,000.”

That point was raised because the Incheape Committee at page 293 of their Report suggested that the amount might stand at that figure. Now, I propose to raise the question of principle instead of sticking up to that figure, because Surplus Profits have to be paid to the Companies under the terms of the contracts, and you cannot go beyond the terms of the contract, and the terms of the contract with reference to various companies differ, though we deplore the necessity for the Government to enter into different methods of agreeing to give surplus profits. For instance, I may

mention that surplus profits were given in this wise. For the East Indian Railway, four-fifths of the Surplus Profits up to Rs. 25 lakhs, to the Government and one-fifth to the Company; in excess of 25 lakhs, fourteen-fifteenths to the Government and one-fifteenth to the Company. In the case of the Great Indian Peninsula Railway the Surplus Profits are divided as follows: nineteen-twentieths to the Government and one-twentieth to the Company. Similarly, with reference to other companies the profits are divided in the proportion of four-fifths and one-fifth. In the case of the Bengal-Nagpur Railway it is in the proportion of three-fourths and one-fourth and in the case of the Burma Railway three-fourths and one-fourth. My point is this, I was not able to understand why this excess amount was fixed in the present estimates, whereas at page 293, the Inchcape Committee suggested only 60 lakhs. Either they were not in possession of the figures or perhaps a larger amount is expected to be realised in the working of the current year. They wanted to provide 98 lakhs in order to give a margin over 60 lakhs provided in the Inchcape Committee's Report. I suggest 65 lakhs might be put in.

With reference to the Surplus Profits, Sir, I want to bring to the notice of the Government whether the terms of the contracts are properly scrutinised before the amounts are allowed under the head of Surplus Profits. The terms of the contracts are clear that the permanent way and rolling-stock should be maintained in good repair and that this should be met out of the gross receipts, that is out of the working expenses. If that amount is not realised, how can you take it under Surplus Profits and divide it between yourself and the Companies? So far as you are concerned, you need not think you are making a good bargain by taking it, because you have to pay interest and all the profits you are realising fall short of the interest. For instance, in the case of 8 companies out of 12 you have lost 20 crores and this year you propose a loss of 5 crores on these 8 companies. After all, you speak of a commercial concern, but how can this be when the nine-tenths shareholder loses. We do not grudge this division of Surplus Profits in the case of companies who are trying their level best to secure some profit to us, but what I say is, when you have allowed a profit, do you first of all see that renewals which ought to be maintained under the terms of the contract are really maintained by the companies instead of asking us to pay for this out of our revenues? If you put it under renewals it would come under general revenues because you may take it under the Capital Account. But what I want to show is that, in order to give Surplus Profits, you must provide for repairs and maintenance of the rolling-stock. Where you have paid, you are not doing any justice to yourself but doing unnecessary generosity in favour of the companies. During the period of the war, when repairs and maintenance were not properly maintained, because I want to use the words specifically, repairs and maintenance distinguishing them from renewals, *i.e.*, to provide any fresh article or new addition the expenditure must be met out of the capital funds. Therefore, I do not take up that course. I would only concern myself with repairs and maintenance of the rolling-stock and permanent way which should be kept in proper condition. When you have not done that during the period of the War you have been satisfied in dividing this amount with the Companies even to the extent of giving 1 crore and 4 lakhs year before last; and last year you provided 60 lakhs. Not satisfied with that you are providing 98 lakhs. Now I suggest to you, Sir, in the evidence given before the Acworth Committee some member stated this surplus profit is not properly earned at all. It is not commercially earned. It is true you may literally fulfil the terms of



[Mr. B. Venkatapatiraju.]

the contracts by stating whatever amount that is not actually spent on repairs and maintenance of rolling stock and permanent way might go towards surplus profits beyond the guaranteed interest, 4 or 5 per cent. and interest on the capital outlay according to the circumstances of the case. Now I ask if that course is adopted whether the Government is not a loser on that account, whether the Government was not to pay a larger amount as surplus profits because the Government supervision has not been effective in order to see that the amount is properly spent on repairs. If you cannot spend it, as suggested by Lord Inchcape, you keep the amount in suspense, because you cannot divide the profits without meeting the necessary obligations which were entered into under the contract, and therefore, Sir, I would ask for an explanation from Government. Lord Inchcape's Committee suggested 60 lakhs. Why have you put it at 90 lakhs when you have suggested 66½ lakhs surplus profits on 92 crores gross receipts; why have you put it at the higher rate of 98 lakhs on gross receipts of 95½ crores. Secondly, whether during all these years repairs and maintenance have been carried on as per contract, and where they failed to carry them out, what steps were taken by the supervising authority to see that Government did not lose on that account. I want an explanation, and therefore unless I am satisfied on these points I wish it to be reduced to the figure of 65 lakhs.

**Mr. C. D. M. Hindley:** Sir, I can quite see that the figures put before Honourable Members may perhaps have given rise to a certain amount of misapprehension. As I mentioned this morning, the figures taken by the Retrenchment Committee are those of the Budget estimate for 1922-23 where will be found the figure of 60 lakhs for surplus profits paid to Companies. The Retrenchment Committee naturally did not propose any alteration in this figure, but I must point out that under the obligations of our contracts with these companies surplus profits are calculated by a definite formula which was laid down in each contract. To arrive at the surplus profits for these Companies we take the gross earnings and then we deduct from the gross earnings the working expenses (working expenses including all outgoings on maintenance and renewals). From that net figure, again, has to be deducted the standing charges in respect of interest on debentures and interest on the Company's share capital. We thus get at a net figure which is divided in a fixed proportion laid down under the contract between Government and the Company.

Now these contracts were made at various periods of our history. Some of them date back a great many years; some of them have been made comparatively recently; but all of them have been made with due consideration at the time to the market value of money and to the value of the property which the Company was taking over and the value of the services which Government was receiving. After the most careful consideration every one of these contracts has been prepared and in no case is the Company obtaining a larger share of the profits than is its due. With those contracts, therefore, before us, the amount which has to be paid is naturally an obligation on Government and one which cannot be avoided. We are told that we must run our railways on a commercial basis. One of the first principles of sound commerce is to honour your contracts, and we cannot avoid these demands which have been calculated, or will be calculated, on the actual net earnings received by the Companies. Now Honourable Members will see quite clearly that if the gross earnings remain

untouched at the same figure we propose, and if the working expenses, including renewals, are reduced by a large figure, the net earnings on each railway will be largely increased and therefore, applying the formula in the contract, the surplus profits to each company will also be largely increased. That is the explanation of the change from 60 lakhs in the second column of this statement to 98 lakhs. In the last column 98 lakhs represents the best estimate we can obtain of the surplus profits that will be due to the Companies under their contracts. With this figure of gross earnings and this figure of working expenses as the result of the further cut which we have agreed to this morning, I anticipate that there will be some further increase to the surplus profits which we may have to pay to these Companies in the same proportion.

I have said that the surplus profits of each railway administration, arrived at in the way I have described, that is to say, by deducting the working expenses from the gross earnings and then applying the proper proportion between the Government and the Company, vary in many cases in accordance with the different contracts that have been made from time to time. To illustrate how this division is arrived at I can quote one or two figures. In the case of the Bengal Nagpur Railway, for instance, the surplus profits, the Company's share of surplus profits is 5.65 lakhs; the estimated Government share is 52.5 crores. In the case of the East Indian Railway the Company's share is estimated at 8 lakhs; the Government share at 239.22 lakhs. In the case of the South Indian Railway, the Company's share is 1.98 lakhs, the Government share 30.18. And so on. So that the House will see that the Companies are not getting a very large or disproportionate share of the profits earned.

With this explanation, Sir, I hope my Honourable friend will be satisfied that we cannot do otherwise than pay the amounts that are due under their contracts to those Companies.

**Mr. B. Venkatapatiraju:** What about repairs and maintenance?

**Mr. C. D. M. Hindley:** The Honourable Member, I think, raised a further point about whether these Companies have in fact repaired and carried out the necessary replacements to their property.

**Mr. B. Venkatapatiraju:** Under the terms of the contract. They must be met out of surplus profits.

**Mr. C. D. M. Hindley:** The Honourable Member desires to know whether the property has actually been kept in proper repair under the terms of the contract. That is so, Sir, in so far as Government has been able to finance them; but I must make it perfectly clear that there were periods when the finances available for these operations were not sufficient, and we are now reaping the harvest in the heavier depreciation expenses which we have got to meet.

**Mr. President:** I find from a note in front of me that the Honourable Member intended to move a reduction by Rs. 100 and not Rs. 33 lakhs. Which does he really wish?

**Mr. B. Venkatapatiraju:** Rs. 100, Sir.

The motion that the provision for surplus profits under the head Railways be reduced to Rs. 65,00,000 was, by leave of the Assembly, withdrawn.

**Mr. K. O. Neogy** (Dacca Division: Non-Muhammadan Rural): I am perfectly aware, Sir, that the obligation under the contracts with the different railways cannot be avoided in regard to the payment of surplus profits . . .

**Mr. President:** The Honourable Member had better move his motion for reduction by Rs. 100 to put the discussion in order.

**Mr. K. O. Neogy:** I move:

"That the provision for Surplus Profits paid to Companies under the head 'Railways' be reduced by Rs. 100."

I began by saying that we cannot possibly avoid the obligation that the contracts have created; but it is quite clear from the statement that Mr. Hindley has made just now that the surplus profits have a sure tendency of increasing by postponement of legitimate repairs. That postponement may be due to avoidable and unavoidable causes. So far as the war period was concerned, I recognise that the postponement was inevitable to a certain extent. But Mr. Hindley was not certainly right when he said that this was a necessary incident of the war period and the war period alone. I would draw his attention to the observations made by the Acworth Committee to the effect that this aspect of railway policy has been in existence from before the war. If the Honourable Member will turn to paragraphs 70 and 71 of that Report, he will find what the Acworth Committee has had to say on this question. They observe:

"The Great War is an explanation, if not an excuse, for many particulars which no one would defend under normal circumstances. We cannot think that even the war is sufficient to explain the treatment of Indian railway revenue in the last few years . . . . At an early stage of the war it became difficult to obtain from Europe the customary supplies. Later on it became practically impossible. The inevitable result was that maintenance and renewals fell seriously into arrears from 1914 to 1918."

In the foot-note on the same page they say that the policy of undue postponement of revenue renewals, which in fact has meant taking as net revenue money that should properly have been treated as working expenses, is of long standing and not merely the result of the exigencies of the war period. So I should like to correct Mr. Hindley on this point.

Then, Sir, I propose to place the comments of the Acworth Committee on this aspect of the railway administration. They say:

"Obviously the expenditure was only postponed and had to be faced later on. An ordinary commercial concern . . . ."

(mark that, because too much is sometimes made of the commercial principles on which an administration like the railway administration should be run when we ask for any reduction)

"An ordinary commercial concern would as a matter of course have carried the money so underspent to a reserve for renewals, to be spent when the materials were again available. The independent railway companies did this. Not so the State. The money was treated as part of the ordinary revenue of the Government in the year in which it was not spent. . . . The apparent gain was not real. Had there been a separate railway budget the money underspent would have been earmarked in it as advanced to the Government for general purposes. It was indeed announced at one time that a reserve was being made, or would be made. The end of the war has come, and the money is not there; other liabilities had been too strong for the Government of India and so the reserve fund vanished . . . ."

**Mr. President:** The money is not there and is not included in the vote.

**Mr. K. O. Neogy:** Sir, connected with the question of surplus profits is the question of the creation of a depreciation fund. The question is whether any company or the Government have a right to credit to their

general revenues or to their surplus profits any amount that ought to be kept aside in a depreciation fund with which to meet any deferred renewals which could not be carried out by reason of any exigencies of the moment. That is the point that I wish to make. Now, Sir, I will ask Honourable Members to bear with me for a few minutes. As early as 1917 Sir Hugh Bray raised this question in the old Imperial Council. He pointed out that the railways were making a great deal of money and they were putting by no reserve and at the end of the war, when it was possible to spend money it might be difficult to get hold of that money. In 1918 we find the Honourable Sir William Meyer provided a special reserve of Rs. 30 crores for this particular purpose; but two years later the Honourable Sir Malcolm Hailey replying, I believe, to Mr. Crum, said that this amount went to increase the Secretary of State's ordinary ways and means balances, and in the evidence which Sir William Meyer gave before the Acworth Committee he said that this special reserve was raided by reason of the exigencies of the exchange situation created by the policy of Reverse Council Bills. This, in brief, is the history of the reserve that was actually provided by Sir William Meyer, and which is no longer there. Now, Sir, what about the share of the surplus profits that has been appropriated by the companies, a share which does not legitimately belong to them, a share that was swelled by reason of the postponement of renewals during the war period? They have been divided as dividends to the shareholders of the British companies. Sir, I want to inquire whether it is not possible to get the companies to make a refund of the excess amount which they got over the amount which belonged to them legitimately. It has been observed in the Inchcape Committee's report that the taxpayer in India received the benefit of the postponement of these renewals during the war period. I am afraid I have to join issue with the Inchcape Committee on this point, because I have shown that although the revenues of the Government were swelled at that time by reason of the postponement of renewals, the tax-payers have not been benefited; in fact, we are asked to foot a much larger Bill in the shape of programme revenue expenditure to-day than would have been the case if we had a reserve at our disposal to-day. Apart from this the spurious appearance of prosperity which this unspent amount gave to the general revenues of the Government of India, proved an excuse for raising salaries all round, and incidentally also lured us into a false sense of security under which we made a special war contribution of £100 millions to England.

**Mr. C. D. M. Hindley:** Sir, my Honourable friend, Mr. Neogy, has used in the course of his speech a good many of the portions of the Acworth Committee Report which I had marked in blue pencil to substantiate the position I took up this morning in regard to renewals. I am very grateful to him for bringing before the House this particular point that deferring renewals on railways is only deferring a liability. I think my Honourable friend was one of those who joined this morning in making a further cut in what we call programme revenue, which is, in effect, his depreciation fund which he wants us to put by. As regards the past, I quite agree with him, and I do not think that he had any reason for contradicting me in anything that I said, in fact I think we are quite in agreement that this process of deferring renewals on account of financial exigencies has been going on for a much longer time than from the war period. In fact, I have reason to believe that this portion of the Acworth Committee's Report was very largely based on the evidence which I myself gave to the Committee. I am glad to find myself for once so much in agreement with Mr. Neogy.

[Mr. C. D. M. Hindley.]

but I cannot agree with him when he suggests that we should go to the share-holders of these companies hat in hand and say "give us back some of your surplus profits." (*An Honourable Member*: "Writ in hand and not hat in hand.") Well, Sir, I do not think even a writ would be productive; and what is more, it would not be just because they were compelled by the financial exigencies of the Government of India to withhold expenditure on these necessary renewals. That, Sir, was the particular point of my evidence before the Acworth Committee. As a company's officer, I felt acutely that the Government of India in those days was benefiting the general tax-payer at the expense of the Railways by withholding the necessary funds for renewals and repairs, and I am extremely sorry that that process is now being continued owing to the financial exigencies of the current year. It is, therefore, not fair to blame those companies and those shareholders for taking their just dues under the contracts.

Another point arises in regard to that, Sir. As the Honourable Mr. Innes pointed out this morning during the past few years the tax-payer has benefited by 47 crores of rupees derived from railway surplus profits. I am not in a position to give the exact proportion of those surplus profits which have gone to the shareholders, but it must be, from the figures I gave you a few minutes ago, a very much smaller figure than that. Now, the position we have arrived at is that the general tax-payer has benefited at the expense of the depreciation of the Railways, and that was exactly the point which I wished to make this morning but unfortunately the Clock did not permit me to make all the points that I wanted to make. By cutting down the necessary provision for renewals which I know are required actually, we are deferring the liability and benefiting the taxpayer at the expense of your capital invested in the Railways.

**Dr. H. S. Gour:** (Nagpur Division: Non-Muhammadan): Sir, the Honourable Mr. Hindley has not appreciated the true import of the Honourable Mr. Neogy's charge against the Government. What he wanted to point out was this, that all the earnings of the Railways are treated as gross earnings. You deduct therefrom the working expenses which consist of the actual cost of the maintenance of the Railways and what is known as programme revenue which, in popular terms, may be called repairs and maintenance. The residue left is called profits, and it is apportioned between the companies concerned and the Government. What Mr. Neogy wanted to accuse the Government of was that during all these years you have not been setting aside out of the working expenses a definite portion for repairs and maintenance but have been transferring this amount to your net profits which are divided between yourself and the companies concerned. What is the reply of the Honourable Mr. Hindley? He says the general tax-payer has benefited at the expense of the depreciation to the tune of 45 or 47 crores of rupees. But my Honourable friend could not have forgotten that the Railways belong to the general tax-payer and what was paid to the tax-payer was his own money. My Honourable friend must not also forget that in the Acworth Committee's Report, it has been very clearly pointed out that many of the companies, for instance, the East Indian Railway and the Great Indian Peninsula Railway, are really no companies at all in the right sense of the term, and therefore when you apportioned the general net profits and gave them over to the companies, you gave them money which was not justly due to them. I will go further and say that even if you benefited the general tax-payer, you did so at the cost of the railway concerned. It was your duty to see that the amount set apart

for repairs and maintenance was not diverted to another purpose, and that is what Mr. Neogy complains of. In the long series of years, not merely during the war but in the years preceding the war and since, you have been sacrificing the amount intended for depreciation, for repairs and maintenance, and you have been transferring it to net profits and dividing it between yourself and the companies concerned. What justification had you for this course of action? That is a point on which my friend Mr. Hindley has vouchsafed no reply to this House, and I submit that is the gravamen of the charge levelled against the Government by the Honourable Mover of this amendment.

**Rai Bahadur Bishambhar Nath** (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir, I find that the working expenses of the Indian Railways have risen from 29.35 crores in 1913-14 to 67.99 crores in 1922-23. The percentage on this has been 131 per cent. on maintenance, 125 per cent. on locomotives, 235 per cent. on carriages and wagons and 136 per cent. on special and miscellaneous expenditure. These charges are serious and call for a searching inquiry. It is surprising that the cost of the same or similar works . . . .

**Mr. President:** The Assembly has passed from the discussion on working expenses, and it is now discussing an amendment on Surplus Profits.

**Mr. J. Chaudhuri** (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Sir, I would give a simple answer to my friend, Dr. Gour. If the tax-payers have taken that money out of Railways, we in our last year's estimates made amends for that. We not only voted 30 crores last year, we altogether voted 150 crores for five years. So whatever we may have taken out of railway revenue we are now refunding and a substantial portion of that 150 crores will surely be appropriated for renewal purposes. We have now made ample amends for appropriating railway revenue for general purposes.

**Dr. H. S. Gour:** Sir, I rise to a point of order. I think I made myself perfectly intelligible that I did not complain of the tax-payers receiving back their money, but what I do complain of is that the companies have received money to which they were not entitled.

**Mr. J. Chaudhuri:** As for that the Limitation Act would also stand in the way. If this was done three years ago, of course, we cannot sue the shareholders and get a refund. So, the only reasonable course left to us would be to keep the railway accounts now in proper order and allow for depreciation and build up a reserve; that will accomplish the object the Mover of the amendment has in view.

**The Honourable Mr. C. A. Innes:** Just one word, Sir. I do not think there is anybody on the Government Benches, Sir, who will quarrel with what Dr. Gour has said. I think we all admit that the methods adopted during the war were unwise methods and we are paying for them now. We are all perfectly conscious that during the war we should not have paid away these large sums as windfalls to the general tax-payer and as surplus profits to the companies. The general tax-payer benefited and in accordance with the terms of the contracts the shareholders also benefited. It is merely a matter of the contracts. The only two points which seem to me relevant at the moment are these. In the first place it is no use crying over spilt milk and it is no use trying to recover this money from the shareholders. The other point is that it is up to us to see that we do not make

[Mr. C. A. Innes.]

this mistake in the matter again. That is the very reason why we are taking this advice of the Central Advisory Council. We set this Committee to work out proposals for a depreciation fund and those proposals have been approved in principle by the Inchcape Committee in paragraph 7 of their report. If we adopt these proposals I do not think that the House will in future have cause to complain against the Government of India in this manner.

The motion was, by leave of the Assembly, withdrawn.

**Sir Montagu Webb:** Sir, I rise to a point of order. In the Demand for Grants which has been placed before this House, Annuities in purchase of Railways is shown under the head of "non-voted." But I have been unable to discover, Sir, why this has been done. I find that according to clause 67A of the Government of India Act that "the proposals of the Governor General in Council for the appropriation revenues or monies relating to the following heads shall not be submitted to the vote of the Legislative Assembly" and the only one of those heads that has any resemblance to this particular Demand for annuities is "Interest and Sinking Fund Charges on Loans." I submit, Sir, that this is not an interest or sinking fund charge on Loans. This is purchase money which is being paid by Government for certain railways, and, that being so, Sir, I am unable to discover why this House should not express its views on the Demand for that purchase money which does not appear to be debarred under section 67A of the Act.

**Mr. N. M. Joshi:** On the point of order, Sir, I would like to draw your attention to the last year's budget statement, in which part of the annuities was shown to be votable, that is, these 167 lakhs of which I have given notice. I put that figure especially because I found from last year's budget statement that that item of 167 lakhs was shown as votable. I do not know what has happened in the meanwhile to make that item not votable. As a matter of fact that item of 167 lakhs 87 thousand appears in this year's statement also as Members will notice if they look at Appendix B, State Railways. And this same figure was shown in last year's budget to be votable. I therefore think that there must be some mistake in this.

**The Honourable Sir Basil Blackett** (Finance Member): Sir, as regards the last point, taking it first because it is quite a simple question of fact, last year exchange was not distributed under the various heads voted and non-voted, but was taken as a single voted head. This year exchange has been distributed under each item. The item which therefore appeared as voted last year was really the exchange on this non-voted item of sinking fund and is now properly included as non-voted.

As regards the main point as to whether this is properly a non-voted charge, it seems to me rather far-fetched to say that an annuity which is an interest *plus* a sinking fund is not an interest and sinking fund charge. (*Sir Montagu Webb*: "On Loans.") On the general principle on which this interest and sinking fund charge was treated as non-votable, the procedure was based quite clearly on the procedure in the United Kingdom, where consolidated fund charges are not submitted to the actual vote of the House for the specific purpose of making it quite clear to the creditors of the State that sums which are due to them are not liable to run the gauntlet every year of voting in the House. But I would submit further that

whatever the merits of the question on which I think there is no doubt, though certain Honourable Members seem to think there is doubt, section 67A (iv) of the Act, which has been quoted, says :

“ If any question arises as to whether any appropriation of revenue or money which is made does not relate to the above heads, the decision of the Governor General on the question shall be final.”

And it is in accordance with the directions of the Governor General that this has been included as non-voted.

**Dr. H. S. Gour:** May I ask the Honourable the Finance Member whether it is in accordance with the general directions of the Governor General that this has been transferred to the non-votable items or whether that is a decision of the Governor General?

**The Honourable Sir Basil Blackett:** This has not been transferred. It is a non-votable item.

**Mr. Jamnadas Dwarkadas** (Bombay City: Non-Muhammadan Urban): Sir, I want to point out to refresh the memory of the Members on the Government Benches that last year we had the precedent of this item being discussed in this very House. I myself raised the point and the Honourable Sir Malcolm Hailey then made a speech and gave an answer to the arguments that had been advanced in the debate. If an item has been admitted as discussable by this House in one year, I do not see how the Governor General, in spite of the powers vested in him, can in the next year rule that that item should be a non-votable one.

**The Honourable Sir Basil Blackett:** Sir, I think the Honourable Member is mistaken in thinking that this question of the annuities was discussed last year at this stage of the budget. It was discussed in the general discussion, and again this year, on the budget. Therefore, because under the specific directions of the Governor General it was submitted for discussion on the general budget, I submit that it is not in order now.

**Mr. Jamnadas Dwarkadas:** It was not in the general discussion, Sir, but in the discussion of demands for grants that this item was discussed. If I had the debate here I could at once find . . . . .

**The Honourable Sir Basil Blackett:** I submit, Sir, that this does not really affect the question.

**Mr. President:** The explanation given by the Honourable the Finance Member why the item appears under one head this year and under another head last year disposes of the matter. And in any case, as he has pointed out, the Governor General is the authority concerned and not the Chair. The point of order is one which cannot be settled by the Chair. I must assume that, with the exception of printer's errors, items printed in italics are non-votable.

**Mr. Jamnadas Dwarkadas:** Is precedent not a sufficient ground for the House to insist on discussing this item? It was discussed last year.

**Mr. President:** I take the explanation given by the Honourable Sir Basil Blackett, that it appeared in one column last year and in another this year, as sufficient. Does the Honourable Member mean that if one mistake was made, it ought to be repeated?



**Sir P. S. Sivaswamy Aiyer** (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, I concede that if a question has been raised whether a certain proposed appropriation of revenue does or does not relate to the above heads, the decision of the Governor General on the question is final, however patently absurd it may be. But does not clause 4 imply that there should have been a question raised? Does it or does it not mean that a question has been raised, and that on the question so raised, the decision of the Governor General has been pronounced? Now I do not think it can be fairly contended that before any question arises the Governor General can pronounce a binding decision. Nor can I believe that this question could possibly have been submitted to the Governor General in anticipation and a decision obtained from him, before any question at all was raised. It seems to me that the finality declared by clause 4 postulates the previous raising of a question and the deliberate application of the Governor General's mind to a specific question duly raised. May I know when the question arose and when it was submitted to the Governor General for his decision?

**Dr. H. S. Gour:** Sir, I wish to raise another point in that connection. If you see section 67A, clause (5), you will find that it lays down the general rule that the proposals of the Governor General in Council for the appropriation of revenue or monies relating to heads of expenditure not specified in the above heads shall be submitted to the vote of the Legislative Assembly in the form of demands for grants. That, Sir, is a general rule. Then we have the exception. The exceptions are specified in the above heads. These are clauses (1) to (5). Now, therefore, we come back to clause (1). Clause (1) lays down 'interest on sinking fund, charges and loans.' My Honourable friend, the Finance Member cannot contend that an annuity is a loan.

**The Honourable Sir Basil Blackett:** I do.

**Dr. H. S. Gour:** He says he does. I submit that is a matter upon which a question has arisen between himself and the Members of this House, and the decision under clause (4) must be of the Governor General. Therefore, I submit my Honourable friend, Sir Montagu Webb's motion cannot be ruled out of order without a decision of the Governor General . . .

**Mr. President:** These demands are presented on the authority of the Governor General. I must assume from the point of view of the Chair that they have not been presented behind the back of the Governor General.

**Dr. H. S. Gour:** With due respect to the Chair, the directions and general control of the Governor General is one thing,—a decision on a specific point raised under clause (4) is quite another thing, and I submit there is no decision; and does my friend contend that he has ever taken the decision of the Governor General as required by clause (4) of section 67A? I ask him to answer that question.

**Rao Bahadur T. Rangachariar:** As this is a point of law which has been raised, I may draw your attention, Sir, to clause (2) also of section 67A, that is, sub-clause (ii) of clause (3), that is, 'expenditure of which the amount is prescribed by or under any law.' Under section 20 of the Government of India Act the revenues of India shall be received for and in the name of His Majesty and shall, subject to the provisions of the Act, be applied for the purposes of the Government of India alone. There shall be

charged on the revenues of India all the debts of the East Indian Company—clause (3) is important in this connection—all expenses, debts and liabilities lawfully contracted and incurred on account of the Government of India. Under that clause, this sum, which is allotted really for the payment of this debt, for the purchase of railways, will come under sub-clause (ii) rather than under sub-clause (1), and therefore it may be rightly regarded as having been put under a non-voted head. As regards clause (4) of section 67A, there is a preliminary condition, Sir, that a question should arise. I am not sure that any question arose between the Honourable the Finance Member and His Excellency the Governor General with reference to this matter. A question should arise, and then only His Excellency has to decide. Before any question arises, there can be no decision. 'If any question arises'—that is a condition precedent: unless therefore this comes under sub-clause (ii), this should not be rightly placed under a non-voted head. My own feeling is that it comes under sub-clause (ii).

**The Honourable Sir Basil Blackett:** Sir, my Honourable friend, Mr. Rangachariar, points out, if this does not come under section 1, it does come under section 2, which is 'expenditure prescribed by an Act of Parliament.' As regards the other point that was raised, the whole of the question as to what should be voted and what should not be voted in the Demand Grants was specifically raised and studied, and it is under the orders of the Governor General that the classification now shown in these estimates takes place. The specific question as to whether these particular annuities should or should not be included as non-voted has not to my own knowledge been raised in the form of a question by anybody where there was any doubt on the subject,—I myself do not admit that there is any doubt—but the general point was raised, and these particular annuities were included under the orders of the Governor General as non-voted.

**Dr. H. S. Gour:** I think the Honourable the Finance Member could not be unaware of the fact that though the exception is 'of which the amount is prescribed by or under any law', the amount we are concerned with here is 3 crores and odd. Surely no Act of Parliament has prescribed the payment of this amount, and therefore clause (2) is entirely outside the question. If it comes under any clause, it would come under clause (1), and I submit it does not come under clause (ii), and there is no decision of the Governor General as provided in clause (4).

**The Honourable Sir Basil Blackett:** Sir, Dr. Gour is mistaken as regards the second point.

**Mr. President:** The discussion must necessarily be fruitless if Honourable Members think that they can obtain a decision from the Chair. If there is a point really in doubt, the decision rests with the Governor General and with nobody else.

**The Honourable Sir Basil Blackett:** It is not exactly in accordance with the facts to say that it appeared as voted last year; a portion of it, that is, the exchange portion, appeared as voted, but the main portion appeared, and always has appeared, as non-voted.

**Mr. Jamnadas Dwarkadas:** A crore and 60 lakhs appeared as votable.

**Mr. President:** The Honourable the Finance Member stated last year— if Honourable Members will look at page 3129 of the Assembly Debates,

[Mr. President.]

Volume II, (Part III), that the "total sum given there as annuities for purchase of railways is Rs. 5 crores and odd, and that it consists of two items: Rs. 1 crore 67 lakhs, which represents the exchange portion"—that has now been transferred?

**The Honourable Sir Basil Blackett:** Yes. It is a sterling sum of course.

**Mr. N. M. Joshi:** Sir, I move:

"That the provision for Miscellaneous Railway Expenditure under the head 'Railways' (page 29) be reduced by Re 1."

My object in moving this motion for reduction is to raise two or three points as regards Railway management. Sir, if it be permissible  
4 P.M. for me to do so, the first point I would raise is that of the annuities. These annuities are being paid by the Railway Board from our revenues instead of making it Capital expenditure. Sir, this method of wiping out our Capital is a wrong method altogether, and in order to show that it is a wrong method, I shall quote one authority. Sir Henry Kimber in his evidence recorded at page 146 of the Report of the Indian Railway Committee, 1921-22, states:

"The principle of converting debt into terminable annuities is quite legitimate and a good plan for any nation to adopt as regards its national debt, but it is quite otherwise to apply it for writing off a valuable asset."

Sir, by this method the Railway Board is wiping out a very valuable asset and, as I stated in my speech during the general discussion of the Budget, if you wipe out your Capital, naturally you reduce the incentive for the Railway Board to economise the working expenses. I therefore feel that this House should express its opinion on this point by adopting my motion. The second point that I wanted to raise was about the sinking funds. Sinking funds are also debited to Revenue account instead of being debited to Capital account.

**The Honourable Sir Basil Blackett:** On a point of order, sinking funds are also a non-voted item. Is the Honourable Member in order, Sir, in discussing it?

**Mr. President:** I called on the Honourable Member to move motion No. 140.

**Mr. N. M. Joshi:** My motion is for reducing rupee one which should come out of the expenses of the Railway Board which manages our Railways. I thought in discussing the expenses of the Railway Board it would be a matter of principle for this House to give certain directions to the Railway Board as to how they should manage their financial affairs, and I therefore thought that I could therefore speak on this point. But still if you rule that I cannot make a speech on that point, I shall turn my attention to another point. Am I in order, Sir?

**Mr. President:** The Honourable Member is entitled to move Reduction No. 140, Miscellaneous Railway Expenditure, which includes the Railway Board.

**Mr. N. M. Joshi:** Sir, the Railway Board also pays the sinking funds out of our revenues.

**Mr. President:** The Honourable Member cannot move that. If he will look at the order issued by the Governor General in Council, he will find that the heads of expenditure specified in sub-section (3) of section 67A of the Government of India Act shall be open to discussion by the Legislative Assembly when the Financial Statement is under consideration, that is on the first two days of the General Discussion, and not on the Demand for Grants.

**Mr. N. M. Joshi:** Then, Sir, I shall turn my attention to another matter of principle. It is this.

**Mr. N. M. Samarth:** That clause says, Sir:

“That the proposals of the Governor General in Council for the appropriation revenue or moneys relating to the following heads of expenditure shall not be submitted to the vote of the Legislative Assembly, nor shall they be open to discussion by either Chamber.”

This means discussion by both, this and the other Chamber, which latter has no power to vote; and it goes on:

“at the time when the annual statement is under consideration, unless the Governor General otherwise directs . . . .”

This cannot mean that we cannot discuss non-votable items at the time of the voting of grants. I submit that we are voting on the general head ‘Railways,’ and if anybody proposes a reduction of the demand by one rupee, we can go into the whole question as to the whole expenditure on Railways whether votable or non-votable. I submit we are quite entitled to do it. We shall vote upon whatever is submitted to our vote. That does not mean we are prevented from discussing the whole question of Railway Administration. That is my submission, Sir.

**Mr. N. M. Joshi:** May I also on the point of order state that during last year’s budget discussion, we voted on a motion for the reduction of the establishment of Army Department by rupee one. If that could be voted upon and discussed in the House, I do not know why this should not be discussed.

**Mr. President:** The Honourable Member stated that reduction was made in a non-voted item. I am quite sure that the Honourable Member did not move for a reduction in the non-voted item. The Honourable Member is now attempting to move a reduction in a non-voted item, though in the disguise of a votable item. As I have said, the order of the Governor General referred to the general discussion of the Budget in the first two days. The Demands for Grants do not include the non-voted items. They only include the votable items.

**Dr. H. S. Gour:** May I in this connection point out that a question of this character can only arise after the estimated annual expenditure and revenue are laid in the form of a statement before both Chambers of the Indian Legislature? [Section 67, clause (1).] Consequently, the question as to whether a certain specific item is votable or non-votable cannot arise unless the estimated annual expenditure is laid before this House and then a question is raised and a decision come to by the Governor General. I submit, therefore, Sir, that both Sir Montagu Webb’s and Mr. Joshi’s amendments are in order unless a question is raised by the Honourable the Finance Member and a decision obtained from the Governor General as provided in clause 4.

**Mr. Jamnadas Dwarkadas:** Sir, I think what Mr. Joshi wanted was not to cut down Re. 1 from the non-votable item. My Honourable friend, Mr. Joshi, cited the case of the debate that took place on the Army expenditure. We deleted Rs. 100 out of the Army expenditure which was votable in the course of a discussion. If you refer to the pages which contain that discussion, you will find that the reason for cutting down was the heavy military expenditure, the policy of which was criticised by this House. I hold, Sir, with due deference to you, that it is the right of the House in cutting down a votable item to bring the reason for cutting down the heavy expenditure on the non-votable item.

**Mr. President:** It is not in the power of the Chair to go behind the Government of India Act or an order made by the Governor General under the Act.

**Dr. H. S. Gour:** Where is the order?

**Mr. President:** The order only refers to the general discussion of the financial statement.

**Mr. J. Chaudhuri:** May I suggest that the question be referred back to His Excellency the Governor General and the debate be postponed?

**Mr. N. M. Joshi:** Sir, I shall, after your ruling, leave the annuities and the sinking funds. The third question that I would like to raise on this motion is about the necessity for the Railway Board to pay sufficient attention to the conditions of life and service of the Railway employees. Sir, it was only last year that there was a very big strike on the East Indian Railway, and on account of that strike our revenues have suffered.

**Mr. President:** The Honourable Member should not raise that on the present discussion. Payment for working expenses includes payment of wages by the Railway Administrations to the employees under their control. Miscellaneous Railway Expenditure includes the Railway Board and in the case of the Railway Board, it can only refer to the persons composing it. The Honourable Member cannot raise that question.

**Mr. N. M. Joshi:** May I, Sir, point out to you my difficulty. The only place where I thought I could raise certain questions of general principle was the expenditure of the Railway Board, because the Railway Board is in charge of our Railway management, and if I cannot do that, I shall be certainly handicapped because there may be no other item of such a general character where I could have raised it.

**Mr. President:** The Railway Board is not the direct employer of these persons to whom the Honourable gentleman has referred.

**Mr. N. M. Joshi:** Yes, Sir, to the extent to which the Railway Board manages the property of the Government. 95 per cent. of the capital of our railways is Government capital and therefore the Railway Board is naturally responsible for certain general conditions of life and service of the people. I am not going into the detailed question . . . .

**Mr. President:** It has been laid down that on a question of that sort the authority responsible is the Railway Administration itself, not the Railway Board. The precise responsibility of the Railway Board may be difficult to define, but if the Honourable Member wished to raise that question and the effect of reductions of the railway staff, he should have

done so under Working Expenses. Indeed that question was discussed very freely this morning by the Chief Commissioner for Railways and others.

**Mr. N. M. Joshi:** Sir, I am not raising that question of retrenchments at all. I am raising a point which is only in the competence of the Railway Board, namely, the establishment of Joint Councils and Joint Boards of railways in order that the grievances of the railway employees should be heard. I think that is only within the competence of the Railway Board, and if I have your permission I shall only speak a few words on that point. Sir, last year's strike caused a great amount of loss to Government as well as to the railway employees. It is necessary that we should devise some machinery by which the grievances of the railway employees will be considered by a body on which they will be represented and by which strikes may become unnecessary, and if not prevented, at least delayed. Railway employees go on strike out of sheer helplessness and because they see no other way open to them to get their grievances redressed. Now such machinery has been created in England and other countries. Sir, I therefore request the Government of India and the Railway Board to establish such Joint Boards where the representatives of the employees and of the Railway authorities will meet together and discuss questions of the conditions of life and service of the railway employees. In England there are Local Committees and then above the Local Committees there are Sectional Councils, then there are Railway Councils, then there are Central Wages Boards, then National Wages Boards, where not only the representatives of the employees; and of the Railway authorities, but the representatives of the users of railways are also present. I therefore think that that machinery should be adopted by the Government of India without delay, so that the grievances of the employees may be redressed without a resort to strikes. You can ask the Railway employees not to go on strike till these Committees and Councils consider their grievances. On the other hand, Railway employees also will have a right to have their grievances heard by a Committee instead of only one person in authority. I therefore think that the Government of India will take this point into consideration.

There is, Sir, another point which I want to raise on this motion and I shall do that very briefly. The point is the treatment given to third class railway passengers. Sir, the Government of India this year have been very kind to place before us a memorandum in which they have given certain details of the measures which they have adopted for the improvement of the travelling facilities for third class railway passengers, but my contention is that these facilities are inadequate. In order to show in a very few words that those facilities are inadequate and the expenditure incurred is insufficient I will only place before the Assembly a few figures. Sir, our passenger traffic consists mostly of third class passengers. If there is one person in the 1st, 2nd and Intermediate classes, there are 27 persons in the third class. The third class railway traffic is 27 times as much as the 1st, 2nd and Inter classes put together. And if you take our earnings, the earnings from the 3rd class are five times as much as the earnings of the 1st, 2nd and Inter classes put together. Sir, these are the figures as regards the number of passengers and as regards the earnings. But when we come to the expenditure for the improvement of the conditions of travelling for the 3rd class passengers what do we find? Unfortunately I could not find any exact figure in the volumes given to us, but from a little search that I made, I could form a rough estimate, that is, that the expenditure incurred by Government on improving the conditions

[Mr. N. M. Joshi.]

of travelling for third class passengers was only one and a half times that of 1st, 2nd and Inter classes put together. Sir, I do not know why this should be. If you take the number, the third class passengers are 27 times as much as the 1st, 2nd and Inter classes put together; if you take earnings, the earnings from the 3rd class are five times as much as those from the 1st, 2nd and Inter classes together. If you take all human beings to be equal, the expenditure ought to be 27 times as much because the number of 3rd class railway passengers is 27 times that of the others. But, Sir, in this 'practical' world we look more to finance than to human life. But even taking the financial side, if the 3rd class railway earnings are five times as much as those of the 1st, 2nd and Inter classes put together, the expenditure on improving the conditions of 3rd class travelling ought to be at least five times as much as the expenditure on the 1st, 2nd and Inter classes together, but what do I find? I find that the expenditure is not even twice as much as the expenditure on the 1st, 2nd and Inter classes. I therefore think that the Railway Board will very soon present a statement showing what amount of money they have spent for improving the travelling facilities of the 3rd class railway passengers, and also what they are doing for the 1st, 2nd and the Inter classes. I want a comparative statement. Without comparison you cannot really find out whether Government are doing their level best or not.

Sir, I want to draw the attention of the Government to another matter, namely, that in their Advisory Councils for railways both central and local they ought to include representatives of the third class railway passengers. I do not say that the present members of the Central Advisory Councils do not look to the interests of the 3rd class railway passengers; but even they will admit that if one of them is nominated by Government as a representative of the 3rd class passengers, he will find his hands strengthened, and he will be responsible to the 3rd class passengers in the country who will look to him to represent their grievances to the railway authorities. I therefore think that the Railway Board should pay serious attention to this question and very soon put on the Central Advisory Board a representative of the 3rd class railway passengers and insist upon such representatives being put on local Advisory Councils.

Sir, I also want to make another point, that the Railway Board gives more attention to the goods traffic than to the passenger traffic. Sir, in the memorandum given us by the Railway Board they have stated that they are spending three crores of rupees on passenger traffic while they are spending 5 crores of rupees on goods traffic—I am only talking of improvements—while the revenue received from the passenger traffic is 40 crores and that from the goods traffic is 50 crores. The revenue from the goods traffic is only 10 crores more while the proportionate amount spent for goods traffic improvement is much more than the Railway Board ought to spend.

Sir, under miscellaneous expenditure I also want to raise one small point, and that is about 'Surveys.' The Government of India's present policy is not to spend a large amount of money on the construction of new lines and therefore there is no need for spending money on new surveys. The Government of India have already spent crores of rupees on making surveys and I do not know how many lines of railways have been surveyed by them. The list will go into thousands, and I do not know why they should add to the list which already exists by spending lakhs of rupees on new surveys. I therefore think that this expenditure on new surveys

is absolute waste, because the lines which we have already surveyed cannot be constructed unless we have got hundreds of crores of rupees. Why, therefore, should we spend money on making new surveys?

Sir, these are the points on which I wanted to raise a general discussion, and I think the House, in order to show their sympathy with the railway employees and the third class railway passengers, will accept my motion.

**Lieut.-Colonel H. A. J. Gidney** (Nominated: Anglo-Indians): Sir, there is only one out of the many points which Mr. Joshi has touched upon with which I wish to deal and to which I wish to give my support. It relates to the general administration of the employees of the railways. He has put before this House certain facts which I, from personal knowledge, can corroborate, and in support of this he has asked the House to support his motion so as to get an expression of opinion from the Railway Board as to whether this state of affairs will be corrected. He referred to the dissatisfaction at the treatment that is meted out by Railway officials to the staff. Sir, I have ample evidence to support this state of affairs at least on one Railway in particular (*Dr. Nand Lal*: "Not to the staff.") I do not mean the superior staff. (*Dr. Nand Lal*: "He meant to the third class passengers.") My remarks regarding the staff come under the General Administration of Railways. (*Dr. Nand Lal*: "I cannot understand that.") There are certain committees and bodies that are in operation in England called the Whitley Committee, etc. I believe that the Post and Telegraph Department is introducing a similar Committee in some of their larger offices in India, and I think it would be a good plan if all Railways in India were to emulate this example, especially when one realises that it was quite recently that the Railway Board issued a circular to all railways (it seems to me that the various railways at their own sweet will and pleasure, and when it suits their own convenience, accepts or rejects circulars or mandates from the Railway Board) based on the Government Servants' Conduct Rules prohibiting any railway servant from bringing any grievances to the notice of any Member of the Indian Legislature. I consider that the employees of all Railways, be they State Railways or Company-managed, should not be deprived of this inherent civic right, and I will tell you why. Certain Railways seem to be singular in the limited application and attention they give to their subordinates when they appeal against punishments meted out to them by their Railway Officials. I have had occasion to write to various railways on this very matter. If a railway employee enjoys the right of a vote, I fail to see why he should be deprived from bringing his grievance to the notice of his representative. Besides that, there are innumerable cases in which Railway subordinates have for petty offences been summarily dealt with, and I consider that it is not fair to deprive these employees of this legitimate means of redress. This state of affairs once obtained in many departments in England and to remedy this the Whitley Committee were put into operation. I would suggest for the consideration of the Railway Board the introduction, as has been done in the Indian Post and Telegraph Department, of such a Committee of Adjustment on all Railways consisting as it does of representatives of both employers and employees. I wish to assure the House that on certain railways and in certain departments there is a very acute feeling of resentment and discontent on this subject and would be failing in my duty if I did not publicly state here that certain railway employees do not get adequate justice from their Departmental heads. It is to remedy this that I wholeheartedly support Mr. Joshi in his remarks and I therefore bring this



[Lieut.-Colonel H. A. J. Gidney.]

matter to the very serious and early notice of the Railway Board and ask them seriously to consider whether this unjust state of affairs could not be remedied and the employees of all railways be given a safeguard against this treatment which I would call bureaucratic or autocratic administration of justice on the part of certain railway officials.

**Mr. K. Muppil Nayar** (West Coast and Nilgiris: Non-Muhammadan Rural): Sir, I have also a similar proposal which I gave notice of for the purpose of eliciting information.

In the first place I wish to mention that I had before the publication of the Railway Committee's Report, given notice of a Resolution recommending the appointment of representative non-official local advisory bodies to the various Agents of the managing agencies of Indian Railways. For one reason or another I was unable to move the Resolution, but when I wanted to bring up the matter lately I learnt that the Government contemplated taking action in this matter. I now wish to ask what the Government's proposals are both regarding State-managed and Company-managed railways in this connection.

I also want to know when we may expect an actual beginning of work in connection with the Shoranur Manantody Railway.

Lastly, I want to know if there is a chance of the restoration of the Mangalore mail which I understand was autocratically cancelled due to an inter-company quarrel without the least regard to the convenience and comfort of the public.

**Munshi Iswar Saran** (Cities of the United Provinces: Non-Muhammadan Urban): Sir, with your permission, provided I am in order, I wish to offer a few observations about the constitution of the Railway Board itself. I take it, Sir, that I am in order, and I shall therefore proceed. Ever since the constitution of the Railway Board, there has been in political circles a great deal of feeling against it, but we find that the Railway Board, which the Acworth Committee calls the step-child, I do not know of whom, has been severely criticised by the Acworth Committee as well as by the Retrenchment Committee. Before I proceed any further, Sir, I wish to say a word about the Acworth Committee's Report and the Report of the Retrenchment Committee. It is not for me to sit in judgment on the respective merits of the distinguished men who sat on these Committees, but I shall say this that, as regards any retrenchment or as regards any reforms that are advocated mainly on financial grounds, the proposals that have been made by the Retrenchment Committee carry far greater weight with us than the recommendations suggested by the Acworth Committee, and the reason is obvious. If the House will turn to the Report of the Acworth Committee it will find from its terms of reference that at the time that the Acworth Committee was appointed there was no question of retrenchment.

What that Committee was asked to do was to make recommendations about the following subjects: (a) direct State Management; (b) management through a Company domiciled in England and with a Board sitting in London; (c) management through a Company domiciled in India and with a Board sitting in India; (d) management through a combination of (b) and (c); and advise as to the policy to be adopted as and when the existing contracts with the several Railway Companies can be determined. I venture to think that the real question which the Acworth Committee had to decide was the case of Company Management *versus* State Management.

Now when we come to the constitution of the Retrenchment Committee we find from the terms of reference that it was to make recommendations to the Government of India for effecting forthwith all possible reductions in the expenditure of the Central Government, having regard specially to the present financial position and outlook. In so far as questions of policy are involved in the expenditure under discussion, these will be left for the exclusive consideration of Government, but it will be open to the Committee to review the expenditure and to indicate the economy which might be effected if a particular policy were either adopted, abandoned or modified. My submission is that as far as the cuts in expenditure and the policies and principles based on financial consideration are concerned, the House will do well in being guided by the recommendations of the Retrenchment Committee, not because I mean for a moment that there is any superiority in this Committee over the other, but because this Committee, the Retrenchment Committee, was called upon to consider the question of economy, when it had the advantage and the very great advantage of having the report of the Acworth Committee before it. I therefore say that the remarks made by the Honourable Mr. Innes about the Retrenchment Committee and its inability to fully appreciate some problems, have left me utterly unconvinced. Now both these Committees, as I said at the outset, are against the Railway Board. What do we find them say? The Acworth Committee say:

“The function of the Railway Board is not to carry out routine duty but to shape policy, to watch, to think and to plan;”

And by implication they say that the Railway Board has failed in discharging its function in these respects. They say how the details came to be centred in their hands, and have considered—I need not go into all the details—the various complaints that were made against the Railway Board. They tell you the number of communications sent up and so on. What they say in effect is that all this must change. The constitution of the Railway Board, they say, must undergo a change and they propose a scheme of their own.

When we come to the Report of the Retrenchment Committee, we find the same thing. They too are not very pleased with the Railway Board, and what they suggest is that there should be one Member of the Executive Council in charge of Railways who ought to have one Chief Commissioner for Railways and one Railway Financial Adviser. Now I understand, Sir,—that the reconstitution of the Railway Board is under consideration. I wish to know whether this Railway Board is to remain; but before I proceed any further I wish to make it clear that I have nothing to say personally against any Member of the Railway Board. If I make any remarks, those remarks should be taken as directed against the system and not against the men who administer it.

Now what I wish to know is what is going to be the constitution of the Board? Are these officers to remain under different names? Are these three officers to remain or is the Government going to adopt the recommendation of the Retrenchment Committee? Because it will be noticed that according to the Retrenchment Committee's Report, very large powers are going to be given to General Managers of different Railways and very many matters of detail will not be coming up to the Railway Board. Under these circumstances, I do strongly think that it is necessary that the recommendation of the Retrenchment Committee should be accepted on this point. Then there is another matter and it is this, the Railway Board has failed in Indianising the services under its control. (A)

[Munshi Iswar Saran.]

*Honourable Member:* "What about Indianising themselves?") They can Indianise themselves after they have Indianised their services. I do charge the Railway Board most deliberately for not having taken all those steps which we might well have expected it to take. Of course, in reply the Honourable Mr. Innes, in one of his most sweet, reasonable, conciliatory, though not convincing ways, will say "We used to have four inspectors before, we have now appointed six. Isn't that progress?" and we shall cheer. "We used to have seven ticket collectors before. Their number has been increased to nine; and indeed we are in considerable sympathy with all that you say; but don't hustle us. Look at the progress made so far." And some of us are so constituted that we are transported to the seventh heaven of bliss and delight whenever any official announcement is made which may have even the faintest trace of what might be regarded as progress. Unfortunately I am not that way built. Whenever an announcement is made, I wish to look into it and examine it carefully. Now, look, Sir, at what happened in another place when the question of the appointment of railway inspectors was raised. One gentleman, I suppose some Member representing the Railway Department, said, "Oh, well, we are doing all that we can; we are in great sympathy, but we want men of proved merit and ability." This efficiency, according to the Hindu theory of transmigration, has been born again and has now got the name of 'proved ability and merit.' It is efficiency no longer. And the reply of this gentleman compelled a very distinguished and a most highly respected countryman of mine to get up in that same place and say, "Oh, we have had enough of your sympathy and we have heard enough of your efficiency." I repeat that remark, Sir. It was made by a very distinguished man indeed. I say, look at your workshops; what has been done? I shall be told—Mr. Innes will tell us—"Oh, we are considering a scheme of education, of taking these boys into the workshops;" but I shall beg Mr. Innes, if he will attach any importance to what I say, to get into our skins and to see how we feel really the way in which practically the doof is banged in our face. It is no good saying that out of hundreds of appointments you have got a few Indians here and a few Indians there. I repeat, Sir, that I hold the Railway Board responsible for this, and I suppose there is no one in this House who will not sympathise with me including my Honourable friend, Colonel Gidney, who is not here. The gallant Colonel is in a most peculiarly happy position; when there is a question of appointments he is an Indian; when there is a question of opposing political progress and political reform, he is something which I cannot describe . . .

**Lieut.-Colonel H. A. J. Gidney:** That is not true, absolutely untrue.

**Munshi Iswar Saran:** Sir, the other day we talked about communal representation, but I say if there is one department where you do really want this Indian representation it is the Railway Department. Perhaps the remark will at once be made "Have you got knowledge of these railways and experience? Do not begin to run before you have learnt to walk." But what I pray of these gentlemen is to allow us to creep at least; they do not do even that. They will say "We are thinking, cogitating, discussing, appointing committees, considering reports; but we are in considerable sympathy with the object." But what is the result? I shall ask the gentleman who might answer for the Railway Board to tell us here and now in clear and distinct language what has been the progress that has been made since this Reform Council came into existence. Is not that a fair question? If my Honourable Colleagues are satisfied with

the progress that has been made, then well and good; if they are not satisfied, I submit it is up to them to pass this vote as a vote of censure—I do not mind saying so—on the Railway Board for not having given effect to this policy. Why, Sir, the gentleman who represented the Railway Board in answer to a question of my friend Mr. Samarth said as follows: The question was:

“ Will Government be pleased to state what action they have taken or propose to take on paragraph 32, pages 22-23 of the Majority Report of the Royal Commission on Public Services in India, as regards their recommendation that a determined and immediate effort should be made to provide better educational opportunities in India, so that it may become increasingly possible to recruit in that country the staff needed to meet all normal requirements of the Locomotive and Carriage and Wagon Departments of the Indian Railways?”

Listen to the reply:

“ Government in despatch No. 15-Ry., dated the 16th August, 1919, advised the Secretary of State that it was difficult to obtain in India suitable recruits for the Superior Locomotive and Carriage and Wagon Departments and that no substantial change in the immediate future could be looked for . . . .

But, of course, it ended with sympathy:

“ At the same time, it was pointed out, that Government were by no means oblivious of the need for giving Indians the training recommended by the Commission and reference was made to proposals sanctioned in 1918 under which selected Indian graduates receive a preliminary training in the workshops of the East Indian Railway at Jamalpur or Lillooh and are then sent to England at the Company's expense to complete their training.”

I need not read the other questions. Now, this is how the matter really stands. You are told that you do not get amongst Indians, specially of the respectable classes, men who will take off their coat and work. That might have been true sometime back; but go to the Benares Hindu University and go to the Engineering College; and you will find boys, bright lads of respectable families, who take their coat off and do work there. Sir, I have heard it from a very reliable gentleman whose name I shall not mention, that in Ajmer young man after young man went into the workshops but was not given admission. The answer given was “ This workshop is meant for the sons of artisans and labourers.” I have no reason at all to doubt the statement made by that gentleman to me; and I put it to the House, is that a satisfactory state of things?

I do not wish to detain the House. One word more. I was travelling the other day and I met an Anglo-Indian boy about 18 years of age; he was going to Delhi on business and that boy was getting Rs. 60 a month, and perhaps Rs. 2 a day as travelling allowance and that boy told me that he got this appointment two years ago. Can you imagine an Indian boy getting an appointment in the Railway Department at 16? So I submit, Sir, the Railway Board has failed to give effect to the policy of Indianisation and on that ground alone I shall ask and most earnestly ask the House to mark its sense of disapproval by accepting the amendment that my friend has proposed.

**Dr. Nand Lal** (West Punjab: Non-Muhammadan): Sir, I am not going to inflict a long speech on the House—I will offer a few remarks only. I share the views of my Honourable friend, Mr. Joshi, that the third class passengers are not properly treated and I agree with him when he says that these third class passengers are the most paying customers. I also agree with him that the Railway Board has not done anything effective as yet in order to ameliorate the condition of these dumb people. I am not prepared to assert that the Railway Board has been sleeping over it, but I

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raise my voice in regard to this point, that if they have done anything that thing has not proved practically good and effective. I ask them that they will be pleased to see that active steps are now taken so that the complaint of these poor and most-paying customers may be attended to.

Another point to which I wish to invite the attention of this House is this: that if my information is correct the Railway Department has got to pay about a crore of rupees in the way of compensating people who have lost their property in the railway. Now, may I ask the Railway authorities, can they not effectively manage that this railway pilfering and these railway theft cases may be reduced? May I ask the Honourable Mr. Innes what steps have been taken in this direction? For the last two years we have been harping on it, one Member after the other has been inviting the attention of Government to this. May I ask what step has been taken? Can he prove some sort of decrease in the number of theft cases?

There is a third point to which I invite the attention of this House and that is this: my impression is and it is based on oral complaints which have been brought to my notice, that in some cases the old stores are put up to auction and they are sold very cheap and unfortunately some of those old stores, after they are put up to auction and sold, will find their passage to the same railway stores again. If this information is correct, then we have got serious complaint against the Railway in respect of the money which is spent in the purchase of these so-called railway stores. I invite the attention of the Railway Board to this complaint. If there is real truth in this complaint then they will try to see that this is very seriously attended to.

Another point to which I seriously invite the attention of the Railway Board is this: that a considerable amount of money is spent in the purchase of stores and those stores are indented for from England. Sir, a portion of the stores ought to be purchased in this country if they are available. If those articles are not available, of course, the Railway Department will be constrained in indenting for them from England in the first place, or from other places if those articles cannot be obtained even there. These are the few points to which I would specially invite the attention of the Railway authorities, and if they will not take these suggestions seriously, I am afraid the mass of criticism which is subsisting will remain, and I may tell them that their administration will never be considered as a good administration at all. We have got a series of complaints against the Railway Administration so far as these points are concerned, and if the Railway Department will try to see that all these grievances are redressed, it will be a great boon to everybody, otherwise the money which we are voting will not give effect to our real desire. With these few remarks, I support the motion which has been moved.

**Mr. Jamnadas Dwarkadas** (Bombay City: Non-Muhammadan Urban): Sir, I want to add my voice to what has been already said by my Honourable friends, Mr. Joshi, Munshi Ishwar Saran and Dr. Nand Lal. The other day an Honourable Member said here when we were discussing the question of reserving intermediate and third class compartments for Europeans and Anglo-Indians that it would not be proper for us to decide that question as there was only a minority of European and Anglo-Indian representatives in this House. I think it will be more proper to say that we would not be justified in deciding anything against the third class passengers, because in this House we have hardly a representative of the third class passengers as

against a few representatives of Europeans and Anglo-Indians, and I believe that, although the third class passengers have no direct representation in this House, we shall not be doing our duty if we did not do our best to voice their grievances.

Now, Sir, I have a recollection of having been instrumental in approaching the Railway Board for removing a grievance of the Bombay suburban passengers. It has been pointed out here, and rightly too, that while the Railway Board considers it its business to interfere with every detail of the administration, on large questions of policy, which is its real function, it is generally silent and acquiesces in anything that the minor administrations decide to do. Here is one glaring instance of that. In Bombay suburban fares were unduly raised. There was an outburst of protests in all parts of Bombay. It was in opposition to the policy laid down by the Local Government itself of encouraging suburban traffic in order to remove the congestion from the city to the suburbs. I may also venture to say that the Local Government itself desired that living in the suburbs should be encouraged by any means that it was possible to adopt even by reducing the fares or by electrifying the Railways or by extending the tramway service. In spite of all that, the Railway Companies unduly increased the suburban fares. Protests were made in all parts of Bombay. I had myself the honour of presiding over a meeting called by the Railway Passengers' Association to protest against the step taken by the Railway in Bombay in increasing their fares unduly. I communicated with the Honourable Member, I communicated on behalf of the public meeting with the Railway Board. My Honourable friend, Mr. Innes, was, I very well knew, out of Delhi at that time and was not able to deal with the question, and I have no complaint against him. But I do want to point out here that the Railway Board failed to redress the grievance, a legitimate grievance, of the third class passengers, the poor suburban passengers of Bombay. Instances of this character can be multiplied. In the Acworth Committee's Report, and especially in the evidence placed before the Acworth Committee, we find that the Railway Board was instrumental in increasing the burden of correspondence on trivial matters with the Secretary of State. For instance, it was pointed out here that the increase in the pay of a foreman was a subject of correspondence which cost a good deal to the Government of India. No wonder that the expenses of the Government of India and the Railway Department should go up, but instances of this character can be multiplied. The whole point that I want to make is this. I do not want to weary the House with all the instances about which, I am sure, Honourable Members know full well, but I do want to say this that the Railway Board has to all intents and purposes failed to carry out the purposes for which it was created. If it has done anything, it has added to the burden of expenditure of the Government of India. It has not improved in any way the railway administration of this country; it has given no satisfaction to any class of passengers in this country, and therefore it is but fit that we should pass this vote.

**The Honourable Mr. C. A. Innes:** Sir, I always look askance at the seemingly innocent and trivial reductions by a rupee, for I never know from what side and on what points I am going to be attacked. In the course of the last hour, I have noted down no less than 14 different points, and I am supposed to be able to stand up here and reply to each and every one of them. Now, let me first take the point raised last by my friend Mr. Jumnadas Dwarkadas. We have heard a lot this morning about the necessity of efficient, commercial, business management of our Indian

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Railways. That was the gravamen of the charge which was made by more than one speaker this morning. But when it hits Bombay, then we hear another story. Now let me tell the House the true story of the season tickets of the suburban traffic in Bombay. The rates for Bombay, Baroda and Central India season tickets in suburban traffic in Bombay had not been raised for forty years. Now how enormously prices have risen during these forty years is well known to Members of this House, and when after careful examination the Railway Company raised those rates—and mind you, I satisfied myself that the rates to which they had raised were very moderate,—there was a scream from Bombay ‘how dare the Railway companies raise their rates?’ We are asked, the Indian taxpayers are asked, to subsidise the Bombay suburban traffic, and it is quoted against us that the Bombay Government protested against this. It is very easy for a local Government to take this generous line, but it is the Central Government, it is we who have to pay. Is there anybody here who can dispute the reasonableness of raising rates which have been in force for forty years? Now, Sir, I have dealt with one point.

Mr. Joshi raised the question of Conciliation and Arbitration Boards and of the prevention of strikes on Railways. These two last questions, Conciliation and Arbitration Boards and the prevention of strikes in public utility companies have been taken up by the Government of India, and we are considering the question of submitting legislation not to this House at this stage, but of circulating it to the country for criticism. That is all I can say on that point at present. The Railway Board did also address the various Railway Administrations with regard to Whitley Councils, but I do not know exactly what progress has been made. At any rate, I do know that the East Indian Railway has made an advance in that direction by appointing welfare committees on which the men are represented as well as the staff. That step was taken after the East Indian Railway strike in order that there might be co-operation between the men and staff.

Then, of course, we have heard the grievances of the third class passengers. Well, the House knows that there was a debate on this question last September, and various points and suggestions were made not only by Mr. Joshi but by other Members of the House as well. We have addressed all Agents of the Railways putting forward to them the more important suggestions made in the course of that debate, and we have asked them to let us have a reply as to what action can be, has been, or should be taken on those suggestions. When we get those replies, we shall have to consider in what form we can make them public. I am rather puzzled as to how best to make it public, but we shall make the information available to the House in some way or other, and I propose to consult the Central Advisory Board on that subject. As regards the local Advisory Councils

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Mr. Joshi raised the point that the third class passenger, if I got him right, was not represented on the local Advisory Councils. Well, Sir, again I am in a difficulty. I have not got here the actual circular letter we wrote to Railway Administrations on that subject. But we did make very careful provision in those suggestions for the representation on the local Advisory Council of, what I may call, representatives of passengers. We suggested representatives of the travelling public. The Central Advisory Council, as the House knows, exists for a rather different purpose. Whether we are right or we are wrong, we deliberately departed from the recommendations of the Acworth

Committee in this respect. We decided that as we had got the Legislature sitting here the form of Central Advisory Council to have was not a Council in which commercial and other representatives from different parts of the country should be represented, but a Council which should be composed of Members of the Legislature. It exists mainly, at least in my view, for advising us on large question of railway policy.

As regards the Shoranur-Manantody Railway I must again remind my friend the Honourable Mr. Muppil Nayar that we have just been told by the Incheape Committee that we must treat our railways as strictly business concerns and we must try to show a net  $5\frac{1}{2}$  per cent. profit on our capital expenditure. Now, Sir, if we apply that criterion to the Shoranur-Manantody Railway, I am afraid it will be the Greek Calends before that railway is constructed. There may be very strong reasons, and I am sure there are very strong political reasons why that railway should be constructed, but if that is the case, obviously it is the local Government which should construct the railway. We have been negotiating with the Government of Madras on that point. I have just had a letter on the subject, but I am sorry I have not had time to study it and I do not know what the latest development is.

Then we come to my friend Mr. Iswar Saran. I may assure him at the outset that I have not the slightest intention of saying anything sympathetic this afternoon. The first point he took up was about the reorganization and re-constitution of the Railway Board. Now, I think the Government of India has always recognized that there was something wrong with the constitution of the Railway Board. The Acworth Committee has, of course, brought that out, the real reason being that, through no fault of its own,— and that is a point I wish to make very clear—the Railway Board as we have had it so far has been absolutely crushed by the load of routine and case work which came up to it. Well, we have taken the first step in the direction of re-constituting it by appointing my friend, Mr. Hindley here as Chief Commissioner. We have given him larger powers than the President of the old Railway Board had, and Mr. Hindley was instructed that his first duty on assuming his new office was to submit his proposals for the reconstitution of the Railway Board. I have just received those proposals and all that I am in a position to say at the moment is that they are under the consideration of the Government of India and we hope to formulate our conclusions on them at the earliest possible date. The whole design of the proposals is to meet the objections which have been taken not only by the Acworth Committee but also by the Retrenchment Committee to the Board as at present constituted. That is, the whole design of Mr. Hindley's proposals is to relieve the Chief Commissioner and the men at the top of this load of routine work, to keep them free of the machine, to give them time, to use Sir William Acworth's phrase, to watch, to think and to plan, and above all to give the Chief Commissioner time to travel more about India to keep more in touch with Railway Administrations and more in touch with the local Governments. (A Voice: "Are you going to have a Member for Communications?") I am not in a position to say anything on that point.

Dr. Nand Lal in his interesting speech referred to the question of compensation and he asked what steps the Government of India proposes to take to reduce these very heavy claims for compensation. There is only one real step that we can take and that is to improve our system of watch and ward on the different railways. That, as the House will see, requires expenditure and more staff, and I am afraid the action taken by



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the House this morning may make it more difficult for us to do that. But still it is a matter which is being taken up by every Railway Administration.

Then again, Dr. Nand Lal made a great complaint of the fact that the railways do not buy enough stores in India. He suggested that, too much as a matter of course, the Railway Administrations went to England for the stores and materials they require. Well Sir, not only am I Member in charge of the Railway Department, but also I am Member in charge of the Industries Department (*A Voice*: "and Commerce.") Thank you. And I have the very greatest sympathy with the idea and I do feel that we ought to do all we can to encourage the purchase of stores in India not only by the Railway Department but by other Departments of the Government of India. But here again I must point out to the House that the House cannot have it both ways. If the Railway Department is in future to show 5½ per cent. returns on its capital, then on behalf of the Railway Department we shall have to claim that we buy our stores, materials and everything else in accordance with the hardest business principles. As I say, the House cannot have it both ways. Are we to be treated purely as a commercial concern and are we to show this dividend? (*Cries of "Yes."*) If so, we must buy in the cheapest market. However, I am not stating that as a question of policy; I am merely pointing out that the Incheape Committee's report in that matter raises certain points which will require very serious consideration.

The only other question is that of Indianization, and here as I am on such difficult ground I think I had better leave my Honourable friend Mr. Hindley to carry on.

**Mr. C. D. M. Hindley:** I rather hesitate, Sir, to delay the House at this late hour with the recital of more figures, particularly when I look forward to this time next year when I shall be told with great certainty by Dr. Nand Lal that I have done nothing during the year. No matter what we do, Sir, the Railway Board is told year after year "What have you done? You have done nothing". Incidentally, in regard to third class passengers . . . (*Dr. Nand Lal*: "I did not say that. I pointed out what you might have done.") I understood Dr. Nand Lal to say that we had done nothing. I think those are the words he used. As regards third class passengers, there is a little bit of our Memorandum tucked away here which perhaps Honourable Members have not read which gives a very full description of what the railways are doing in regard to third class passengers.

Regarding Indianization, during 1922-23, in comparison with the figures of the previous year the number of statutory Indian officers on railways rose from 301 to 325. The total number of European officers remained stationary at 1,316. (*A Voice*: "How many statutory and how many pure Indian?") In the previous year pure Indians 236 and Anglo-Indians 65; at the end of the year pure Indians 251, Anglo-Indians 74. The number of European officers remained stationary owing to the fact that though 18 Europeans were appointed during the year, the same number left for one cause or another. Then, on the three State Railways, I can give details, the European recruits numbered 16, and Statutory Indians 24, of whom Indians were 15 and Anglo-Indians 9. In the Engineering Department on these lines the Europeans and Statutory Indians were 4 and 5, respectively, while in the Traffic Department alone the Statutory Indian recruits numbered 16, 8 Indians, 8 Anglo-Indians. There were no Europeans recruited in the Traffic Department in 1922. On the Company

worked Railways, altogether 95 appointments had to be filled up during the year, of which 40 were filled by Statutory Indians and 55 by Europeans. (An Honourable Member: Can you tell us how many were gazetted officers, what rank of gazetted officers?) (Dr. H. S. Gour: "How many Indians?") I have not got the details. Taking the subordinates, the next grade, the total number of Indians and Anglo-Indians rose from 2,12,074 to 2,14,631, while the number of Europeans fell from 3,961 to 3,923. (An Honourable Member: "What is the maximum pay for these subordinate appointments?") I have not got the figure. The total number of employees of all classes was 754,500. I just incidentally would like to point out that on all railways the number of superior officers as a whole, is about 1,600 and the number of total staff 750,000. When you talk about making retrenchments of the officers, of the senior officers, where are you going to get crores out of these 1,600 supervising officers? This is not to the point at the moment, but I thought it would be interesting to bring that out. With regard to Indianization in general, it is not true that we have not done anything. I would ask the House not to pay too much attention to the criterion figure. We know what you can do with statistics and what different kinds of statistics there are, but as a matter of fact I want to point out that we have during the last year made a very definite move forward in the direction of training the staff of all kinds, of all classes, for the work which they have to do. The House will remember that on the motion, I think, of my Honourable friend, Mr. Jamnadas Dwarkadas, a Resolution was passed relating to the training of railway staff. In accordance with that Resolution Mr. Cole, a late Secretary of the Railway Board, was placed on special duty and he spent a great deal of time in collecting and collating information regarding the availability of places for training. We now have his report, which has recently been put in the hands of the members of the Central Advisory Council. It has not yet been published. I understand it has been distributed to the members of the Central Advisory Council. In this Report, when the Honourable Members have time to peruse it—it has been rather delayed in the Press, I am sorry to say—will be found a complete scheme which we hope to work if funds are available; we hope to work for the training of officers and other classes of staff with a view to improving the prospects of the men in the railways and enabling Indians and others in this country, Indians especially, to take advantage of railway training collaterally with the theoretical training of schools and colleges. I do not want to enlarge upon this at the moment because it is a long and difficult subject, but I do want to assure the House that the Railway Board during the past year have taken one of the greatest steps forward in this direction of perfecting the training of Indians for work on the railways.

**Mr. President:** The question is:

"That the provision for Miscellaneous Railway Expenditure under the head 'Railways' be reduced by Re. 1."

The motion was negatived.

**Mr. Jamnadas Dwarkadas:** With your permission, Sir, I wish to correct a statement of fact that was made by my Honourable friend, the Finance Member, I am sure inadvertently. He said that the item that was discussed last year was one crore and 67 lakhs, which was the exchange item. I see now I have got a copy of last year's Debates—that the actual motion was for the reduction not of a crore

[Mr. Jamnadas Dwarkadas.] and 67 lakhs but for three lakhs of rupees. (*Mr. President*: "No.") These 3 crores included a crore and 67 lakhs, and it was also admitted by my Honourable friend, Sir Malcolm Hailey, last year, that there was an item of a crore and 17 lakhs which I said ought to be debited to the capital account but which he said was of the nature of a sinking fund, but he never raised this point that it was a non-votable item. The Honourable Finance Member says it could come under the head 'Exchange' but it also could come under the heading 'Sinking Fund' which is now declared to be non-votable. If you will refer to page 3124 of last year's Debates and also to the Honourable Sir Malcolm Hailey's speech on page 3129, you will find that the statement that I am now making here is correct.

**The Honourable Sir Malcolm Hailey** (Home Member): If I may correct the Honourable Member, that motion that Mr. Jamnadas Dwarkadas refers to, was not a motion for a reduction of 3 crores. The motion was of the Demand under the head 'Railways,' that it be reduced by 25 lakhs. That obviously could not refer to a reduction of the amount which he mentioned. It is perfectly true that when Mr. Jamnadas Dwarkadas came to speak on the motion of Sir Vithaldas Thackersey, he mentioned that he also had a motion for reduction of 3 crores, and, doubtless, by the exercise of those arts which are not unknown to the House, he did include in Sir Vithaldas Thackersey's motion his own suggestion for a reduction of 3 crores.

**Mr. President** (to Mr. Jamnadas Dwarkadas): The Honourable Member should not take it upon himself to correct a statement made by the Honourable Finance Member when he himself turns out to be entirely incorrect. The Honourable Member said that a motion was moved which was not moved. The motion was to reduce the whole Railway Demand by Rs. 25 lakhs. The Honourable Member referred to his own motion, but it was not moved.

**Mr. Jamnadas Dwarkadas**: But I referred to the motion and was ultimately prevented from moving it because of the explanation offered by the Honourable Finance Member.

**Mr. President**: Precisely. The Honourable Member referred to it; but no attempt was made to move the reduction of a non-votable item, for that would have been out of order.

Do Honourable Members desire to continue the discussion? (*Voices*: "No, no, no.") Or are they prepared to dispose of it now? I may say it is not much use continuing the discussion if the Executive Council disappears from the House, as they doubtless will, and we might go on to 162 and postpone the rest till to-morrow.

**The Honourable Sir Malcolm Hailey**: May I move that the main question be now put.

**Mr. President**: The question is:

"That the main question be now put—(Demand as reduced by the vote of the Assembly this morning)."

The motion was negatived.

**The Honourable Sir Malcolm Hailey**: I made the motion just now merely for the purpose of enabling the Honourable the President to take

the sense of the House and not with any idea of closing the debate. I promised that we would, if possible, issue a further list this evening giving the order in which the Demands for Grants are to be taken. I have this list; it is not perhaps necessary that I should read it out to the House. I merely, with your permission, place this list on the table, Sir, with a view to its being distributed as governing the order in which the Demands will be taken when the previous list is exhausted.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 14th March, 1923.

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