

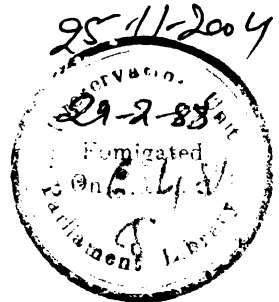
Friday, 20th February, 1925

THE
COUNCIL OF STATE DEBATES

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(20th January to 26th March 1925)

FIFTH SESSION
OF THE
COUNCIL OF STATE, 1925



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COUNCIL OF STATE.

Friday, 20th February, 1925.

The Council met in the Council Chamber at Eleven of the Clock, the Honourable the President in the Chair.

MEMBER SWORN.

The Honourable Mr. Clement Daniel Maggs Hindley (Chief Commissioner for Railways).

BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

THE SECRETARY OF THE COUNCIL: In accordance with Rule 25 of the Indian Legislative Rules I lay on the table a copy of the Bill to determine the salary of the President of the Legislative Assembly which was passed by the Legislative Assembly at their meeting held on the 18th February, 1925.

QUESTION AND ANSWER.

COST OF INDIA'S PARTICIPATION IN THE BRITISH EMPIRE EXHIBITION.

91. THE HONOURABLE MR. HAROON JAFFER: Will Government be pleased to state:

- (a) what was the cost to the Government of India of participation in the Wembley Exhibition;
- (b) what was the cost to the respective Provincial Governments;
- (c) have they reconsidered their decision not to participate this year?

THE HONOURABLE MR. D. T. CHADWICK: Two days ago the Honourable Mr. Haroon Jaffer kindly deferred asking a question about the Wembley Exhibition. I now lay on the table the answer to that question.

(a) Figures of total actual expenditure are not yet available. The total estimated gross expenditure on the British Empire Exhibition for the three years ending 1924-25 from Central Revenues is as follows:

In England	£196,000
In India	Rs. 1,78,000

In addition the estimated gross expenditure on account of various Railways is Rs. 3,27,000.

The following recoveries have so far been made on behalf of the Government of India on account of rent, etc.:

In IndiaRs. 4,00,000
In England	£30,000

(b) The total estimated expenditure incurred by various Local Governments is as follows:

	Rs.
Madras	3,08,500
Bombay	72,058
Bengal	3,51,000
United Provinces	3,70,000
Burma	13,00,000
Punjab	3,50,000
Bihar and Orissa	50,000

Except in the case of Madras and Bihar and Orissa the above figures represent gross expenditure and take no account of recoveries.

(c) The Honourable Member is referred to the Commerce Department Press Communiqué of 19th February on the subject, a copy of which has been supplied to him.

RAILWAY BUDGET FOR 1925-26.

THE HONOURABLE MR. C. D. M. HINDLEY (Chief Commissioner for Railways): I rise to present a statement of the estimated revenue and expenditure of the Governor General in Council for the year 1925-26 in respect of Railways. At the conclusion of my remarks copies of the statement and other connected papers will be circulated to all Honourable Members of this House, together with copies of the speech which the Honourable Railway Member is now making in the other House.

I am deeply sensible of the honour of presenting to this Honourable House the Railway Budget, because this is the first occasion on which this Budget has been dealt with separately from the general budget, and is, therefore, an outstanding event of historical importance to the railways of India. Following the convention agreed to last September by the Legislative Assembly—a convention which we are justified in considering as the new charter of Indian Railways—the finances of the railways are now separated from the general finances of the country. Amongst the many advantages of this change is that of affording the Legislature a better opportunity of dealing with railway policy and the problems of railway administration on their own merits and not as an adjunct to the many other important problems, both political and economic, which arise out of the general budget for the year.

The presentation of the railway budget on a separate occasion and in advance of the general budget is rendered possible by the fact that under the convention the effect of the returns from railways on the general revenues is a known and ascertained fact and is based on the results of a previous year. Consequently the Railway Budget can be prepared—and for the first time in history has been so prepared—with regard to the facts of the railway business itself, and is not dependent either in its details or its scope on the proceeds of general taxation or the rate of expenditure on

other Government activities. What this measure of independence will ultimately mean in affording freedom to the Railway Board and the railway administrations to deal with the business of the railways on sound commercial principles and with due forethought and consideration for the transportation needs of the country can hardly be foreseen. This much is at least certain that funds for ensuring efficiency, for introducing improvements, and for further development will solely depend on the ability of the railway property as a whole to pay its way as a commercial concern. To secure the profit which is necessary in order that railways may meet from year to year the heavy obligation contained in the convention of paying a contribution equal to 1 per cent. on the capital at charge *plus* $\frac{1}{5}$ th of the surplus profits, it is necessary for the Railway Board and the Agents not only to encourage traffic and to keep a watchful eye on expenditure, but also to so order the improvement and development programmes that expenditure incurred is remunerative to the required degree. The obligation is, therefore, an impelling factor of a constructive nature, the effect of which runs through the whole of our activities and organisation, and the budget which is now being presented may well be looked at as an index of those activities during the current and coming years.

The memorandum which accompanies the budget gives, as clearly as possible, the main features of the finances of the railways, the revised estimates for the current year and the estimates for next year, while the numerous statements, annexures and appendices, and, in particular, the information given regarding the individual budgets of the important railway administrations gives all the details necessary for a close study of the whole situation. I may explain in passing that the form into which we have put the budget this year has been approved of by the Standing Finance Committee for Railways, and that for convenience of discussion in the Legislative Assembly the demand has been split up into 15 separate votes, each of which refers to some special activity or group of activities.

Revised Estimate, 1924-25.

I propose to deal briefly with the main figures of the estimates and will mention first the revised estimates for the current year. We now estimate our gross receipts for the year at 98·01 crores which is nearly 5 crores better than our gross receipts for last year and 2½ crores better than our budget estimate prepared last March. This excellent result may be ascribed partly to good crops and improving trade but to some extent also to improved handling capacity of our railways resulting from expenditure incurred in recent years and better methods of working. Had it not been for the floods in north and south India, the figures for gross earnings would have been better still. On the expenditure side we estimate that our total charges will be 86·77 crores or, excluding interest charges, surplus profits to Indian States and Company railways and miscellaneous charges 62 crores against 59·16 crores last year. Actually our expenditure this year would have amounted to 63·25 crores, but for a windfall of 1¼ crores in the shape of customs duties paid by companies' railways which under the recent Privy Council decision must be refunded. For a proper comparison with the figure of 59·16 crores of the previous year we should, however, make a further adjustment of 195 lakhs, for in the current year we charge to Revenue the gross appropriation of 10 crores to the depreciation fund and not only the estimated actual expenditure from the fund for renewals which stands at 8·05 crores.

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The correct figure for comparison is, therefore, 61·30 crores which is the cost of earning 98 crores. Last year we spent 59·16 crores in order to earn 93·18 crores, and we have, therefore, earned nearly 5 crores more by spending an additional 214 lakhs. The net gain accordingly from commercial lines arising from the gross earnings of 98 crores obtained by a total expenditure of 8677 lakhs is 11·25 crores.

I will now deal with the disposal of this sum. Under the terms of the convention the contribution is to be equal to 1 per cent. of the capital at charge in 1923-24 plus $\frac{1}{5}$ th of the surplus profits in that year. On this basis the amount of the contribution to be paid from the net gain of the current year will be 630 lakhs odd. Against this we have to set off the loss on the working of strategic lines which under the convention is a liability of the general finances, and amounted in 1923-24 to 121 lakhs making the net payment to general revenues 509½ lakhs.

From the net gain of 1125 lakhs during the current year has to be deducted the estimated loss on strategic lines which this year is 151 lakhs leaving 974 lakhs available, and after deducting 509½ lakhs the balance available for disposal is 465 lakhs. The convention, however, stipulates that if after the payment of the contribution the amount available for transfer to Railway reserves should exceed 3 crores, $\frac{1}{3}$ rd of the excess over 3 crores should be paid to the general finances. The excess over 3 crores is 165 lakhs and $\frac{1}{3}$ rd of this or 55 lakhs must be added to the contribution leaving 410 lakhs to go to Railway reserves. The general revenues therefore get a net payment of 564 lakhs and the railway reserve fund 410 lakhs.

To summarise the position the estimates for the current year show that, after meeting all interest and other charges and providing funds for the loss on strategic lines, railways will be able to contribute 564 lakhs to general revenues, to accumulate 210 lakhs in the depreciation fund, and to place 410 lakhs to reserves.

Budget Estimate, 1925-26.

In the budget estimate for 1925-26 the gross receipts are placed at 101 crores or 3 crores in excess of the current year, the expenditure at 91 crores. Of the latter figure working expenses are estimated at 65·79 crores or 2½ crores more than the current year, while interest charges will be 82 lakhs higher. Amongst the expenditure which contributes to this excess I may mention that we hope to make a beginning on the work preparatory to the provision of automatic couplers on all our stock, for which 70 lakhs is allotted. We are setting aside 50 lakhs for speeding up repairs to rolling stock and 50 lakhs for meeting the cost of measures we are now taking to get rid of surplus and unserviceable stores. We have also thought it prudent to provide 26 lakhs for the cost of extending to officers on Companies' Railways the Lee Commission concessions regarding which a decision has not yet been arrived at. With these figures for gross earnings and working expenditure the net contribution to general revenues for the coming year will work out to 524 lakhs, or 40 lakhs less than the contribution in the current year. This is accounted for by the unexpected increase in the net receipts of the current year by 125 lakhs due to the refund of customs duty. The gross contribution to general revenues is estimated at 645 lakhs and we expect to put into our railway reserves 328 lakhs. We are making no proposals for any appropriation from these reserves. The figures quoted

are only anticipations and have yet to be realised. They in fact depend largely on next monsoon and the state of trade. Moreover, we have to bear in mind that in 1926-27 we have to meet a contribution to the general revenues based on the result of the current year's working, which is estimated at 735 lakhs. If in that year there should be a set-back in railway working and we were unlucky enough to make no profits, the whole of our reserves might be absorbed in paying the contribution for one year.

Capital expenditure, 1924-25.

The net capital outlay in 1924-25 is now estimated at Rs. 12.85 crores. But the total capital expenditure is expected to be considerably greater since the outlay is reduced to the extent of 155 lakhs by the refund of customs duty, and a reduction of 4 crores is also expected in the capital value of our stores balance. The estimated total capital expenditure, is, therefore, 18.4 crores—a figure approximating to the expenditure of last year. Most of the causes for the failure to spend the sanctioned grant of 30 crores are explained in the Report on Indian Railways for the year 1923-24 and these causes continued to operate well into the current year.

Capital expenditure, 1925-26.

We hope, however, that the efforts which have already been made to increase progress on approved works will bear fruit in the coming year, and in fact the various railway administrations estimate that they will be able to spend 32 crores in that year. For the purposes of the budget, however, in view of the heavy lapses in the capital grant of previous years, we do not feel justified in asking for the actual provision of more than 23 crores, an increase of about 30 per cent. over the current year's spending.

Of this 32 crores 8½ is for new construction and 23½ for open line improvements and additions.

Open line works.

The provision for open line works represents in concrete form the efforts which the Railway Board and the railway administrations are making towards the steady improvement of India's railways. The details of all the works which are now in progress or are to be undertaken will be found in the Budget Memorandum and in greater detail in the books which have been specially prepared for each railway. It would perhaps be difficult for Honourable Members by studying these books to get a clear conception of the magnitude of the efforts being made or of the underlying scientific principles on which the programmes are built up. I would, however, emphasise the fact that prior to the separation of finances, under the old system where expenditure year by year had to be regulated by considerations dependent on the general budget of the country, such an effort would have been impossible. Our predecessors in fact had no opportunity of laying down a definite programme of improvements and developments nor any hope of seeing such a programme steadily pursued. The success of such an effort depends on continuity of policy and the prospect of continuous supply of the necessary funds for the undisturbed completion of each portion of the programme.

This prospect has now been assured to us by the terms of the Convention under which the railway property of the State can build up a strong financial position based on adequate reserves and which accordingly gives us and the

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railway administrations an entirely new outlook on the whole problem before us. The reason why an assurance of the continuity of regular financial provision is essential to success is that the various parts of the programme must be so carefully co-ordinated and so dependent upon one another, that failure to complete one portion means incurring unremunerative and wasteful expenditure on another portion. Honourable Members who have had time to look into the Railway Board's Report for the year 1923-24 will perhaps have seen that we have there explained very fully the methods we have adopted for dealing with new works on open lines. The whole subject is closely connected with the more modern and scientific methods of dealing with transportation problems which are now being introduced on all railways. A correct appreciation of the costs of numerous parts of the business of handling traffic such as can only be derived from properly arranged statistics leads directly to improvements in methods and the provision of better and more capable equipment. To take a concrete example our new working statistics amongst many other advantages which they afford to operating officers and the management, show comparative costs of handling wagons in different large marshalling yards. Not only do these comparisons lead to improved and quicker working in these yards but improvements are devised in layout and subsidiary equipment which require expenditure of considerable sums. In such a case if it is possible to show that the expenditure will result in a reduction in working expenses, the expenditure is sanctioned and forms a part of the programme. But in the consideration of such a proposal it is necessary first to ensure that the marshalling yard is itself in the right locality having regard to the flow of traffic and that the work it does is properly co-ordinated with that of other marshalling yards. And here the problem becomes a larger one involving a careful review of the capacity of the different sections leading to and from this yard and to other yards. The capacity of a section depends on the speed and weight of the trains which can be run over it, and our statistics again give us the necessary assistance in showing us the facts as they are and the facts as they should be. The strength of bridges, the strength of the permanent-way, the power and weight of locomotives in use, the gross weight and carrying capacity of the wagons all come into play and are factors which have to be co-ordinated in building up a programme of improvements. This co-ordination of the various factors is a matter which requires experience of working conditions and knowledge of the equipment besides the practical application of business methods, and it indicates the necessity for a well organised expert staff.

But such a co-ordinated programme of improvement and its consequent expenditure can only be considered as a suitable object for investing new capital if the interest on the additional capital is likely to be forthcoming from the increase in net revenue which will result, either through increased earnings or from reduced operating costs. This in fact is the criterion which we apply to all proposals for improvements, and it is in this respect again that the convention regarding the separation of finances is proving itself to be a live constructive force which will lead to improvements to railways which were altogether beyond the horizon of our predecessors.

The convention in fact not only gives us the promise of continuity in our efforts towards improvement, but gives us a criterion or index to the soundness of our proposals. If a railway administration can clearly demonstrate that such and such improvement will result in a gain to net revenues

sufficient to meet the obligation rising out of the additional capital expenditure, we have no hesitation in giving our consent to the work being carried out in the certain knowledge that funds will be available. If now I give a few of the more important of the works covered by the present programme, the Council will no doubt understand that although they represent individual and concrete schemes they are part of properly co-ordinated programmes on separate railway administrations and that the programme as a whole represents a fully co-ordinated scheme of improvement which is being carried on as a continuous process and has as its objective cheapness and efficiency of transportation throughout India.

Rolling Stock.

So far as rolling stock is concerned, we are providing (in terms of four-wheelers, i.e., counting a bogie vehicle as 2 four-wheelers) 3,857 new goods wagons and 822 new coaching vehicles of which 755 are for lower class passengers.

As regards wagons, judged by former standards the number would be inadequate to the increase in traffic we expect, but I must mention that improved operating has already begun to produce results and our existing stock is now doing more work of a profitable nature than formerly. The figures for coaching stock are lower than we should like to see, but here we are limited to some extent by the capacity of our workshops. We are now re-examining this matter and we hope that it may be possible without interfering with the repairs and overhaul of existing stock which are still seriously in arrears to undertake some further building of additional stock. We are as anxious as any one else can be to see an adequate supply of coaching stock which alone will enable us to give passengers better train services and avoid overcrowding.

Apart from the provision for additions and betterments to lower class stock which will cost nearly 1½ crores and the many other works which will carry with them improvements in the standard of travel of all classes we are making special provision of 30 lakhs for amenities for 3rd class passengers, such as waiting sheds, refreshment rooms, booking facilities, water supply, and so on.

Improving capacity of yards and lines.

Amongst many other improvements included in the programme we are spending about 3 crores on remodelling and improving 18 important station yards which will result in improved services and quicker handling of wagons and coaching stock. In many of these cases improvements are long overdue and are essential if we are to make the best use of our rolling stock and remove the primary causes of wagon shortage for public traffic. Honourable Members will, no doubt, appreciate the close connection of this class of expenditure with the amount required for additional rolling stock. In the same category we place the various schemes for doubling and improving sections of the line at present being worked to the limit of their capacity, amongst which I may mention doubling certain sections of the Bengal Nagpur Railway for which we have provided 58 lakhs, the doubling of the Grand Chord of the East Indian Railway for which the provision of 38 lakhs has been made, the quadrupling of certain sections of the Bombay, Baroda and Central India

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Railway near Bombay on which 34 lakhs are to be spent, the rebuilding of the Bassein Bridge on the same railway, the conversion of the Parlatipur Siliguri section to broad gauge on which nearly 40 lakhs will be spent and many other equally important schemes.

Workshops.

Closely connected also with the problem of improved services is the necessity for improving and modernising our workshop facilities. There is no more potent cause in hampering the quick movement of traffic and adequate supplies of rolling stock than insufficient accommodation and equipment for repairs to stock.

The railway administrations are attacking this problem boldly and are taking advantage of the immense advances that have been made in the last few years in workshop practice and workshop organisation. In this connection I should like to quote what the President of one of America's great railways recently said in regard to workshop equipment:

“Perhaps the point in which railroad facilities are the weakest is the machine tool equipment of the repair shops. The development of machine tools received a great impetus from the war and from the growth of a new industry. During the last 15 years we have had the Great War and the development of the automobile business. The effect has been to revolutionise machine tools and to render obsolete a large part of the machine tool equipment”.

That is a saying which if it applies to America applies with even greater force to India, for we have had the added disadvantage of want of close contact with these factors and also the want of funds with which to make improvements. I have in the course of the last 18 months visited most of our large workshops and have been greatly impressed with the signs of the beginning of the revolution in workshop methods which I have referred in the quotation. I will give two instances of what I mean. The wheels of locomotives and rolling stock require to be brought into the shops at intervals to be turned in a lathe in order to correct inequality of wear on the tread. Most of the machines of old pattern in use till recently took as long as 7 or 8 hours to deal with one pair of wheels. The modern machine can do the work in 2½ hours. The savings resulting from installing such a machine are not confined to reduction in labour costs, but also arise from the shorter time during which wheels are out of running and the consequent reduction in the number of spare stock required. As another instance, the outturn from a locomotive repair shop depends on the number of pits or places where locomotives stand during repairs and on the time taken to repair a locomotive. Formerly it was possible to deal with 4 engines per pit per year and with a 50 pit shop to overhaul 200 locomotives per year.

The time taken for repairs depends on the output of the subsidiary shops and the organisation for bringing the repaired material to the spot. If we can increase the output to 5 engines per pit per shop, we increase the turn over in the 50 pit shop from 200 to 250 per annum, which means an effective addition of 50 engines to the available stock.

When I explain that workshops are now aiming at a figure of 6 engines per pit per annum, and that in some cases we hope that this

figure will be exceeded, it will be seen that heavy expenditure on improving workshop facilities is fully justified. I have given the outlines of the problem, but in the Budget Memorandum will be found more detail in regard to certain of the more important schemes, and it will suffice if I say that we are proposing to spend in the coming year a sum of about 3 crores on this very necessary improvement.

Electrification.

Perhaps one of the most important incidents during the past year has been the opening of the Harbour Branch extension in Bombay and the new electric train service on that branch. His Excellency the Governor of Bombay performed the opening ceremony on the 3rd of this month, and in his speech fully recognised the value of such a service to Bombay and the neighbourhood, and welcomed the prospect of further electric suburban services in the near future. I was glad to be able to take the opportunity as representing the Government of India to give Bombay an assurance of co-operation with the Local Government's efforts to make the development scheme a success by providing rapid transit suburban services as the development proceeds. But this incident had wider significance than the mere provision of a new route and a new service in one Presidency-town. It is the first practical example of electric railway traction in this country and holds the promise of further great developments in the handling of traffic. Already we are contemplating substituting electric traction on the main line of the Great Indian Peninsula Railway as far as Igatpuri and Poona, and if this is effected we are confident that we shall secure not only great economies, but also much better service to the public. We are also re-examining the problem of suburban traffic in Calcutta and we expect to be able to elaborate a scheme whereby that city can be relieved from some of its present traffic difficulties and be given an adequate rapid transit electric service between the city and its suburbs. I cannot refrain from remarking that the delay in providing an adequate permanent bridge across the Hooghly in the neighbourhood of Howrah, which delay seems likely to continue for many years unless the citizens of Calcutta wake up to a sense of their responsibilities, is having a serious effect on the whole problem of handling railway traffic into and out of the city. If we are to contemplate a further prolonged delay we must attempt a complete revision of our terminal arrangements, and we are about to make a serious practical examination of this large problem with the object of securing to the public the best facilities for terminal traffic which the various routes into and out of Calcutta enable us to make. The somewhat similar problem regarding Bombay terminal facilities both for passengers and goods, arising out of the development of the city will also be made the subject of a special investigation in the near future.

Standardisation.

Amongst the many activities of the Railway Board and the railway administrations which are moving in the direction of improvement of transportation, I may mention a few of the more important. We have adopted both in regard to locomotives and rolling stock the policy of progressive standardisation as a continuous process. Standardisation is sometimes stigmatised as stagnation, and indeed unless it is accompanied by a continuous intelligent effort towards improvement this description

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is well deserved. Standard locomotives, standard wagons and standard coaching underframes are not new in this country, and the advantages of such standards are well understood. Complete standardisation assists in getting lower prices by facilitating pooling of orders and reduces expenditure in upkeep and in stocking of spare parts. Railways in India have to a large extent adopted standard equipment, but much remains to be done, and we were recently in danger of seeing our standards becoming out of date.

As fully explained in our report for last year we have taken steps to provide that our standards will in the future be capable of absorbing improvements based on modern experience and thus provide for progress. We have constituted permanent technical committees on standardisation for locomotives and rolling stock, and these committees after revising our standards will in future be available from time to time to deal with suggestions and the results of working experience as applied to the standard designs. During the last few weeks we have had the advantage of the able assistance of Sir Seymour Tritton, one of our Consulting Engineers, who is a recognised specialist in locomotive and rolling stock design and who has been able to work with our committees in the revisions they are now making. I am confident that in adopting this policy of progressive standardisation and arranging for it being carried into effect, we have made an advance which will prove to be of incalculable benefit to Indian railways in the future.

We have also constituted a Committee on somewhat the same lines for dealing with standards for permanent-way, points and crossings, etc., and shall shortly appoint a further committee to take up the problem of Bridge design, continuing the work which was begun by the former Bridge Committee and bringing into practical shape much of the important experimental and other information already collected by that Committee.

Automatic couplers.

Another matter of great technical importance and which has a great effect on the capacity of railways to handle increasingly heavy traffic is the provision of automatic couplers in place of the present spring buffers and screw couplings. Not only do these automatic couplers reduce the risk of accident to those engaged in shunting, but they will also enable time to be saved in marshalling and considerably reduce maintenance costs. They will also reduce the first cost of wagons and enable us to look forward to even larger capacity stock than our present screw couplings enable us to contemplate. The widening of running dimensions which is now in progress wherever new works or improvements are being undertaken makes larger stock possible and such larger stock must be provided with the more powerful draw gear which the automatic coupler device alone can provide. In this connection I may mention that the coaches now running on the new Harbour Branch service in Bombay are 12 feet wide or 2 feet wider than any other coaching stock in this country or in the world. The change to automatic couplers, however, is fraught with many difficulties, for we must so arrange matters that during the transition period there is no interruption to the free flow of wagons. To effect this we have to obtain a satisfactory transition device and experiments are now being made to this end. The operation of changing over will take about 5 years, of which 2 years will be spent in preparation that is

the establishment of conversion workshops in suitable places and the collection of material. We hope to make a start in the coming year and have provided 70 lakhs in the budget for this purpose.

New Construction.

I now turn to the construction programme. We are providing 8½ crores in the coming year and the projects to which this expenditure has reference are fully described in the Budget Memorandum.

We are aiming at a systematic examination of the possibilities of development in each of the areas served by our railway systems. We are confident that the extension of the benefits of railway transportation to every part of India, where population and trade are sufficient to warrant it, is one of the greatest needs of the country, and we have already made a beginning in putting together comprehensive schemes for the construction of new railways in each large area based on the needs of the area and the possibilities of obtaining paying traffic. Our programme already includes 40 new projects with an aggregate mileage of 2,138 miles and which will eventually cost more than 40 crores of rupees. This bold programme is justified by the fact that not only have we satisfied ourselves, in many cases after personal examination by the members of the Board that the new lines are needed, but the financial prospects of each project have been very carefully examined with the aid of all the information it is possible to obtain.

I may briefly mention some of the large areas in which we have laid down the outlines of a general scheme to be gradually worked to as staff and equipment can be organised and reliable estimates prepared. In South India where for many years the controversies regarding gauge and the paucity of funds have delayed development we have settled the outstanding questions about gauge and have laid down a complete programme for the construction of new important lines and branches. I need only mention the Villupuram Trichinopoly, the Trichinopoly Karaikudi Manamadura, the Virudupatti Tenkasi and the Dindigal Pollachi line amongst others.

Then as regards Burma, during my recent visit I was able to settle with the Agent and to discuss with the Local Government the outlines of the future development in the Province, and we hope that work will now proceed on a well ordered programme over a series of years. In all the parts of India I have visited I feel safe in saying that there are no areas which afford greater promise of successful railway development to the advantage alike of the public and of railway finances than Burma and South India.

Another large area to be given railway facilities in the early future is the country in the Central Provinces and Bihar and Crissa lying between the East Indian and Bengal Nagpur main lines. Here the Central Indian Coalfields Railway is making rapid progress and will not only give access to new coal deposits, but will provide a stimulus to local trade and industry which is much needed.

And lastly, I may mention the proposed new line from Raipur to Vizianagaram which is closely connected with the development of the port of Vizagapatam, and will open up country at present entirely devoid of communications and will also assist in future mineral development. It is hoped that sanction will shortly be given to commence this line.

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

New policy in regard to Branch and Feeder Railways.

What I have just said about our proposals for new construction leads on to a reference to the new policy which we have formulated, in consultation with the Central Advisory Council, in regard to Branch and Feeder Lines. The House is no doubt aware that 30 years ago when the Government of India themselves were in difficulties for money for new capital expenditure, a system was originated of financing the construction of Branch and Feeder Lines through Branch Line Companies guaranteed by Government. For the encouragement of such Companies, Government were prepared to give certain terms to private Companies for money required for the construction of Feeder lines. This system undoubtedly enabled lines to be built which otherwise would not have been built, but in other respects it came in for severe criticism from the Acworth Committee which indeed thought that the aim should be rather to reduce the number of existing private Companies than to create new ones. We have recently had the whole subject under our consideration. The existing Branch Line terms are quite out of date. If they are to serve the purpose for which they were originally intended, we should have to revise them on much more liberal lines, and with the approval of the Central Advisory Council we do not propose to undertake the revision. We think that the more economical and better course is for us to construct ourselves remunerative new lines. I do not think that there need be any fear that this policy will lead to a slowing down of new construction. In the Railway Board we have new projects under constant examination, and the capital expenditure on the new projects included in Demand No. 7 is four times as great as all the capital raised in the last 30 years by Branch Line Companies. Nor do we propose to neglect projects which though they cannot be classed as remunerative may be required by Local Governments for administrative or other reasons. We are quite prepared to consider any such project, provided that the Local Government is prepared to guarantee it from provincial revenues. Local Governments thoroughly approve of this new policy, and we are already constructing the Shoranur-Nilambur line on the basis of a guarantee from the Government of Madras and another in Burma—the Moulmein-Ye line—now approaching completion, and other projects are under examination.

Training of Staff.

From the above survey of the activities of the railways both in improvement and development it will be apparent that the conduct of the railway business of the country will require in an increasing measure the services of a well trained and experienced staff possessed of technical knowledge and working ability. In fact the future success of railways in this country is bound up with the standard reached by railway staff of all grades in the performance of their duties. This is a matter which has given the Railway Board much anxious consideration, and we are now elaborating proposals for training railway staff in their current duties with a view to improving their efficiency and giving them the opportunity of rising to higher positions. This is a task which railways in other countries have not had to undertake, and although spasmodic efforts have been made in some countries to introduce improved and co-ordinated schemes of training, so far as I am aware no comprehensive scheme of training such as we are now contemplating has been put into force in any other country.

Briefly, we are aiming at having on each of the State-managed railways a school at which all subordinate staff will receive courses of practical and theoretical training in their current duties of working trains. One such school is already in existence at Asansol and is equipped with models and instructing staff for the purpose. A very large number of the staff have already received instruction there. We hope eventually to have another such school on the Great Indian Peninsula Railway and possibly one on the North-Western Railway. At the moment we are opening a school at Chandausi which will deal in the same way with the subordinate staff of the Oudh and Rohilkhand Railway and North-Western Railway. It has been equipped with up-to-date models and appliances for teaching train working and with staff for instruction in transportation and other allied problems. Work will be commenced there on the 1st March when the first batch of staff will commence their instruction.

This school at Chandausi is, however, to have wider functions than the local schools on each railway. It will be the central school for the co-ordination of the work of the other schools and will also give course of training and refresher courses for officers of State railways and to some extent of Companies railways also. In addition it will take charge of the training of young probationary Traffic Officers whose practical training on the railways will be supplemented by courses of study at this school. The importance of giving these young officers a thorough grounding in the subject of transportation to enable them to make the best use of their time while under training is fully recognised, and we look for good results from this scheme.

As I have said we attach the greatest importance to the proper training of our staff in all branches and believe that only by carefully co-ordinated schemes of this nature we can ensure that our railway work with its manifold and complex problems can be properly handled in the future. The business of transportation and all that it carries with it on the technical side is becoming more and more complex as time goes on, and it will be difficult to keep up with modern developments unless our staff are better equipped in knowledge and experience than they are at present.

Organisation and decentralisation.

Another aspect of the matter of railway management which arises out of the growing complexity of the problems of moving traffic is the necessity for improving our organisation for administrative and executive work. I will not enter into details of the changes which we have made and are making in the internal organisation on State-managed railways, but would only indicate that as with the case of the organisation of the Railway Board our object is to achieve such measure of decentralization as is compatible with the preservation of responsibility. Both the Acworth and the Inchaape Committees urged us to decentralize power and responsibility to the Agents of the railways and thus enable them to carry on their work with freedom from interference from headquarters. This policy we are steadily pursuing and have already made considerable delegation of power over and above the powers delegated previously. As far as possible all the details of management must be left to the Agents. It is only in this way that we can hope to be free to deal with the larger problems of financial and technical importance associated with the conduct of this huge business.

If we fail in our task of maintaining the railways on a solvent footing while developing and improving them to the utmost extent possible, it will be because we are forced to deal with details at headquarters. So long

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

as we can relegate the details to the Agents we have a good chance of successfully solving the larger problems. The magnitude of the task needs no exaggeration. It is perhaps some excuse for the length of time I have taken in dealing with the budget and I must apologise to the House if I have perhaps strayed somewhat from the strictly financial character of the contents of the papers which are now to be circulated.

ELECTION TO THE PANEL FOR THE STANDING COMMITTEE ON EMIGRATION.

THE HONOURABLE THE PRESIDENT: I have to announce the nominations to the panel for the Standing Advisory Committee on Emigration in the Department of Education, Health and Lands. Eleven nominations have been received, namely:

The Honourable Mr. Haroon Jaffer,
 The Honourable Mr. Karandikar,
 The Honourable Sr Deva Prasad Sarvadhikary,
 The Honourable Mr. Natesan,
 The Honourable Rai Bahadur Lalā Ram Saran Das,
 The Honourable Mr. Vedamurti,
 The Honourable Mr. Ali Baksh Muhammad Hussain,
 The Honourable Saiyid Raza Ali,
 The Honourable Colonel Nawab Sir Umar Hayat Khan,
 The Honourable Mr. Phiroze C. Sethna, and
 The Honourable Nawab Sir Amirudeen Ahmad.

As there are eleven candidates for 8 places an election is necessitated. I propose that the elections should take place at the meeting next Wednesday, the 25th February, after the disposal of the non-official business set down for that date.

INDIAN INCOME-TAX (AMENDMENT) BILL.

THE HONOURABLE MR. A. C. McWATTERS (Finance Secretary): Sir, I beg to move:

“That the Bill further to amend the Indian Income-tax Act, 1922, as passed by the Legislative Assembly, be taken into consideration.”

The House will observe that this Bill is one of very limited scope. It deals simply with the procedure for levying super-tax on the partners of registered firms. I would explain that a registered firm is defined by the Income-tax Act as a firm constituted with an instrument of partnership in which the shares of the partners are defined and which has been registered with the income-tax authorities. These firms are not liable to super-tax as such, but the partners are liable to super-tax individually. Our practice hitherto has been to levy super-tax on the partners of registered firms according to their shares in the year of assessment, but as the House is aware the profits both for income-tax and super-tax are the profits of the preceding year. This procedure was one which has always been well understood by the commercial public and no exception

has ever been taken to it; but a recent decision of the Bombay High Court has thrown doubt upon its legality, and, if that decision of the Bombay High Court is to be followed, we shall have to levy super-tax on partners in accordance with their shares in the year in which the profits have accrued.

It will be obvious that this at once raises a serious practical difficulty because, if the shares of partners are changed at the end of the year in which the profits are earned, and in particular if a retiring partner leaves India, it is impossible to obtain from him the share of the super-tax which is due. So far as the Government of India's finances are concerned it is a matter of indifference whether we legalise the existing procedure or whether we adopt some other method of obtaining the super-tax which is due. The only alternative method which has been suggested is that the firm itself should be made liable to pay to Government the amount of the super-tax due from the retiring partner. This would involve legislation making the firm liable and also providing that a refund should be given to the retiring partner if the amount set aside by the firm proves to be excessive. This procedure has one obvious inconvenience, because at the time the partner retires the amount of super-tax due from him is not known. Therefore there would frequently be questions of refund arising.

The whole question was discussed by the Government of India with commercial bodies in this country, and the majority of them are definitely of opinion that the existing procedure is the best and should be continued, and it is with this object that the present legislation has been brought forward. I do not think I need say anything more about the Bill. It provides quite a simple procedure which is well understood by the commercial public and in which substantial justice is done because at the time an incoming partner enters into the firm, so long as the procedure is known to everybody, he is at no disadvantage and is able to make his own arrangements with the outgoing partner.

I beg to move the motion in my name.

THE HONOURABLE THE PRESIDENT: The question is:

"That the Bill further to amend the Indian Income-tax Act, 1922, as passed by the Legislative Assembly, be taken into consideration."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

THE HONOURABLE MR. A. C. McWATTERS: I beg to move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

INDIAN PORTS (AMENDMENT) BILL.

THE HONOURABLE MR. D. T. CHADWICK (Commerce Secretary): I beg to move:

"That the Bill further to amend the Indian Ports Act, 1908, be taken into consideration."

[Mr. D. T. Chadwick.]

It is hardly necessary for me to say much more than what I said a day ago when introducing this small Bill. The Council will recollect that the necessity for this Bill arises from the fact that liquid fuel is becoming widely used on ships and that therefore arrangements have to be made for bunkering these ships with such liquid fuel within port limits. Under the Indian Ports Act, which was passed in 1908, there is no provision by which rules can be framed for regulating such bunkering. The object of this Bill is to permit Local Governments to issue such rules. I commend the motion for the consideration of the Council.

THE HONOURABLE THE PRESIDENT: The question is:

“That the Bill further to amend the Indian Ports Act, 1908, be taken into consideration.”

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. D. T. CHADWICK: I beg to move that the Bill be passed.

The motion was adopted.

AMENDMENT OF THE STANDING ORDERS.

THE HONOURABLE SIR NARASIMHA SARMA (Law Member): Sir, 12 Noon. beg to move:

“That the Report of the Select Committee on the proposed amendment of the Standing Orders be taken into consideration.”

Honourable Members have had the Report of the Select Committee before them for some time and I need hardly say that this amendment has been introduced at the instance of the Department chiefly interested in it in order to give that Department a wide latitude as to the person who is to have the right of reply. At the risk of a little overlapping it was considered that the Standing Order should be framed in very wide terms so as to enable any Member of the Executive Government, whether he be a Member of the Council or not, or any other Member of the Council to exercise this right of reply. Inasmuch as that will have to be settled by some authority, the Governor General has been empowered to settle who is to have the right of reply. I think, Sir, that this amendment is one which will appeal to the Members of this House and I hope that it will be accepted.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: General): I would like to make one observation in connection with the modification of the Standing Order made by this amendment. The speech which my Honourable friend the Leader of the House made the other day when referring this amendment to the Select Committee has caused me some anxiety. It was a very brief speech but a passage in that speech was of great significance. I will read that passage. He said:

“Though the rule has been modified in a general form it is proposed to limit its scope at present to the presentation of the railway budget separately from the general budget and in advance of it.”

Of the two implications conveyed in this sentence, one of course is that there has been effected a modification of the general form of the rule; and secondly, as the Honourable the Leader said, it is proposed to confine the scope of it at present only to the railway budget. Sir, so far as the separation of railway budget is concerned there has been ample discussion on that subject. The modification of the convention was sanctioned by the Assembly though it was not brought up before this Council, and in connection with that I shall have something to say next Tuesday. But at present I do not see any objection to the presentation of the railway budget separately, but I would certainly deprecate the introduction of any practice of presenting the general budget piecemeal under other heads in this Council.

THE HONOURABLE SIR NARASIMHA SARMA: May I give a word of explanation? The Government have absolutely no idea of separating any other portion of the budget from the general budget, and if I used the words "at present" it was only out of caution. The Honourable Member therefore may rest assured that Government have no intention whatsoever of making any further separation of any item of the budget from the general budget.

THE HONOURABLE SIR MANECKJI DADABHOY: Thank you very much. This relieves me of my anxiety, because I do believe and seriously believe that it is the comprehensive and integral presentation of the budget under its various parts, and a comprehensive study and grasp of the whole which enables Honourable Members to take a proper perspective of the whole financial situation and see what adjustments are possible and should be made. The speech which was made by the Honourable Member lent a different complexion to it. However, I am glad of this definite assurance and I will say nothing further on the matter.

THE HONOURABLE THE PRESIDENT: The question is:

"That the Report of the Select Committee on the proposed amendment of the Standing Orders, be taken into consideration."

The motion was adopted.

THE HONOURABLE SIR NARASIMHA SARMA: Sir, I beg to move:

"That the Standing Order, as amended, be passed."

The motion was adopted.

ELECTION OF PANELS FOR STANDING COMMITTEES.

THE HONOURABLE MR. J. CRERAR (Home Secretary): Sir, I move:

"That this Council do proceed to elect in the manner described in the rules published in the Home Department notification No. F.49, dated the 22nd August, 1922, as amended by the Home Department notification No. D.794-C., dated the 30th January, 1924, 4 panels consisting of 6 Members each, from which the Members of the 4 Standing Committees to advise on subjects in the Home Department, the Department of Commerce, the Department of Education, Health and Lands, and the Department of Industries and Labour, respectively, will be nominated."

The motion was adopted.

THE HONOURABLE THE PRESIDENT: With reference to the motion just adopted by the House, I appoint Monday at noon as the hour up to which nominations will be received in the office of the Council for the 4 panels referred to in the motion. At that time, if necessary, an announcement will be made as to when the elections will take place.

The Council then adjourned till Eleven of the Clock, on Monday, the 23rd of February, 1925.