

28th February, 1925

THE
LEGISLATIVE ASSEMBLY DEBATES
(Official Report)

SECOND SESSION

OF THE

SECOND LEGISLATIVE ASSEMBLY, 1925



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LEGISLATIVE ASSEMBLY.

Saturday, 28th February, 1925.

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

UNSTARRED QUESTIONS AND ANSWERS.

COUNTING TOWARDS INCREMENT OF THE POSTAL SERVICES OF POSTAL SIGNALLERS TRANSFERRED TO THE TELEGRAPH DEPARTMENT.

†205. **Mr. M. K. Acharya:** Will the Government be pleased to state:

- (a) Whether in pursuance of the circular of the Director General of Posts and Telegraphs, No. I. S. T. S., dated 16th April 1912, a large number of postal signallers were transferred to the Telegraph Department?
- (b) Whether in the circular it was stated that "the men who pass the tests within the period of 12 months will be transferred to the Department as Local Scale Telegraphists and their pay and seniority will be regulated according to rules in Article 157A of the Civil Service Regulations"?
- (c) When was revision of pay to subordinates in the Postal service given effect to?
- (d) Whether the past service of the subordinates of the Postal Department including probationary service were taken into consideration in fixing the scale of their pay at the time when the new scale was given effect to?
- (e) Whether it is a fact that a similar concession was not allowed to the postal signallers who were transferred to the Telegraph Department in pursuance of the Director General's circular above referred to?
- (f) Whether it is a fact that by non-inclusion of the postal signallers who got transferred to the Telegraph Department in pursuance of the above circular to the advantage of the increments in the Postal Department they have lost the benefit of their service in the Postal Department?

COUNTING TOWARDS INCREMENT OF THE POSTAL SERVICES OF POSTAL SIGNALLERS TRANSFERRED TO THE TELEGRAPH DEPARTMENT.

206. **Mr. M. K. Acharya:** Will the Government be pleased to state:

- (a) Whether it is a fact that in his letter No. 87 D. E. S., dated 4th January, 1921, the Director General of Posts and Telegraphs has intimated all P. M. Gs. that "Services in the P. M. G.'s office, D. L. O., R. M. S., Postal Audit and Telegraph offices should count towards increment"?

† For answer to this question see below question No. 206.

- (b) Whether in his letter No. E. M. 02/15, dated 10th July 1922, the P. M. G., Madras, has asked from the heads of Telegraph Offices as to how many telegraphists recruited from the rank of postal signallers are desirous of reverting to the Post Office on condition that on reversion all their services in the Telegraph Branch will be allowed to count towards increments in the time scale of pay in the Post Office?
- (c) Will the Government be pleased to state why the benefit of past service in the Postal Department of those postal signallers who were transferred to the Telegraph Department was not similarly taken into account in fixing the time scale?

The Honourable Sir Bhupendra Nath Mitra: I propose to answer questions Nos. 205 and 206 together. The points raised are being examined and I will furnish the Honourable Member with the information he requires as soon as the examination is completed.

COUNTING TOWARDS INCREMENT OF THE POSTAL SERVICES OF POSTAL
SIGNALLERS TRANSFERRED TO THE TELEGRAPH DEPARTMENT.

207. **Mr. M. K. Acharya:** Will the Government be pleased to state:—

- (a) Whether telegraphists transferred from the Postal Department submitted a memorial to the Government of India through the Director General in May 1923 requesting that their past services in the Postal Department should be counted on time scale of pay and increments be granted according to the Telegraph scale as if they had remained in the Telegraph Department from the beginning of the service (postal service included) or in the alternative that to their present pay should be added the actual number of increments according to the present revised scale to the post office already earned by them for the number of years in their prior branch (*vide* Government of India's R. S. No. 6458, dated 23rd September 1920).
- (b) Whether it is a fact that in the 13th annual report of the Indian Telegraph Association special reference has been made to this subject in the following terms:

“ About 256 men have been recruited to the local service from the Postal Department in the initial pay of a local scale telegraphist. They have had to sacrifice their services they rendered with the Post Office as a result of which they have lost the benefits of the recent postal revision which they would have derived had they remained in the Postal Department. Their case is one which appeals to us as worthy of consideration.”

- (c) Whether it is a fact that the above memorial has been withheld by the Director General under paragraphs II (9) and II (14) section III of the rules for submission of petitions to the Government of India in respect of the first prayer and under rule II (15) *ibid* in respect of the second alternative prayer?

- (d) Whether in view of the fact that postal signallers transferred to the Telegraph Department were scattered all over the country and had to take time for general consultation for the representation of their grievances, are the Government of India prepared to excuse the delay in the submission of their memorial and give favourable consideration to their just and legitimate claims?

The Honourable Sir Bhupendra Nath Mitra: The reply to the first three parts of the question is in the affirmative.

(d) As the claims of the men were rejected after mature deliberation by the Telegraph Committee of 1921 presided over by Diwan Bahadur Kangachariar, the Government of India find no reason to reopen the question.

CASE OF KING-EMPEROR VS. HAJI ABDUL BARI.

208. **Mr. M. K. Acharya:** With reference to my question No. 1381, dated 9th June, 1924, will the Government be pleased to say:

- (a) Whether either of the two cases then stated to be *sub judice* has since been decided?
- (b) Whether Government will be pleased to give a summary of the case and judgment in *King-Emperor vs. Haji Abdul Bari* in the District and Sessions Court of Moradabad?
- (c) Whether Government will be pleased to lay on the table extracts from the judgment delivered on the above case by Mr. Hamilton, the Sessions Judge, wherein he has reviewed the action of the Claims Department of the Oudh and Rohilkhand Railway in paying Rs. 3,470 to Abdul Bari on an unproved claim?
- (d) Whether any appeal or revision petition was preferred by Government to the Allahabad High Court, against the findings of the Sessions Judge; and if so for what purpose?
- (e) Whether Government in the revision petition asked the High Court to expunge the remarks made by the Sessions Judge against the action of the Claims Department?
- (f) Whether the High Court has expunged the remarks taken exception to by Government?

Mr. G. G. Sim: (a) The Honourable Member is referred to the reply given to question No. 316 by Maulvi Muhammad Yakub on the 27th January 1925.

(b) and (c). Government are unable to furnish documents of this nature. The Honourable Member may obtain a copy of the judgment direct from the Court.

(d) Yes, because Government were not satisfied with the decision in the Sessions Court.

(e) Yes.

(f) No, but the Claims Department of the Railway was exonerated of any dishonest motive.

CASE OF KING-EMPEROR VS. HAJI ABDUL BARI.

209. **Mr. M. K. Acharya:** Will the Government be pleased to state :

- (a) whether in the case of King Emperor *vs.* Abdul Bari remarks were made against the conduct of the District Traffic Superintendent, Claims Department, both by the Sessions Judge and by the High Court?
- (b) Who was the District Traffic Superintendent? When did he enter the Railway service, as what, and on what pay? What is his present salary? What action has been taken against him in pursuance of the remarks made by the Sessions Judge and confirmed by the High Court?
- (c) Whether it was against this same officer of the Claims Department that Mr. S. V. Naidu, late station master of Barabanki, levelled a charge of corruption and was refused an open opportunity of proving the charge?
- (d) Who the Superintendent " Watch and Ward " is whose conduct has been commended by the High Court? What service has he put in as such, and whether he is still kept unconfirmed?

Mr. G. G. Sim: (a) No.

(b) The District Traffic Superintendent, Claims, at the time was Khan Bahadur Mansoor Ali Khan. He entered railway service in May 1893 as a subordinate. His present salary is Rs. 900. No action was taken against him as it was clearly shown that there was no suggestion of dishonesty against him nor anything except an error of judgment.

(c) The reply to the first part is in the affirmative. As to the latter the Honourable Member's attention is invited to the reply given to his question No. 356(4) on the 17th September, 1924.

(d) Captain Deane. He has two years' service and is still unconfirmed.

COMPENSATION FOR GOODS LOST OR DAMAGED ON THE OUDH AND ROHILKHAND RAILWAY.

210. **Mr. M. K. Acharya:** Will the Government be pleased to state :

- (a) The expenditure through the Claims Department of the Oudh and Rohilkhand Railway in 1921-22, 1922-23, 1923-24, and in 1924-25.
- (b) Whether it is not due greatly to the vigilance of the Watch and Ward Department that there has been a striking reduction of expenditure during the past two years?

Mr. G. G. Sim: (a) The amounts paid as compensation for goods lost or damaged on the O. and R. Railway were:—

				Rs.
In 1921-22	...	...	...	4.60 lakhs.
1922-23	...	...	...	4.97 lakhs.
1923-24	...	...	...	2.29 lakhs.

The information for 1924-25 is not available. The amount paid in the first nine months ended 31st December 1924 was Rs. 1.08 lakhs.

(b) It is true that one of the reasons for the reductions in the amounts paid is due to the introduction of the Watch and Ward Department but the Honourable Member is referred to the Annual Reports by the Railway Board for the last two years for a fuller account of the reasons for these reductions on railways.

STATEMENT OF BUSINESS.

The Honourable Sir Alexander Muddiman (Home Member): Sir, I wish to make the following statement with regard to the probable course of Government business in the next week. As Honourable Members are aware, there will be no meeting of the Assembly on the 2nd of March. It has already been announced that Tuesday, the 3rd, and Wednesday, the 4th of March, have been allotted by the Governor General for the general discussion of Part II of the Budget and that Friday, the 6th, and Saturday, the 7th March, have been allotted for voting of Demands for Grants. This leaves only one day, Thursday the 5th of March, for legislative business, and it is proposed on that day to undertake the following legislation:

To pass the Indian Merchant Shipping (Second Amendment) Bill as amended.

To take into consideration and pass the Cantonments (House-Accommodation Amendment) Bill and the Indian Ports (Amendment) Bill.

To take into consideration the Cotton Ginning and Pressing Factories Bill, as reported by the Select Committee and to pass the Bill if the motion for consideration is passed.

It may also be possible on that date to introduce the Income-tax (Second Amendment) Bill and the Cotton Cess (Amendment) Bill and also to take up the Resolution regarding the election of Members to the Managing Committee of the Lady Hardinge Medical College.

THE RAILWAY BUDGET—LIST OF DEMANDS—*contd.*

SECOND STAGE—*contd.*

Expenditure from Revenue—contd.

DEMAND No. 4—WORKING EXPENSES: ADMINISTRATION—*contd.*

Mr. President: The Assembly will now resume consideration of Part I of the Budget.

The question is:

"That a reduced sum not exceeding Rs. 11,91,99,900 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, 1926, in respect of 'Working Expenses: Administration'."

The Assembly will first take into consideration the series of motions for reduction raising the unsatisfactory arrangements for the third class travelling public.

Mr. Gaya Prasad Singh:

(The Honourable Member was not in his seat.)

UNSATISFACTORY ARRANGEMENTS FOR THIRD CLASS PASSENGER TRAFFIC.

Kumar Ganganand Sinha (Bhagalpur, Purnea and the Santhal Parganas : Non-Muhammadan): Sir, whatever might be the difference of opinion among the different sections of this House on the question of the reduction of third class fares, the debate which took place on that topic the other day made it clear that a large section of this House is agreed with regard to affording facilities and conveniences for the travelling public in the third class carriages. I have noted with satisfaction that portion of the speech of the Honourable the Commerce Member where he deals with this subject and I thank him for having allotted $1\frac{1}{2}$ crores for this purpose. But when I looked into the figures of the passengers that travel in the third class and the accommodation that the different railways provide for third class passengers, I admit that I was disturbed. From the Administration Report it appears that during the year 1922-23 as many as 50 crores of passengers travelled in the third class and in the year 1923-24 the number of passengers increased by 1 crore and odd lakhs. But the seats that the carriages provide under the existing system are not sufficient. The figures relating to the number of seats in carriages have also been taken from the Administration report. They are as follows:

In 5 ft. 6 inches gauge in bogie carriages 62,567, in four-wheeler carriages, 6,884.

In 3 ft. $3\frac{3}{4}$ inches gauge 28,491 in bogie carriages and 3,758 in four-wheeler carriages.

In 2 ft. 6 inches gauge—there are altogether 23,430 seats in carriages. The total comes to about 1,25,080. If we take it for granted that all these carriages run during all the days of the year and if you multiply this figure by 365, we come to a figure of about $4\frac{1}{2}$ crores which means that the facilities for travelling should be increased at least by 12 times the number as it exists at the present moment. To do so, the provision of $1\frac{1}{2}$ crores is, I submit, not at all adequate. On looking into the budget estimates for 1925-26 for the different railways I find that whereas some railways, as for example the East Indian Railway, have made a genuine attempt to increase the number of third class carriages, some of them have altogether neglected this matter. Even those railways which have made some attempt to increase the number of third class carriages have not been able to fully satisfy the needs of the third class passengers. Anyone who has travelled in the railways will bear with me that the difficulties under which they labour are exceedingly great. The passengers are accommodated in the third class carriages not as men nor even as prisoners but as beasts huddled together for transport and I ask the House to adopt the motion that stands in my name in order that the attention of the railway authorities may be directed to the full extent of the importance of this matter.

I move, Sir, that the Demand under the head "Working Expenses: Administration" be reduced by Rs. 100.

Mr. President: Motion moved:

"That the Demand under the head 'Working Expenses: Administration' be reduced by Rs. 100."

Mr. Kamini Kumar Chanda (Surma Valley *cum* Shillong: Non-Muhammadan): Sir, I wish to mention one little matter in this connection, and it will be showing a want of a sense of proportion if I were to make a long

speech. The matter is this. In pre-war days, when the railway fares were $1\frac{1}{2}$ to $2\frac{1}{2}$ pies per mile, the free allowance for luggage was 15 seers. Now, the fare has been raised but the amount of free allowance of luggage is still the same as before. My submission is that it should be increased. It is 15 seers for 3rd class passengers, and I think it can easily be made half a maund. I do not think it would mean any serious loss of revenue to the railways or any serious encroachment on the space in carriages. Third class passengers do not have much luggage, and I do not think, if you increase the allowance, they will carry much more either, but what will happen is that they will be saved from harassment. At present they do not generally book their luggage and when entering the platform they are stopped by the gatemen on the plea that their luggage is more than the free allowance. If they can pass the gate, they are again challenged at the time they get out of the train or on the route by the travelling ticket checkers; and sometimes though they have to pay, this payment does not find its way into the railway coffers. They will be saved from this harassment if you increase the free allowance. I do not draw on my imagination about this. I will just call the attention of the House to a question of mine, which I put on the 22nd January last :

“Has the attention of Government been drawn to a letter published in the *Forward* on or about the last week of September over the name of Mr. Abdul Gunny Chowdhury, M.L.C., complaining that on his arrival at the Sealdah station his handbag was weighed by a railway employee by a weighing machine standing on platform No. 7 which showed a weight of 20 seers, that on Mr. Chowdhury challenging the weight, the bag was reweighed by Mr. G. Moss by another machine which stood by the side of the former machine, and the weight was now shown to be $14\frac{1}{2}$ seers; that the matter being reported to the Superintendent, he inquired and discovered that the former machine had been declared defective and Mr. Chowdhury thus escaped and it was found as stated that the man in charge of the defective machine had once before been punished for weighing by the same machine which is described as I. S. R. Inter and Third class K. L. N. M. B. B. and K. I. R. via L. G. G.”

This was practically admitted by the Honourable Sir Charles Innes in his answer. Mr. Chowdhury was a Member of the Legislative Council; he knew his rights and he knew how to insist on them. His luggage was within the free allowance, but still he was harassed at the station. His luggage was weighed twice and then it was found he was within his rights. If this has happened to a Member of Council who knew his rights, just imagine what happens in the case of ignorant passengers who do not know what the free allowance is. My submission is that this harassment would be to a large extent diminished if we increased the free allowance, and furthermore I would suggest that even if the luggage weighs only a seer or a seer and a half or two seers more, it should be neglected. Of course, if you increase the allowance of third class passengers to half a maund, you will have to increase that of intermediate class passengers to say 80 seers. My submission is it is not a very big thing I am asking for and I hope the Honourable Sir Charles Innes will see his way to accept the suggestion and increase the free allowance.

Mr. Gaya Prasad Singh (Tirhut Division: Non-Muhammadan): Sir I gave notice of similar motions which stand as Nos. 65 and 66 on the List; but it is as well that I should make my submission here and now. The complaints of grievances of the third class passengers have been insistent and persistent for a long number of years, and this has been practically admitted by the Government themselves. Mr. Thomas Robertson, when he was deputed by the Secretary of State for India in 1901 to inquire into railway matters, stated that “the average number of passengers in a train

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is greater in India than in any other country in the world". This subject, was debated, Sir, in this House, and a somewhat comprehensive Resolution was adopted on the 7th of September 1922. In course of the debate which followed my Honourable friend Sir Charles Innes stated as follows:

"I am not going to deny that these grievances exist. The Government have never denied that fact."

Further on he stated:

"I admit of course that the overcrowding evil is serious. We always have admitted that."

Then again Professor Rushbrook-Williams, in his Book *India in 1923-24*, at page 173, makes the following observations on the subject:

"Public criticism of the shortcomings of the railways has also been lively. The complaints most frequently made against them are overcrowding; the travelling conditions of third class passengers; uncivil treatment of passengers by the railway staff; and the difficulty of securing compensation for goods lost or damaged in transit. Towards the remedying of these defects the various railway administrations are directing considerable attention. The problem of overcrowding is particularly serious. As a result of difficulties connected with the War period, Indian railways are still insufficiently equipped to enable them to deal satisfactorily with all the traffic that has to be carried."

I now refer, Sir, to the Report of the Railway Board for 1923-24, Vol. I, page 14:

"The only other question of importance debated in the form of a Resolution was one regarding the provision of conveniences for Indian railway passengers. The Assembly were asked to recommend to the Governor General in Council to direct railway authorities throughout India to take various steps to improve the conveniences of Indian passengers:

- (1) by increasing the number of passenger trains,
- (2) by the introduction of intermediate class where not already provided,
- (3) by improving the arrangements for the supply of drinking water to passengers,
- (4) by the provision of Hindu and Muslim refreshment rooms at all the principal stations where not already made,
- (5) by the provision of intermediate class waiting rooms.

The Resolution provided an interesting debate, many Members criticising the travel conditions on the railways."

I am afraid, Sir, in spite of this House having drawn the repeated attention of the Government and the Railway Board to this subject, the evil has not been sufficiently overcome. This evil, Sir, is particularly serious on the Bengal and North Western Railway. A wag once described the B. N. W. Railway as *beggarly niggardly working* railway. I am afraid, Sir, there is some truth in this observation. I have got before me the Bengal and North Western Railway Budget and from pages 2 and 3 of this, it appears that the receipts from third class passengers are 98.8 per cent., of the total passenger traffic; but I am astounded to read, Sir, that provision is made for only 12 bogie third class carriages in 1925-26. If I am wrong, my Honourable friend Mr. Hindley, whom I congratulate on his presence here after his temporary disappearance from this House, will kindly correct me.

Then, Sir, there was a meeting of the Railway Passengers' Conference which was held at Sonapur on the 11th November, 1924, and the principal

points of complaint against the railway administration were focussed in a Resolution, which was adopted on the occasion, and which runs as follows :

“ That the following urgent complaints regarding the Bengal and North Western Railway should be redressed as soon as possible :

- (a) habitual overcrowding of third class carriages specially during fairs, festivals, and marriage seasons;
- (b) dirty and insanitary condition of lower class carriages;
- (c) want of adequate lights in the carriages, and at the stations;
- (d) slow running of trains, and unnecessarily long stoppages at roadside stations;
- (e) want of drinking water at the stations, and absence of refreshment rooms for orthodox passengers even at important junction stations;
- (f) difficulty in securing reserved accommodation;
- (g) difficulty in obtaining wagons, and

(this is most important so far as this particular Railway is concerned)

- (h) pilfering of goods, and of such articles as lime and coal at Mokameh Ghat; and of fruit.—*(I may add particularly lichi fruit for which Muzaffarpur is famous)* and other perishable articles while in transit.”

Another Resolution ran as follows :

“ That continuous booking should be observed at all important stations; and in other stations booking should commence at least one hour before the arrival of trains.”

A number of questions were asked on this subject, Sir, and I regret to say that my Honourable friend Mr. Sim always refers to the Local Advisory Committee which he knows very well is almost a useless body because very few representative Indians are placed on it. It is a nominated body, and with regard to that this Conference adopted a Resolution as follows :

“ That the constitution of the Bengal and North Western Railway Local Advisory Committee is very unsatisfactory and”

Mr. President: Order, order. The Honourable Member must restrict himself to the subject under debate which is the general arrangements for third class passengers. He has already talked about goods and is now going on to refer to Advisory Councils. Neither of them is in order.

Mr. Gaya Prasad Singh: Very well, Sir. I will no longer refer to the Advisory Council: I agree it is so bad that it should not be referred to in this House. I come, Sir, from the Province of Bihar and Orissa where one of the biggest fairs in this country—I may say, the biggest fair—is held, the Sonapur Fair. At that time, Sir, it is particularly pathetic to see the number of passengers crowded and huddled together in wagons for want of accommodation in third class carriages. The other day a question was asked in this House and the Honourable Mr. Sim in the course of his reply stated that in some cases these wagons were made as comfortable as possible. I immediately put a supplementary question as to how the wagons were made comfortable; and then my Honourable friend replied that electric lights are provided in some of these wagons. I wonder how electric lights in wagons during the day time could add to the comfort of the passengers. Apart from that, I know from my own experience that absolutely no lights, not even kerosene oil lamps, are placed in any of these wagons.

Then again as regards the ferry arrangements, there is only one steamer plying between Pahleza Ghat and Digba Ghat, which is ordinarily overcrowded. During fair time, it is specially difficult to have even standing

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room on the steamer; so I would like to suggest that more adequate arrangements should be made on these occasions.

There is just one point more and I have done. It is said that the Bengal and North Western Railway is beyond the control of the Government, and that they are therefore powerless in the matter to some extent. In that connection I will read a passage from the Report of the Railway Board for 1923-24, pages 77 and 78:

"The administrative control exercised by the Government over the companies is as follows:

The Company is bound to keep the line in good repair, in good working condition, and fully supplied with rolling-stock, plant and machinery; to keep rolling-stock in good repair and in good working condition; and to maintain a sufficient staff for the purposes of the line;—all to the satisfaction of the Secretary of State.

The Secretary of State may require the company to carry out any alteration or improvement in the line, or in the working that he may think necessary for the safety of the public or for the effectual working of the line.

The Secretary of State may require the company to enter into agreements on reasonable terms and conditions with the administrations of adjoining railways for exercise of running powers, for the supply to one another of surplus rolling-stock, for the interchange of traffic and rolling-stock and the settlement of through rates, and for additions and alterations to, or the redistribution of existing accommodation in junctions or other stations in view to their convenient mutual use.

The train service is to be such as the Secretary of State may require. In order to secure a general control over the rates quoted by companies, the Secretary of State has retained powers to settle the classification of goods and to authorise maximum and minimum rates within which the companies shall be entitled to charge the public for the conveyance of passengers and goods of each class.

The company has to keep such accounts as the Secretary of State may require and these are subject to audit by the Secretary of State.

In all other matters relating to the line the company is made subject to the supervision and control of the Secretary of State, who may appoint such persons as he may think proper for the purpose of inspecting the line, auditing the accounts, or otherwise exercising the power of supervision and control reserved to him."

Mr. President: None of these things come under the motion before the House.

Mr. Gaya Prasad Singh: They apply to the Bengal and North Western Railway, Sir. I hope my Honourable friend Sir Charles Innes in the course of his reply will not raise the plea that the Bengal and North Western Railway is not under the control of the Government. I do not want to hear that reply.

Mr. President: I was waiting to hear whether the Honourable Member could prove that the Bengal and North Western Railway is under the control of Government in respect of this particular item. That is all we are considering now.

Mr. Gaya Prasad Singh: We read in the Report, Sir, that the Government have exceedingly wide control over the methods of working. And:

"There are only two lines of some importance constructed by companies which receive no direct assistance by the Government, namely, the Bengal and North Western Railway and the Rohilkhand and Kumaun Railway. . . . The general administrative control exercised by the State over these companies and the control over expenditure are similar to that which is exercised, as explained above, over guaranteed companies."

I hope the Honourable Sir Charles Innes will kindly give a lucid statement as to what steps have been taken with regard to redressing the grievances of the travelling public and specially third class passengers on all railways in general, and on the Bengal and North Western Railway in particular.

Mr. N. M. Joshi (Nominated: Labour Interests): Sir, I shall content myself by making one recommendation to the Government of India and it is this: they should place the question of the grievances of third class passengers once every year before the Central Advisory Committee, before the Standing Finance Committee for Railways and before the local Advisory Committee and ask them to make a report and that report should be presented to this House. I hope this House will support my recommendation by voting for this reduction.

Mr. K. Venkataramana Reddi (Guntur *cum* Nellore: Non-Muhammadan Rural): Sir, I wish to bring to the notice of the Railway Board the difficulties experienced on the Madras suburban railways. It is a fact, Sir, that a large number of students, officers and business men and others, come every day to Madras from the suburbs and their usual time is about 10 o'clock. The accommodation provided in the train running at that time is very insufficient and the students generally travel on the footboard. When I was a student not very long ago I travelled generally on the footboard because on the train which used to leave Chetpet at 9-30 there was no place to sit. Recently in the *Hindustan Times* it was reported that four students had been arrested for travelling on the footboard. These students when they were brought before the Magistrate were asked why they were travelling on the footboard and they said there was no space to sit in the compartments. The railway people admitted that there was not sufficient accommodation on the trains and also that this state of things had been going on for a very long time. For the last twenty-two years there has been a scheme under consideration of the South Indian Railway authorities that the line between Madras and Pallavaram should be doubled. It is a distance of twelve miles and they have had that scheme under consideration for the last twenty-two years. This has not been carried out and I do not know the reason why. Now a scheme for the electrification of the Madras suburban service has been taken up and the old scheme has been forgotten. I wish to bring these difficulties to the notice of the Railway Board so that they might give instructions to run more trains or attach more carriages in the suburban train service in Madras.

Colonel Sir Henry Stanyon (United Provinces: European): Sir, with every sympathy for the third class passenger, with whom I have had the honour of travelling more than once, and with a real anxiety to see an increase of amenities for him, I venture to submit that the case of overcrowding of third class carriages is apt to be somewhat exaggerated, because it is looked at from the point of view of the orator rather than from the point of view of the traveller. We see daily three joy-riders on a bicycle built for one; six placid travellers in an *ekka* which can only hold two even on oriental lines of comfortable sitting (*Mr. Gaya Prasad Singh*: "They are licensed to carry three."), yes, Sir, but only two passengers. Then we often have 4-seated Ford cars containing eight smiling faces; and we see bullock carts arriving at a railway station with a pyramid of

[Colonel Sir Henry Stanyon.]

human beings so closely packed as to make us apprehensive that the much greater room for them in the third class carriages will lay them open to the danger of catching cold. Overcrowding of third class carriages is not peculiar to India. Who has not stood for hours in London holding on to a strap between two crowded rows of seated passengers who have not paid any more for their seats? No doubt the longer distances travelled in India siter the circumstances; but what are the remedies? One is to provide more rolling-stock or more trains, which means more money; and here we must cut our coat according to our cloth. The other remedy is a limitation on the numbers let into each carriage; this means that on many occasions numbers of passengers would have to be left on the platforms. Ask any intending passenger which he will choose, to complete his journey in some discomfort or to be left behind. Crowding we have all had; it begins with discomfort, but not infrequently ends in the pleasure which all human beings feel in trying to help one another to make the best of things. I quite agree that as far as possible more room should be found for third class passengers, but let us not imagine that whenever we pass a third class carriage and see it full of human beings they are either uncomfortable or unhappy.

The Honourable Sir Charles Innes (Member for Commerce and Railways): Sir, the Honourable Mover of this Resolution said that his object in moving this was to draw the attention of the Railway Board to the grievances of the third class passengers. I can assure him that it is not necessary to move this Resolution or rather to pass it in order to effect that object. For I can say without fear of contradiction from anybody in this House that there is no question to which we in the Railway Board have devoted more attention in the last few years than this very question. Now, Sir, I do not object to these continual debates upon the subject of the grievances of the third class passenger. It is of course the legitimate function of this House that they should press from time to time their views in this matter upon Government; but I do think that I have some cause for complaint; for while Honourable Members are continually making complaint against the Government in this matter, I can never find any indication on their part that they make the slightest attempt to appreciate what we are doing in this matter. Mr. Gaya Prasad Singh said that the whole question was reviewed in a debate in September 1922. As a result of that debate a Resolution was passed recommending that we should call for reports from Agents on the question of certain grievances specifically referred to by Mr. Joshi who moved the Resolution. Now, Sir, we did call for those reports. Moreover those reports were carefully considered by the Local Advisory Committees to which Mr. Joshi has referred; and when the reports were finally complete they were all printed up in two volumes and those two volumes were placed in the Library of this House. I should like to ask Mr. Gaya Prasad Singh whether he has taken advantage of the opportunity that I have offered him, whether he has read those reports and whether he has made any real attempt to understand the efforts that we are making in the Railway Board to meet these grievances.

Mr. Gaya Prasad Singh: From the serious overcrowding that continues, I see evidence before me that the evil is not lessened. It is very cold comfort only to be referred to the reports which are lying on the shelves of the Library.

The Honourable Sir Charles Innes: I gather from the Honourable Member's reply that he has not read the reports, and I suggest, Sir, that it is only fair to the Railway Board that Honourable Members should try and appreciate the efforts we are making in this direction. We have not only placed these reports in the Library, but every year we devote a special section in the Railway Board's Report to the question of the action we are taking in regard to third class passengers. Mr. Gaya Prasad Singh quoted long extracts from the appendix to the Railway Board's Report regarding the question of the control of the Secretary of State over companies in India. But I noticed that he did not quote in any way pages 65, 66 and 67, in which we give a brief summary of the action taken in the year 1923-24 in order to meet the grievances of third class passengers. Now, Sir, as I say, I do not think that is treating us quite fairly. He asked me to say definitely what the Bengal and North Western Railway is doing in this matter. Well, Sir, the purport of Mr. Sim's interruption in Mr. Gaya Prasad Singh's speech was this, that the Bengal and North Western Railway being a company railway their estimates do not appear in the Budget and are not strictly open to discussion to-day. But still I do not propose to take that point myself; I propose to tell Mr. Gaya Prasad Singh what the Bengal and North Western Railway have done in regard to the overcrowding of third class passengers; he could have found it himself if he had taken the trouble to read these reports:

"Immediately peace was declared contracts for rolling-stock were placed and up to date 40 locomotives, 9 1st and 2nd class bogie carriages, 42 intermediate and third class bogie carriages and 2,100 covered goods wagons and 25 bogie timber trucks have been built or are in course of erection. A programme for work to be undertaken in the five-year period 1922-27 provides for 10 standard superheated engines, 10 first and second class carriages and 140 third class bogie carriages. . . ."

And then the report goes on to say what is being done in the way of waiting accommodation, water facilities, admission to platforms and the like. There is further information on the subject in the Railway Board's Report, which I read out for Mr. Gaya Prasad Singh's benefit:

"Third class passenger sheds have been recently completed at 2 stations and 9 others are in hand. Indian ladies' waiting rooms are being built at 16 stations and 2 more are proposed.

Additional hydrants have recently been given at 40 stations.

Muhammadan and Hindu refreshment rooms have been provided at Sonapur and Gorakhpur and are proposed for Barauni and Gonda. . . ."

Mr. Gaya Prasad Singh: Is there not overcrowding in trains? My complaint is about overcrowding in third class compartments.

The Honourable Sir Charles Innes: Now, Sir, let me just say a few words about the question of overcrowding. The House will realise that it is quite impossible for me to say anything fresh, because we discussed this subject not only in September 1922, but we also discussed it at very great length only this time last year. Now the trouble about this overcrowding arises from the fact that it goes back a long way. I will just read an extract from the East Indian Railway Report which, as I said, is in the Library.

"Sufficient allowance is not made for the set-back caused by the war; but for it the public would have little cause for complaint. During the year ending the 31st March, 1915, the additions to stock in terms of four-wheelers amounted to 20 composite third class and brake carriages and 40 third class carriages omitting mention of other types of stock. During the six years ending the 31st March 1921, the addition under these heads was nil."

[Sir Charles Innés.]

Now, that is the trouble. We fell back during the war, and now I can only say that we are beginning to recover again. In the last year we put on 40 additional trains. Our third class passenger traffic increased by 2 per cent. The increase of seating accommodation for third class passengers was 5 per cent. In the three years ending March 1924, we were able to put on the lines something like 1,000 third class carriages in terms of four-wheelers. In the current year up to 30th September last, we have put on 800 third class carriages in terms of four-wheelers and we have 700 others on order. For 1925-26 we have provided for 755 third class carriages in terms of four-wheelers, and as I have said in my budget speech, we are considering whether we cannot make a very large addition to our third class stock. Now, I think that, from the figure I have given, the House will see that we are making a very real attempt to deal with the question of overcrowding in third class carriages, and I think they will also see that we are now beginning to catch up the arrears into which we fell owing to the war. That being so, I think the House may leave it to the Railway Board to go on with the work which they are now doing. Every year I undertake to put in the Railway Administration Report a summary of what we are doing in this matter. All these proposals are put before the Local Advisory Councils, and if you will permit me, Sir, I should like to dissociate myself entirely from what Mr. Gaya Prasad Singh said about the utility of these Councils. We hear a very different account from the Agents and I think Honourable Members who read the proceedings of these Advisory Councils as published from time to time in the press will, if they are prepared to take an unprejudiced view of the matter, agree that the Local Advisory Councils are doing very useful work indeed.

There is only one more point that I should like to refer to before I sit down, and that is with reference to what Mr. Chanda said about the allowance of luggage for third class passengers. One of our difficulties of course in regard to third class passengers is that they always like to take into the carriages with them the whole of their goods and chattels. It may seem that we are rather hard in this matter to limit them to a certain definite amount, but we have got to consider the convenience of other passengers using the same carriage, and I think the House will agree that if we were suddenly to increase the allowance from 15 seers to half a maund, the only effect must be that we shall increase the overcrowding in third class carriages and that we shall add to existing difficulties. So Mr. Chanda will agree with me that it is a matter which should be left over for the future.

With regard to the doubling of the lines to which Mr. Reddi referred, I know myself how very great the volume of suburban traffic in Madras is, and I also agree that there has been a great delay in carrying out the doubling of the line from Madras to Pallavaram which we sanctioned two years ago, but it is a question of electrification. Our experience has gradually brought us to the view that the right way to deal with the suburban problem is to electrify the suburban railways. We have already begun that in Bombay, and we are now busily engaged in electrifying the Bombay, Baroda and Central India and the Great Indian Peninsula suburban lines. Similar projects are under consideration for Calcutta and Madras. We will try to get the estimates in as quickly as possible, but if we can only hang up this matter a little longer even when we do improve our suburban arrangements in Madras experience shows that the solution will be very much more satisfactory.

Now, Sir, that is all I have got to say. I think I can claim with justice that we are working very hard at this problem and I do not think it will be right for this House to pass this Resolution.

Mr. O. Duraiswami Aiyangar (Madras ceded districts and Chittoor: Non-Muhammadan Rural): May I suggest to the Honourable the Railway Member that the Members of the Legislative Assembly may be made ex-officio Members of the Local Advisory Committees in the respective provinces?

Mr. N. M. Joshi: I made a suggestion, Sir. May I know if the Honourable Member accepts it?

The Honourable Sir Charles Innes: I will consider that, Mr. Joshi.

Kumar Ganganand Sinha: Sir, since the Honourable Member for Railways has undertaken to make genuine attempts to redress the grievances, we shall wait and watch for a year. For the present, therefore, I beg to withdraw my motion.

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

ATTITUDE OF RAILWAY AGENTS TOWARDS RAILWAY UNIONS

Mr. N. M. Joshi: I move. Sir, that the Demand under the head 'Working Expenses: Administration', be reduced by Rs. 100.

My object in moving this reduction is to make certain suggestions to the Railway Board as regards the grievances of the employees of the Indian Railways. The first thing that I want to suggest is that the employees of the East Indian Railway have now got certain grievances, the principal one is that even after taking over charge of the East Indian Railway, the Railway Board wants the employees of the East Indian Railway

The Honourable Sir Charles Innes: May I know, Sir, what motion is being moved? I understand it is No. 54.

Mr. N. M. Joshi: I propose to take all my motions under one head, because that will be more convenient.

Mr. President: I called upon the Honourable Member to move his reduction which raises the question of the attitude of Railway Agents towards the Railwaymen's Unions.

Mr. N. M. Joshi: I propose to take that question also under this, because I think it will be more convenient if I take all the motions relating to the grievances of these employees under one head.

Mr. President: The Honourable Member has only one motion for reduction under this head.

Mr. N. M. Joshi: I shall withdraw all the others.

Mr. President: The Honourable Member has no more motions to withdraw. There is only one under this head.

Mr. N. M. Joshi: All right, Sir, I would therefore suggest to the Railway Board that they should apply the rules of the State Railways to the employees of the East Indian Railway. There is only one more point I want to mention, and it is about the use of the Fines Fund

The Honourable Sir Charles Innes: Sir, it will be very much more convenient for Government Members if Honourable Members can confine their motions to particular points or issues instead of linking up several together. It is very difficult to find the papers.

Mr. President: I drew the attention of the Honourable Member to the fact that he should only deal with the question regarding the attitude of some of the Railway Agents towards the Unions.

Mr. N. M. Joshi: Yes, Sir, I will confine myself to Unions.

This House recently passed a Resolution about the grievances of the Railway employees. One of their grievances was that the Agents of several Railways do not recognise the Unions formed by their railway employees. Last year I said during the budget discussion that the Agent of the Great Indian Peninsula Railway has not even replied to the letters which were sent to him by the Union of the Great Indian Peninsula Staff and other employees. As far as I could find out there is absolutely no reason why Agents should treat their employees with such great discourtesy as not even to send replies to their letters. After all recognition in the ordinary sense does not mean anything more than sending replies to letters that are received from the unions of these employees. You may decide the question in any way you like, but when a letter is sent you should take the letter into consideration and send a reply. Nothing more is asked from the Agents. But, Sir, the Agent of the Great Indian Peninsula Railway refused to do this. Last year the Honourable the Chief Commissioner for Railways said he did not know why the Railway Agent does not send replies. But Sir, it is his business to know why the Agent is so discourteous to his employees, and if he does not find out I think the House should insist that the Agents of their Railways should at least send replies to letters that they receive from the Unions of their employees. Last year the Honourable the Chief Commissioner for Railways said that on some of these railways they are forming Joint Councils as recommended by the Whitley Committee in England. But the Chief Commissioner, I am afraid Sir, has not read the report of the Whitley Committee. (*Mr. C. D. M. Hindley:* "I have read the report.") I am glad to hear that he has read the report. Unfortunately, he has not digested the contents. The first recommendation made by the Whitley Committee is that if you start your Joint Councils with a view to substituting them for the Unions your Joint Councils are bound to fail. The Whitley Report warns all people that if the idea goes abroad that these Councils are to be started as a substitute for the Unions they must fail and it will be a dangerous thing. Not only that, but the Whitley Committee's recommendation regarding Joint Councils is based on the supposition that the Joint Councils will be started only in those industries in which the workers are organized. They have stated very definitely that Joint Councils will not succeed in those industries where the employees are not organized. Therefore, the starting of Joint Councils presupposes the existence of Unions. Unfortunately in India when these Unions are formed the employers begin to start the Joint Councils in opposition to the Unions. Surely your Joint Councils will not succeed. Moreover, Sir, even in the case of Joint Councils where they are formed as a substitute for the Unions they preclude these Joint Councils from considering individual grievances. Now, you will not send replies to the letters of the Unions about individual grievances; you will prevent the Joint Councils from considering individual grievances; then how are these individuals to get redress? You may say they may write direct to

the Agent, they may write direct to the Railway Board. But, Sir, we have all seen how far any of us can get redress by writing directly to the Agent or to the Railway Board. Then, Sir, there are some Agents who refuse to recognize Unions on the ground that the officers of those Railway Unions are outsiders. Now, Sir, the report of a Committee appointed by the Government of Bombay makes it quite clear that it would be the wrong thing for employers to refuse to recognize the Unions on the ground that the office-bearers are outsiders. Even the Bill which the Government of India have brought forward allows a certain number of outsiders to be office-bearers of the Unions, and I cannot understand why the Railway Board should allow any Agent to refuse to recognize a Union on the ground that the office-bearers are outsiders. I therefore hope, Sir, that this House will insist upon the Railway Board giving definite instructions to the Agents of the different railways that they cannot afford any longer to treat the organizations of their employees with contempt and discourtesy. They ought to recognize the Unions at least by taking into consideration the grievances represented to them and by sending suitable replies. I hope, Sir, that this House will pass my motion for reduction also in order to preserve the dignity of the rights of this House. This House has recently passed a Resolution on this matter and the Honourable the Commerce Member has definitely stated that he will not accept it. I therefore hope that this House will insist that my motion should be adopted and the dignity and privileges of this House preserved.

Mr. President: Reduction moved:

"That the Demand under the head 'Working Expenses: Administration,' be reduced by Rs. 100."

Mr. R. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, in supporting the motion of my Honourable friend Mr. Joshi I have got a specific complaint which I wish to bring to the notice of my Honourable friend the Member for Commerce. Some time back, the President and the Secretary of the South Indian Railway Labourers Union wanted to see the local official at Podanur to represent to him certain very important matters affecting the workmen employed in Podanur, especially the case of two labourers who were in our opinion very unjustly suspended for the part that they took in a recent strike on that line. The local official very bluntly refused to receive the deputation and, when a representation was made to the Agent of the South Indian Railway, the officials of the Union did not get any better reply. Sir, I must ask the Honourable Member for Commerce to instruct the Agents of railways not to take up this unsympathetic and uncompromising attitude towards the Railway Labour Unions. (*A Voice:* "Who was the President?") The President happened to be a Member of the Legislative Assembly, Sir. (*Cries of "Name, name."*) Railway Labour Unions are very often reminded that the labourers employed on railways being members of a public utility service ought to realize their responsibility, not merely to their employers but to the public at large. Well, Sir, I do not deny the force of this contention. But if this argument is to hold good, then the Agents of the railways must show very great courtesy to the Labour Unions connected with the railways. I may tell the Honourable Member for Commerce, Sir, that if it were not for the wise advice given by some of the responsible men of the locality to the South Indian Railway Labour Union there would have been a great strike on this matter; and I must warn the Honourable Member for Commerce and the Railway Board

[Mr. R. K. Shanmukham Chetty.]

that if the Agents of the railways persist in this kind of attitude they will create trouble not only to the railway companies but to the public at large; and therefore, Sir, I hope that the Honourable Member and the Railway Board will instruct Agents to treat the Labour Unions connected with their railways with the courtesy and sympathy that they demand and which they have a right to expect.

Mr. Ohaman Lall (West Punjab: Non-Muhammadan): Sir, the time has come when the Honourable the Commerce Member should lay down a clear policy in regard to the recognition of Railway Unions. I recognize the difficulties in the way of the Railway Board in some cases, but you should take those difficulties in hand and solve those difficulties. You know that Unions are growing; you know that they require encouragement; you know that you are taking steps to promulgate legislation in regard to trade unions; therefore it is necessary that you should, instead of adopting a policy of turning the cold shoulder to trade unions on the railways, give them every encouragement in your power. Mr. Joshi has laid before you the complaints of these Unions. As Mr. Chetty has also shown, every one of us is familiar with the attitude some times adopted by certain Agents towards these Unions. Some time it is said by them that the Union is not going to be recognized merely because the weekly organ of that particular Union has used certain expressions which are not very favourable to the Agent, and therefore the Agent in a huff says, "I will not recognize the Union". That I say, Sir, is not a policy which ought to be encouraged by the Railway Board. They should realize that trade unions have come to stay, and it is to their interest, to the interest of the people who are working on the railways and to the interest, I think, of the public at large that they should encourage these unions. As far as the constitution of Whitley Councils is concerned, I know perfectly well that there was a willingness a couple of years ago to encourage these Councils in contradistinction to the encouragement that ought to have been given to trade unions because the authorities know that by creating Whitley Councils which are under their thumb all the while, they can get what they want done by a semblance of representative decision. They will go to these men and say, "these are the things we want you to decide". They will so decide because they are too afraid to come out into the open and defy the authorities. That principle is a pernicious principle which goes to the very root of the growth of trade unions; and we want you to take your courage in both hands and come out frankly and recognise these trade unions. And in that respect I appeal to the Honourable Member to take a leaf out of the book of the Honourable Sir Bhupendra Nath Mitra, Sir Geoffrey Clarke and their Department. They know that in the Post Office the men have got unions all over India, very well-organized unions representing the best type of trade unionism in this country, and they know perfectly well that the

Industries Department has recognized those unions. I ask the Honourable Member to remember that fact in his dealings with the Railway men and their unions.

Maulvi Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, in supporting the proposition proposed by my Honourable friend Mr. Joshi, I wish to draw the attention of the House to the conduct of the Agent of the Oudh and Rohilkhand Railway in disaffiliating the Oudh and Rohilkhand Railway Union. This Union was established

and was in existence for some time, but last year it incurred the displeasure of certain officials of the Railway by bringing to light their mismanagement and shortcomings, and the result was that the affiliation of the Oudh and Rohilkhand Railway Union was withdrawn by the Agent. Several applications were made to the Honourable the Chief Commissioner of the Railways and the higher authorities, but most of them remained unanswered, and nothing has yet been done to remove the grievances of the Union or to have it affiliated. It is high time, Sir, that this House should impress upon the Government the necessity of taking the unions in the light in which they are working. Instead of being thankful to the unions for bringing out the shortcomings of the officers, the conduct of the Agent in disaffiliating them for doing good to the public is certainly very objectionable. (*An Honourable Member*: "Ungrateful.") And ungrateful, as my friend suggests, and I hope that the Railway Board will take this matter into very serious consideration.

Sir Campbell Rhodes (Bengal: European): Sir, I have always been a great believer in strong trades unions of responsible workmen, with as little interference as possible from outside. (*A Voice*: "Are the Agents of such unions outsiders?") Mr. Shanmukham Chetty has referred to the President of a certain union on a railway in the South of India. He did not mention his name and leaves us to guess his profession. (*An Honourable Member*: "A lawyer.") As my Honourable friend suggests, possibly a lawyer. Well, Sir, I have had my own experience with Whitley Councils. I joined one myself in a boating Company and I was very disappointed when the work-people at the instance, at the instigation of a local lawyer threw that committee overboard. I do not use that word in a metaphorical sense but in an actual literal sense. That lawyer wrote us two letters. I found he had collected a sum of Rs. 300 from the workmen and, having written these two letters, quietly disappeared from the scene with the Rs. 300 and left the workmen to the tender mercy of myself. But, Sir, I do not think my friend, Mr. Chaman Lal, is on the right lines when he is so anxious to set capitalists and employees in two strongly armed camps against each other. I think time is required to build up both these councils and these trade unions on more sympathetic lines between the employer and the employee; and I am convinced that every right-minded employer is only too anxious to meet his work-people and to persuade them to get over that diffidence which I know exists in the presence of their employer but which with tact and patience can be overcome, and to get them to express their views and to say frankly what their grievances are and how best they can be met. I believe it is possible, and I have found it in my own office in Calcutta quite possible to get really useful suggestions from one's employees, to benefit them at very little expense to the employer, and to create good fellowship and good understanding which is all to the good of the workmen. But, Sir, trade unionism in India is in its infancy. It cannot be impressed too highly that at the moment there is a lack of *esprit de corps* among the men themselves, and those who come in from outside, instead of guiding these councils aright, too often come in only to create a trades union just for the purpose of a strike; and as in the case I have illustrated they collect large fees without conferring any benefit whatever on the men. If the idea of this motion is to press on Government that Agents should do their best to encourage their men to represent their grievances to them either through councils or through trades unions, then I am heartily in sympathy with it; and I am sure from my conversations

[Sir Campbell Rhodes.]

with Agents that they would be only too anxious to have those efficient trades unions of the men themselves which exist in the Department presided over by my Honourable friend, Sir Bhupendra Nath Mitra. But, Sir, this cannot be rushed. The Agents will have to feel their way slowly, and I am sure they will do their best to build these trade unions up into something that will be a help to the men and not merely deprive them of their bread and butter by getting them to strike frequently and without reason.

The Honourable Sir Charles Innes: Sir, before I begin to reply to the various suggestions that have been made in this debate, I should just like to refer to one remark by Mr. Chaman Lall. He asked me to take a leaf out of my friend Sir Bhupendra Nath Mitra's book. I think, Sir, it might more correctly be said that my Honourable friend Sir Bhupendra Nath Mitra has inherited a book from me because the Trades Union Bill which is now before the House was, I think I am correct in saying, elaborated at the time when I was head of the Industries Department and when I had labour legislation under my charge. Now, Sir, this question of trades unions in India is a very difficult one, and I entirely agree with Mr. Chaman Lall and Mr. Joshi, a very important one. But, Sir, as Sir Campbell Rhodes put it as I think correctly, the trouble is that trades unionism is now in what I might call the teething stage, and the teething stage is always a very difficult stage. I was talking over this matter only the other day with one of the very biggest employers of labour in England. He is an employer whose labour force amounts to 20,000 men and he told me that during the last many years he had never had a strike among his men and he made a remark with which I entirely agree. It was this. He said, "A well organised union is a real help; a weak union is a nuisance." Now, I think that Mr. Chaman Lall and Mr. Joshi will agree with that statement. I personally accept it absolutely; and I think that our difficulty in India at the present time is that most of our unions, particularly on railways, are what I might call weak unions. Now, let me just give one example of that. On one of our railways, we have a labour force of 70,000 employees. I saw a reference to the union on that railway in one of the papers the other day and that reference was this. The strength of the union has gone down from 3,000 to 1,200 owing to non-payment of subscriptions. There we have what is the root cause of the difficulty. You have what is called the railway union of that railway. That railway has a labour force of 70,000 men and statistics shows that the union which claims to represent the whole of that labour force merely consists of 1,200 men.

Mr. N. M. Joshi: They represent their members.

The Honourable Sir Charles Innes: Not at all. Government can do a certain amount to foster the growth of trade unionism on healthy lines. We hope to be able to do so by this Bill which we have placed before this House. If that Bill is passed it will, I think, give a great impetus to proper, healthy and good trade unions in India; and if the Bill is passed, then, I, for one, do not think that the House will have any reason to complain in the matter of recognition of registered unions by the Railway Agents. What we want, as Mr. Chaman Lall rightly said, is a policy. The matter is continually under correspondence and discussion between myself and Agents. We want this Bill passed and we shall have this matter of policy laid down quite clearly. But I am very doubtful whether even that Bill will do as much as one would hope for the growth of

trades unions in India, because I do not believe myself that you are going to get a really, healthy trade union movement in India, unless it is rooted in the workmen themselves. You must have, I feel, a higher level of education and intelligence among the workmen. If you can only get that, if the workmen combine voluntarily and readily together in order to establish trade unions, then there would be no necessity for anybody in this House to talk about recognition, to talk about the attitude of employers or to talk about the attitude of Government. The matter will rest with the trade unions themselves. If there are only trade unions of that kind commanding the majority of the workmen and commanding a body of workmen who are intelligent, who really understand what the object of trade unions is, then those trade unions without any action on the part of Government will be able to force recognition. I do not think there can be any doubt about that. Our difficulty at present of course is that when there is a trade union, we never know what there is behind, we never know what it represents, whether it represents the whole labour force of that railway or merely a small body of men who claim without any reason to represent that labour force.

That brings me to this extremely difficult question of outsiders. With reference to what Mr. Chetty said, I do recognise that there are outsiders, if I may use that term, who really have the interests of the work-people at heart and who do try to assist the men to form a trades union with the highest of motives. I admit that quite freely and everybody must be grateful to them. On the other hand, I do believe that trade unions sometimes do get into the hands of other classes of people, people who sometimes try to exploit labour for purposes not connected with the welfare of labourers, or people whose living actually depends upon their office in some trade union and who really, I regret to say, have the object of stirring up quarrel and strife between the workers and the employers in order to keep their jobs. That is one of the difficulties we have, and that I think is why you find not merely Railway Agents but other employers of labour all over India getting extremely apprehensive on this question of outsiders. For myself, I do not take an extreme view in this matter at all. I think if there are outsiders in trades unions in India, it is because in the present stage of the growth of the movement of trade unions in India those outsiders fill a need. One of our whole troubles is that you have outsiders and outsiders, some of them working wholeheartedly, as Mr. Chaman Lal said, for the welfare of the work-people and some of them working for their own welfare, and that is the difficulty. I do not propose to go into all the other matters raised, but I think that if this Bill is passed by the House, then all these difficulties about which Mr. Joshi and Mr. Chaman Lal complain will disappear. The Indian Legislature would have then laid down a policy and I think you will find the reasons why Agents and employers refuse to recognise unions will disappear and I think registered unions will have no difficulty in getting recognition.

Mr. President: The original question was :

"That a reduced sum not exceeding Rs. 11,91,99,900 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, 1926, in respect of 'Working Expenses : Administration'."

Since which an amendment has been moved :

"That the Demand under the head 'Working Expenses : Administration' be reduced by Rs. 100."

The question is that that amendment be made.

The Assembly divided :

AYES—48

Abhyankar, Mr. M. V.
 Abdul Kasem, Maulvi.
 Acharya, Mr. M. K.
 Aiyangar, Mr. C. Duraiswami.
 Aiyangar, Mr. K. Rama.
 Aney, Mr. M. S.
 Belvt, Mr. D. V.
 Chaman Lail, Mr.
 Chanda, Mr. Kamini Kumar.
 Chetty, Mr. R. K. Shanmukham.
 Das, Mr. B.
 Duni Chand, Lala.
 Dutt, Mr. Amar Nath.
 Goswami, Mr. T. C.
 Govind Das, Seth.
 Gulab Singh, Sardar.
 Hari Prasad Lal, Rai.
 Ismail Khan, Mr.
 Iyengar, Mr. A. Rengaswami.
 Jeelani, Haji S. A. K.
 Joshi, Mr. N. M.
 Kazim Ali, Shaikh-e-Chatgam Maulvi
 Muhammad.
 Ke'kar, Mr. N. C.
 Kidwai, Shaikh Musfir Hosain.
 Lohokare, Dr. K. G.

Mehta, Mr. Jannadas M.
 Misra, Pandit Shambhu Dayal.
 Misra, Pandit Harkaran Nath.
 Murruza Sahib Bahadur, Maulvi
 Sayad.
 Nambiyar, Mr. K. K.
 Narain Dass, Mr.
 Nehru, Pandit Motilal.
 Nehru, Pandit Shamlal.
 Neogy, Mr. K. C.
 Patel, Mr. V. J.
 Ranga Iyer, Mr. C. S.
 Ray, Mr. Kumar Sankar.
 Roy, Mr. Bhabendra Chandra.
 Samiullah Khan, Mr. M.
 Sarfaraz Hussain Khan, Khan
 Bahadur.
 Shafee, Maulvi Mohammad.
 Sinha, Mr. Ambika Prasad.
 Sinha, Mr. Devaki Prasad.
 Sinha, Kumar Ganganand.
 Syamacharan, Mr.
 Tok Kyi, Maung.
 Venkatapatiraju, Mr. B.
 Yakub, Maulvi Muhamma i.

NOES—55.

Abdul Mumin, Khan Bahadur
 Muhammad.
 Abdul Qaiyum, Nawab Sir Sahibzada.
 Ahmad Ali Khan, Mr.
 Ahmed, Mr. K.
 Aiyer, Sir P. S. Sivaswamy.
 Ajab Khan, Captain.
 Akram Hussain, Prince A. M. M.
 Ashworth, Mr. E. H.
 Bad-uz-Zaman, Maulvi.
 Bhore, Mr. J. W.
 Blackett, The Honourable Sir Basil.
 Bray, Mr. Denys.
 Burdon, Mr. E.
 Calvert, Mr. H.
 Clow, Mr. A. G.
 Cocke, Mr. H. G.
 Cosgrave, Mr. W. A.
 Crawford, Colonel J. D.
 Dalal, Sardar B. A.
 Fleming, Mr. E. G.
 Fraser, Sir Gordon.
 Gour, Sir Hari Singh.
 Graham, Mr. L.
 Hindley, Mr. C. D. M.
 Hira Singh Brar, Sardar Bahadur
 Captain.
 Hudson, Mr. W. F.
 Hassanally, Khan Bahadur W. M.
 Innes, The Honourable Sir Charles.
 Jinnah, Mr. M. A.

Lindsay, Mr. Darcy.
 Makan, Mr. M. E.
 Marr, Mr. A.
 McCallum, Mr. J. L.
 Mitra, The Honourable Sir Bhupendra
 Nath.
 Moir, Mr. T. E.
 Muddiman, The Honourable Sir
 Alexander.
 Muhammad Ismail, Khan Bahadur
 Saiyid.
 Mutalik, Sardar V. N.
 Naidu, Mr. M. C.
 Pal, Mr. Bipin Chandra.
 Purshotamdas Thakurdas, Sir.
 Raj Narain, Rai Bahadur.
 Rangachariar, Diwan Bahadur T.
 Reddi, Mr. K. Venkataramana.
 Rhodes, Sir Campbell.
 Rushbrook-Williams, Prof. L. F.
 Sastri, Diwan Bahadur C. V.
 Visvanatha.
 Sim, Mr. G. G.
 Singh, Rai Bahadur S. N.
 Stanyon, Colonel Sir Henry.
 Sykes, Mr. E. F.
 Tonkinson, Mr. H.
 Vishindas, Mr. Harchandrai.
 Webb, Mr. M.
 Willson, Mr. W. S. J.

The motion was negatived.

RAILWAY TRANSPORTATION SCHOOL AT CHANDAUSI.

Diwan Bahadur T. Rangachariar (Madras City: Non-Muhammadian Urban): Sir, I am afraid we have riddled the Railway Member and the Railway Board with so many bullets in the shape of votes of censure during the last three days that I must make this motion* standing in my name to give them the measures of relief by the help of which they can recover from those shocks. Sir, one of the votes which we passed yesterday was a heavy vote regarding the heavy complaint, the long-standing complaint and the long-recognised complaint that the Indianization of the services both in the ranks of upper subordinates and in the case of officers has been too slow, and therefore we passed that vote. Now, the main reason why the Railway Board say that they are not able to do it is the fact that there are no training facilities and there is want of qualified people whom they can put in. My motion is to draw the attention of the Railway Board to the wholly inadequate facilities for training which have been afforded by the railway management for recruiting the necessary staff both in the class of upper subordinates and in the class of officers. This matter received attention in August 1921 in the report of the Acworth Committee in paragraph 184. After dealing with the question of Indianization in paragraph 183 they dealt with this question in paragraph 184, which I dare say Honourable Members have read and I do not wish to take up the time of the House by quoting it as I share the anxiety of the House that we should proceed with the Demands. There is only one sentence there to which I would like to draw the attention of the Honourable Members. It runs as follows:

“India is a wide country and facilities in the north are of little use to Madras.”

May I emphasize this sentence? Sir, this matter came up before the Railway Advisory Council when I was on it both in July 1923 and in February 1924. In July 1923 after the receipt of that able report of Mr. Cole which formulated schemes, we deputed a special officer to push on with the work. On the report of that special officer a scheme was placed before the Advisory Council in February 1924. We generally approved of the scheme. At that time the percentage of Indians to be recruited to superior posts was understood to be 50 per cent. only. Since then under the convention we have agreed to increase it to 75 per cent. Now, what is it that has been done in the last four years? That is the matter which I wish to inquire. We are told, Sir, in several places about this Chandausi School. Mr. Hindley refers to it on page 9 of the statement which he made in the other place. The 1923-24 Administration Report at page 64 also refers to this school and the Memorandum furnished to us accompanying the Railway Budget deals with this subject in paragraph 29. I am afraid, reading those three documents, there is a tendency to convert this school more into a training school for the subordinates already in service than to treat it as the place where duly recruited officers should receive their training. I should like to know whether this Chandausi School is intended for Indians and Indians only or whether it is intended for Indians and others. I should like to know also what accommodation is being provided in that institution, and how many newly-recruited officers are going to be taken in annually for training. Again, I should like to know also whether the whole of the candidates recruited throughout the country are to be driven only to that institution for training in traffic.

* “That the Demand under the head ‘Working Expenses: Administration’ be reduced by Rs. 500.”

[Diwan Bahadur T. Rangachariar.]

It is confined to traffic. As we all know, there is the more important service of civil engineering and mechanical engineering. As regards civil engineering heretofore the railways have confined their recruiting only to two colleges, Sibpur and Roorkee. There was a proposal to remove that restriction and take in all the engineering colleges as recruiting grounds. I wish to know whether that has been done. The more difficult question is the training in mechanical engineering. There are no facilities now in existence for Indians to get their practical training and also theoretical education. Now, I should like to know what steps have been taken in order to develop institutions for giving these facilities for instruction. These are matters that cannot any longer be neglected. We are providing large sums of money for these open lines. The railway companies are not able to spend the amount which has been granted annually for this purpose, and I do not know why they should not take advantage of these opportunities and open more institutions, one in the north, one in west India and one in south India, so that facilities for training may be provided to suit the conveniences of the people and be equally distributed throughout the country. How is it possible for persons in Madras, down in Tinnevely or Travancore to come all the way to Chandausi to receive instruction? It is hardly fair to expect this state of things to continue. I should like more speeding up in this matter, and the Railway Board to take a more keen and abiding interest in this most important question, otherwise there will be more votes of censure year by year; it will be a hardy annual and it will be difficult for the Government to resist the pressure from this House. Therefore, I ask that these things should be done.

One more suggestion I wish to make as regards prescribing the qualifications for these various services. Yesterday we were told that they advertised for 20 vacancies in the Locomotive and Carriage Department, and they got only 9 applications. I should like to know what were the qualifications which were being insisted on, were they English or Indian qualifications, and where did they advertise? Again I should like to know whether the Advisory Council is being consulted in this matter. These are matters in which the Advisory Council can give valuable help in prescribing qualifications. Therefore, I ask that more facilities should be given and that the Chandausi School should be enlarged, and more such institutions should be opened, one in west India and one in south India at least, and this matter should be promptly taken into consideration. Sir, I do not mean to pass any vote of censure; I wish merely to facilitate progress in this direction.

EDUCATION OF THE CHILDREN OF THE INDIAN RAILWAY STAFF.

Khan Bahadur W. M. Hussanally (Sind: Muhammadan Rural): Sir, I have got a motion standing in my name a little further down the paper, No. 71 on the List, and I had intended to raise a similar debate upon the general education afforded to railway employees, which necessarily would include the subject which my friend the Diwan Bahadur has moved. I would have taken that point separately, but as I know the time of the House to-day is very valuable and the guillotine is expected very shortly, I think I would best serve my purpose by drawing the attention of the Railway Board and the Commerce Member also to my point. Sir, I take a little interest in the education of all railway employees, and for that

reason I put a question a few days ago to my friend the Honourable Mr. Sim as to what amount of money was being spent by the North Western Railway upon the education of Europeans and Anglo-Indians on the one hand, and on Indians on the other, and the reply I got was this:

"The expenditure by the North Western Railway on the education of the children of European and Anglo-Indian employees during 1923-24 was Rs. 1,60,333, and on Indian employees Rs. 15,418. The cost per head of each class is Rs. 132 and Rs. 15, respectively. The value of the passes granted to children is not known."

Sir, I wish to draw the attention of this House to the large disparity in the amount of money spent by the North Western Railway upon the education of the children of Europeans and Anglo-Indians on the one hand and of Indians on the other. Calculating, I find that the total number of children that are educated with this amount of money is nearly equal for both classes. That is to say, whereas the Indian employees of the North Western Railway would be about ten or fifteen times the number of children of Europeans and Anglo-Indians, yet the amount of money spent upon the Indians' children was so meagre—less than 15,000 per year and Rs. 15 per head which means Rs. 1-4-0 per head per month. I ask you, gentlemen, to consider what kind of education would an Indian boy receive for this petty amount of Rs. 1-4-0 a month? I do not know what answer the Railway Board and the Commerce Member have to make and why they have not been able to take a larger number of children of Indian employees at school and why they have not been able to spend at least ten times the amount of money they are spending upon European and Anglo-Indian education. Why is it that Rs. 132 is being spent on the children of Europeans and Anglo-Indians and only Rs. 15 on the children of Indians?

Diwan Bahadur T. Rangachariar: If my Honourable friend would excuse me, my motion is intended to raise the question of facilities for persons being recruited to the staff. My Honourable friend is raising the question of what facilities are being given to the children of employees already in the service. That is not the object of my motion. The two things are quite different.

Khan Bahadur W. M. Hussanally: I am coming to that point, Sir. My object is simply to save time. I am coming to the point of my Honourable friend. If you think I am out of order, I will take up my matter separately, but to save time I thought it best to bring in my proposition along with his. My friend Diwan Bahadur has taken up the question of training from the technical point of view. I take it from a broader point of view, of general education, which includes technical training. If you like I will take my point separately, or if the House wishes to economise time, I will take the two together. I will not be long; I will take only three minutes more. As my friend behind me reminds me there can be no technical education without general education, therefore my point is not necessarily different to the Diwan Bahadur's. Sir, there has always been a complaint that Indians of sufficient education could not be had, and more especially the complaint has been that, so far as the technical departments of the railway are concerned, they cannot get educated Indians. The result has been that, go wherever you like all over India, you will hardly come across even one Indian foreman. Perhaps you may, in the south of India or in Bengal, but so far as I am aware, there are none on the North Western Railway, leaving aside the higher appointments of Loco. Superintendents, Carriage & Wagon Examiners and posts of that kind. Although we have got good workmen and artisans, yet the deficiency of their general education is one of the reasons

[Khan Bahadur W. M. Hussanally.]

why they are not being promoted. There are other reasons also, but why cannot the railways afford to educate the sons of these artisans the same way as they do educate the sons of Anglo-Indian and European employees, train them up and take them into service later on? If the sons of Indian artisans be given sufficient primary education, then secondary education, and finally technical education such as is required in the workshops, we shall soon have Indians occupying higher posts in technical departments. True the Railway Department is now going to organise one school at Chandausi for the Traffic Department and another school for technical training in the loco. department at Jamalpur. Now these schools may be good in themselves for higher training but the first question that arises in regard to these two schools is, where will you get Indian youths to take into these schools, if you do not take the sons of your employees and give them a sufficient general education so as to be fit for being taken into these proposed schools and thus to fit them for service from foreman upwards in the workshops and from station master upwards in the traffic department. You are fitting the sons of European and Anglo-Indian employees for service and you must follow the same policy in regard to your Indian employees. You ought to recruit your services with the sons of Indian employees and with this object in view you ought to give sufficient general education; and then and then alone will they be able to profit by the technical education that will be afforded at Chandausi and Jamalpur.

Sir, time is very valuable to-day. I do not want to keep the House upon this point any longer but I wish the Honourable the Commerce Member would make a pronouncement upon the policy he is going to adopt with regard to the general education of Indian artisans and workmen combined with technical education.

CONSTITUTION OF A SCHOOL OF SUPERIOR INSTRUCTION.

Mr. E. F. Sykes (Bombay: European): Sir, I have a motion on the paper of a somewhat similar tendency. The motion travels rather far into the future I am afraid, so I do not wish to say very much about it. It is well known that systematic instruction in the principles of railway management is not easy to get anywhere and in India it does not exist. The organisation of a railway and that of an army have many points in common. In an army we have a regimental spirit, and the equivalent of that spirit on a railway is the departmental spirit. They are both very excellent things in themselves but in excess they are apt to be somewhat of a nuisance. In the army the corrective of this spirit is, I believe, (my friend Colonel Crawford will correct me if I am wrong) the Staff College. The suggestion I make is that a similar corrective in railway administration is desirable. But the principal reason for my putting on this motion* is, as I said before, that there is no possibility of getting systematic instruction in these matters. I think the House will have some interest in this matter because the other day the Honourable the Commerce Member found it necessary to read the Labour Member the principles of this subject from a text-book. If such an institution as I suggest is established it will be possible by a slight extension of its activities for instruction in these principles to be imparted elsewhere than on the floor of this House.

* "That the Demand under the head 'Working Expenses: Administration' be reduced by Rs. 100."

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): Sir, my Honourable friend Diwan Bahadur Kangachariar complained that there are not sufficient facilities in this country for the training of Indians for appointment as officers and superior subordinates of the Railway Department. My complaint goes much further. I have been definitely informed by not less than three Indians who have been to England to get themselves trained in the traffic and engineering branches of the railway industry, that the authorities there have issued instructions to the railways in England asking them not to entertain any more Indian apprentices. Now, Sir, I have received a letter from an apprentice in one of the railway workshops in India where he mentions this very point. This is what he writes:

"There are a good many Indian apprentices who want to get training in England at their own expense and according to the required standard of training laid down for the superior subordinates and officers' posts but the authorities on the spot discourage these apprentices and are not willing to entertain any applications from them." So that it is not merely a case of failure to provide facilities in India, but it is also a case of making it difficult for Indian apprentices to get training even in England. I should like to know from the Honourable Member in charge whether it is not a fact that quite a number of Indians trained in England in the different branches of railway administration have not succeeded in getting any employment out in this country, and that their claims have been overlooked and the Railway Department has taken in men without any training in preference to these highly trained Indians. I should like to know the number of applications the Department has received from Indians with training of this character and the number that the Railway Department has yet succeeded in appointing to the various departments of the Railways.

The Honourable Sir Bhupendra Nath Mitra (Industries Member): My Honourable friend Mr. Neogy, Sir, has referred in his speech to the absence of facilities for the training of Indian youths in railway matters in England which according to him has been created by the action of the authorities in England who represent the Government of India. I have been in England quite recently and have been temporarily occupying the post of High Commissioner, and I can assure him that his information on the subject is not correct. There are two methods by which an Indian youth can manage to get his training under a railway administration in England. Firstly, the High Commissioner arranges with the railway authorities that a certain number of these youths should get training in traffic and other branches of railway work. No premium is recovered from these boys in regard to this training. The British railway companies are also willing to take a certain number of Indian youths if they pay the usual premium which the companies also take from British youths; and if an Indian youth is willing to pay the premium there is no difficulty in his securing an apprenticeship, subject to the condition that the British railways have got a place for an apprentice. The real difficulty arises from the fact that these young men who desire to be trained, want to be assured, before they go in for the training, that they will get employment under a railway administration in India. That of course is quite a different matter and I am pretty certain my Honourable friend the Commerce Member will deal with that aspect of the question.

Diwan Bahadur M. Ramachandra Rao (Godavari cum Kistna: Non-Muhammadan Rural): *Sir, I should like to intervene in this debate just

* Not corrected by the Honourable Member.

[Diwan Bahadur M. Ramachandra Rao.]

for a minute to urge upon the Honourable Sir Charles Innes and Mr. Hindley the absolute necessity of enlarging the training facilities in this country, and that the main method of recruitment should be from persons who are trained in this country. Sir, in connection with the Lytton Committee which I have mentioned so often in this House and of which I was a member, we had to investigate the question of training facilities both on the railways and in other technical departments in the United Kingdom. The difficulties of placing these persons in workshops and in finding training places for Indian youths are many, and I believe my Honourable friend Mr. Bhore when he was Joint-Secretary of the Indian Students' Department had to deal with these cases. Difficulties arise from the disinclination of trade unions, of men belonging to trade unions, to admit Indians into these training schools and workshops. These difficulties are real and the only solution is to expand our training institutions in this country. Many ex-officials appeared before the Committee and said that construction work in the United Kingdom was coming to an end and that there were better facilities in India both in the workshops and in the construction of lines for obtaining the necessary training. I wonder that nothing has been done so far; the question has been so often urged by very experienced Indian officials in this country, but the Government of India have been negligent in the past in providing these training facilities in this country and have driven our young men abroad for obtaining training which they should obtain in this country. Therefore, Sir, the question is of supreme importance; it has been urged very often from the time of the Islington Commission and nothing has been done up to this date. That is my impression in regard to technical institutions, more especially in the departments relating to Railways. Now I ask my Honourable friend Sir Charles Innes this question. Supposing he wants men for the Wagon Department; what he does is that he gets these covenanted Europeans into this country in large numbers and there is no way at present of obtaining the necessary training for Indians here. I would like to ask my Honourable friends how they propose to deal with this question. That is one thing.

The second point that I should like to bring to the notice of this House is that we are now adding Rs. 2½ crores for workshop equipment this year. When we have excellent workshops in this country, what is the difficulty that the railway department finds in affording the necessary facilities for training for the superior staff as well as for the subordinate staff? It is said that 75 per cent. Indians are to be recruited in this country. I would ask my Honourable friends to examine this question and to afford all necessary facilities so that we may have a sufficient supply of trained men from institutions in this country.

The last subject that I should like to refer to is this. We are now having a very large scheme of new construction. We have provided for a capital expenditure of Rs. 150 crores. I may say that when I visited England in 1921 there were as many as 400 Indian Engineering students who complained very bitterly that they could not get suitable opportunities of entering the Railway Department. The question is somewhat complicated by the fact that so far as companies are concerned, I am told that they are outside the influence of the Government of India. The percentage of Indians in the Railway Department in the Companies in the superior service is 11 per cent., whereas the percentage for the State railways is very much better—24 per cent. My Honourable friend Sir Charles Innes said it was

30 per cent. (*The Honourable Sir Charles Innes*: "Omitting the East Indian Railway.") Whatever it is, the question of recruitment and the question of Indianisation of services is largely dependent also upon the extent to which the Government of India are prepared to influence the railway administrations under company management to take Indians into the superior service and to afford all necessary facilities in various parts of the country in the various workshops under their control. Therefore, Sir, I put it to the Honourable Member definitely not really to say "Very well, we are doing all we can with reference to the State lines"; but to bring his influence to bear also on Companies to take in Indians in larger numbers in the Company-managed lines, and also to afford facilities in the workshops attached to these Companies. It would not do merely to adopt an attitude of benevolence in this matter. I should like to have a full statement on this subject from my honourable friends; and unless we find the Government responsive in this matter we have a very legitimate ground for complaint; and I maintain the Railway Board has been very negligent in this matter in the past.

Mr. C. D. M. Hindley (Chief Commissioner, Railways): Sir, I welcome the opportunity of being able to explain to this House something of what we are doing in this very important matter of affording facilities for training. It is unfortunate that India is so large. Some of our Members here live at such a distance from where we work that it is extraordinary difficult for us to always keep them posted in what we are actually doing. I myself have been working on this matter for a great many years past and I have always taken a very keen personal interest in the particular matter of training railway staff in their duties in order to fit them for higher employment. I think it is necessary for Honourable Members to try and clear up certain misapprehensions in regard to this matter. It is very easy to generalise and to say there are very few Indian officers and therefore there are no means of training them. Now, the question of training as I understand it is 'not one which is entirely confined to the provision of training facilities for the officers' establishment.' That, I admit, is one of the most important parts of the subject, but it is not all the subject and when I see Honourable Members confused in their minds with regard to facilities for training mechanics, and facilities for training workmen, and facilities for educating children and facilities for educating and training traffic officers, I am only sorry that the time at my disposal is not sufficiently long to enable me to explain the matter clearly as I see it.

It is always a difficult matter to know whether one should begin in describing this subject from the bottom or from the top, but my own view is that the future of our railways.

Diwan Bahadur T. Rangachariar: May I suggest that you deal with the top first?

Mr. C. D. M. Hindley: I cannot, Sir, fully explain this matter unless I am permitted to show it in the full light of my own understanding, and as I see it, because I maintain that I have had experience in this matter for many years and Honourable Members here, many of them, are only beginning to learn the subject. I do not wish to speak with any undue assumption of authority, but I must say that I have had a practical working knowledge of this particular subject for many years past—I have been brought up on a railway where I was in contact with workers from the bottom to the top and I know what their difficulties are and how they

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

desire improvement in their work. Now, to eliminate one important misapprehension in regard to this subject, I should perhaps deal with some of the figures relating to the recruitment of officers. I shall go on to explain what we are doing in regard to training. It is very often assumed that there are large numbers of railway officers, that we have said we are going to recruit up to 75 per cent. in India in the future and therefore we ought to have a large number of recruitments every year. There is a fallacy there. The total size of our recruitment is not very large. One of our greatest difficulties in devising schemes that we have now devised for training has been to settle what the size of the recruitment is to be. The size of the recruitment must depend upon the normal flow of officers through the service. We cannot contemplate wholesale dismissals, as was suggested in the House yesterday, in order to make room for more people at the bottom and therefore we must be guided by practical necessities in fixing the size of our recruitment. To illustrate what that means, we have now estimated as nearly as we can the figures for recruitment in the next few years for the different main departments on our railways. In the Traffic Department we shall probably not require more than ten officers a year, if as many, for the State Railways; in the Engineering Department possibly it may work up to 16; and in the Locomotive Department 9. These are the three main departments. Now, I shall explain why I am giving these figures. The point is that you cannot on the strength of that small recruitment build up a very large central college or organisation for training and recruiting officers. That is our first difficulty.

Then we come to the possibility of utilising the existing institutions and organizations. We have given full consideration to this matter.

1 P.M.

I want to explain here that, in dealing with the recruitment of officers, we have considered the matter broadly on the lines of the three main departments which have to do railway work, that is to say, . . .

Diwan Bahadur T. Rangachariar: May I know if you have included Companies Railways?

Mr. C. D. M. Hindley: I have not got the figures here. Dealing with these three main sections, Transportation, Engineering, and Mechanical, the criticisms which have generally been brought to bear on us in regard to this matter have been mainly in connection with the training of mechanical engineers. It has been stated that the slow recruitment of Indians in the mechanical departments has been due to want of facilities for training in this country. Now, Sir, here I was very glad to hear what Mr. Ramachandra Rao said in regard to the necessity for enlarging training facilities in this country. I would divert for a moment from what I was going to say, and point out that I very fully associate myself with what he said on this matter. I do think that this country with its large resources and its large railway works should be able to train the staff that is required for the railways of the future, and that is the direction in which we are now definitely working. We do deprecate young lads going Home on their own initiative even and getting a smattering of training in English railways. We feel that it is most undesirable that large numbers of lads should be induced to go Home and go through what is called training on English railways in the Traffic Department which is really of very little use to them in the future. And it is somewhat pathetic that a large number of these lads have done that, and it is not always possible to find places for them.

Now, to return to the Mechanical Department. That is the one department in which there is considerable difficulty in providing complete training for the officer of the future, because it is necessary, apart from workshop experience and scientific knowledge, that a locomotive officer who is to supervise in future large workshops and the running of a large number of locomotives should be trained and educated in the place where this kind of work is done in the very latest scientific way. That has been the stumbling-block in the past. On the East Indian Railway we attempted to get over that difficulty by a scheme which we introduced, I think in the year 1916, for a comprehensive course of training for locomotive engineers. The scheme roughly was that we selected certain Indian graduates and gave them practical training in the workshops for two years, and then we sent them to England for a period of three years for intensive training in locomotive workshops in Great Britain. I would just in passing remark that although it has been said that the Company-managed railways are perhaps behind in the matter of Indianization, there was a period when the East Indian Railway was in advance of the State Railways in the percentage of Indian officers employed in that railway. I merely mention this because I wish to emphasise the fact, that I know something about the subject. Now that scheme which we had in force on the East Indian Railway has been working, and a certain number of Indian officers have come out to India under that scheme and are now working. One or two have failed to make good. It must always be the case that where you select a small number of men, however well you select and however well you train them, some do not always make good. That we have got to face. Now what we propose to do with regard to the requirements of locomotive officers on the State railways is this. I have said already that we wish to assume as much as possible the responsibility for training in this country. We feel that much of the training as can be done should be done in this country, and we propose to adopt the system which has been in force on the East Indian Railway for some years, and to enlarge it, and to provide that a certain number of graduates should be selected annually and put through intensive training for a period of two years in a workshop, and then, after appointment to the local service, be sent Home on what might be called study leave for definite training in English workshops. It is essential, particularly in the matter of locomotive works, that these future officers of ours should be kept in touch with the latest development of workshop practice and locomotive practice, because our railways depend more and more upon our ability to absorb modern inventions and modern methods of working. That is roughly the scheme which we have arranged for locomotive training.

Now with regard to the engineers, I do not think the Railway Board has ever said that we have not facilities for training engineers in this country. There has been no difficulty about recruiting engineers. We have never said that there has been any difficulty in this matter. Many years ago the Government of India engaged themselves to the Colleges at Sibpore (now the Bengal Engineering College), and the Thomason College at Roorke to take a certain number of passed students from those colleges into the engineering services, and that is a matter of very long standing. We propose to gradually get rid of that obligation to those two colleges and to open the recruitment to all engineering colleges of the required standard in India. We shall devise the necessary means of selecting, by examination and otherwise, for recruitment which will include eventually all the engineering colleges of recognised standard. We must for a few

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years continue to take from those two colleges students who are now under training. That is the basis of our scheme. We have no difficulty, after taking a young man who has graduated in engineering or science from the engineering colleges, in giving him the necessary training in construction work and maintenance work which will fit him eventually to become an engineer.

With regard to the Traffic Department, the other large department, and one which is becoming of more and more importance, we have devised the scheme which centres round the Chandausi school. Now the Chandausi school is based upon the idea that I mentioned in the beginning of my speech that the future of Indian Railways depends entirely upon the standard of efficiency of the staff of the future in all grades. It does not depend solely upon recruiting 4 or 5 or 6 Indians per annum. It depends entirely on the amount of efficiency which can be imparted to the staff in their every-day work, and for that reason we are making Chandausi the centre of a system of schools on the main State Railway systems. These schools will provide courses of instruction for the subordinate staff. One has been in existence for some years at Asansol where all the staff engaged in train working are brought in by rotation from the different districts and passed through courses at the school. The school is equipped with models of mechanical equipment whereby the staff can perform under proper tuition the actual operations or work which they have to do in the ordinary course of their duties. That is the basis of the school at Chandausi. It will be, I hope, linked with the Asansol school, and possibly with another school on the North Western Railway and one on the Great Indian Peninsula Railway eventually. We are making a beginning with the school at Chandausi at once and hope to go on with the others. Now, associated with this school at Chandausi will be upper courses for officers. This is a point upon which I was specially asked whether there would be proper facilities for officers. We propose, just as the lower staff are to be trained in their duties, so we shall have courses for junior officers and any other officers who may need to go through refresher courses in the more modern methods of transportation. We shall also use this school for the training portion of the period of probation through which young probationer traffic officers have to go. They will be put through very carefully arranged courses of practical work on the railway and theoretical and other instruction at Chandausi school. We have made certain inquiries from the Company railways with regard to the use of the Chandausi school, and I believe that several of them will use this school as a means of giving technical courses to their officers. Certain other Company railways, when I asked them with regard to this school, about using it for training probationers, were extremely anxious that we should use it for training traffic department probationers from their railways, and we told them that we would endeavour, if we could, to enlarge the accommodation to take their men too. On that point several Agents said to me that if only they could get such men trained at a recognized institution we should be very glad to get them. That in effect is the general scheme of Chandausi school. It is not a place where young lads can go and be turned into railway officers by hearing lectures, and we have set our faces very definitely against the idea that any young student can be made into a railway officer by attending a course of lectures or even going through a college and workshops. That is a physical impossibility. What is needed is a combined course of training. That is to say, practical work on the railway

for a few months and then another few months of polishing up on theoretical work at the school; and that is the basis of the scheme. I was asked to give some information regarding the accommodation at this school and whether it was for Indians or Europeans. Now, Sir, should I have the face to come here and tell the House that we were putting up a school for training European officers at Chandausi? I think the Honourable Member perhaps only put that question to me to give me a lead to enable me to say what he knew I was going to say.

I must explain that Chandausi was hit upon for this school primarily because it was formerly the headquarters of a district on the Oudh and Rohilkhand Railway and there were some buildings which were thought to be convenient for conversion into a school. The officer who first recommended it to us was possibly an optimist. The station is fairly well situated as regards climate. It has not a bad climate and it is possible to work there in comfort pretty well all the year round; but the buildings which we have available there are not altogether suitable, and if we had been given an entirely free hand, if we had been able to get a little more time to consider the matter thoroughly, we should have gone elsewhere and started afresh on a flat piece of ground and built our school and hostels as we should have liked. And if I may assume, and I believe I am right in assuming, that this Assembly would grudge no expense in the matter of giving these training facilities to young traffic officers and to the traffic staff. If I am right in that assumption I can seriously look forward to the time when we may move to some better place where we may start afresh and build a school as we should like it to be and build the hostels as we think they ought to be. In the meantime we have done our best and we have to spend a certain amount of money on the existing place at Chandausi and we have made it possible to start work on the 1st March. We have arranged that there should be three hostels and one hostel will have 10 rooms reserved for officers. I have not got the exact figures, but roughly speaking we have three hostels, one for officers, one for upper subordinates and one for lower subordinates or rather, the lower subordinate staff will be put in special quarters. There will be of course no distinction as between Europeans and Indians at this school, except in regard to messing, and there we are arranging for messing to suit the various requirements of the different people who will go there. Now, on the first of March we are starting with a class . . . (*Diwan Bahadur T. Rangachariar*: "How do Europeans come in in the hostels?") I do not think the Honourable Member wants to exclude all Europeans from this institution. We are arranging as I have said for training our existing staff—our existing upper subordinate staff, our existing officers and our existing lower subordinate staff. I have now got the exact figures. We have room for 10 officers, 20 upper subordinates and 75 lower subordinates, and the messing arrangements as I say will be devised according to the requirements of the different students. Then, Sir, this school is equipped with lecture rooms and models of the different kinds of technical equipment which has to be used in train working. The actual stations are reproduced in model form and there are signals and there will be trains working—models running round the room—and the staff will be drafted in to work as station masters, assistant station masters and so on, to do the actual duties which they have to perform on the railways. This, Sir, is the practical aspect of the scheme and one which perhaps would interest Honourable Members of this House and which they would like to see.

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as I hope they will do next cold weather. It is a matter which I am certain would interest a very large number of people. But it is perhaps a somewhat trivial side of the very large work which we are undertaking and commencing in connection with this school. It will be the central organization of our complete system of railway training; and here I think I have the sympathy of Mr. Sykes because what we are doing is really what he proposed just now; and although we cannot very well start a Staff College such as they have at Quetta, primarily because we have not sufficient numbers to deal with, I believe firmly that we shall eventually get to something of the kind and we shall gradually add to our facilities at Chandausi—facilities for courses in other subjects connected with railway work. If we go to some other place we may be able to get on a little quicker in providing the necessary buildings so as to enable us to extend in that way.

Now, Sir, I do not think my dealing with this matter would be quite complete if I did not refer to what has been done in the past in regard to training several other classes of the staff. Mr. Ramachandra Rao told us that we have done nothing. He said that nothing has been done; there is no way at present of training mechanics and nothing has been done up to date by the Railway Board and he thought the Railway Board were extremely negligent. My work in connection with this subject of training mechanics, training workmen and training people to be foremen goes back to more years than I can remember, and the school which has been referred to here, the school at Jamalpur, was devised by me several years ago when I was on the East Indian Railway. (*Diwan Bahadur M. Ramachandra Rao*: "May I explain that what I said really referred to the training of superior officers.") Well, Sir, Mr. Hussanally and other Members referred to the want of facilities for training apprentices. If the House is generally satisfied that we have made sufficient provision for training mechanics and training apprentices perhaps it will not be necessary to go into the matter.

But I should like to say something about what is being done and what has been done at Jamalpur, because we have so frequently hurled against us this accusation that we are doing nothing to train Indian mechanics and to give them an opportunity of becoming foremen. It is often said that we are importing large numbers of covenanted mechanics to deal with matters in the Carriage and Wagon Department and in the Locomotive Department. That is not the case. We do have to import a certain number of specialists; and I do not believe that this House, however ardent it is in its desire to encourage the advancement of Indians in the railway services, however ardent it may be in its desire to encourage the Indianization of the railway services, would like us to be cut off entirely from importing specialist officers or mechanics so far as they can help us to keep up to the standard that is required in modern railway working. That is a matter which I should like the House to consider very carefully. We must keep up to date in these matters, or we shall stand still or go back. There is no country in the world that can afford to cut itself off entirely from the scientific work and the advancement that is going on in Great Britain—and here I speak advisedly because even the great locomotive factories in the United States of America, which are perhaps the largest in the world, still have to indent upon Scotland and the north of England for Mechanical Engineers or supervisors.

At Jamalpur, Kanchrapara and other large workshops we have schools alongside of the workshops where apprentices are trained in the theoretical side of the work they are doing in practice in the workshops. Under the scheme at Jamalpur—which is now being completed—the school itself was in a temporary building—arrangements are made for the recruitment of I think an equal number of Indian and Anglo-Indian lads, and they are put through the same training and dealt with exactly in the same way, and when they finish their apprenticeship they are taken on in the workshops as mechanics or chargemen. Now at Jamalpur, since I left the East Indian Railway, they have enlarged upon the system in force before and they have extended the instruction to a very much larger number of apprentices than I ever contemplated or thought possible. When I asked the Superintendent the other day how many apprentices he had under training, he said he thought they were over 1,200—and the meaning of that was that they have now adopted a new method of recruiting their labour by recruiting them as boys; by taking the sons of their existing workmen into the workshop as boys and giving them a regular training from the age of perhaps 12 or 13 accompanied by vernacular training in the practical methods that they have to use in the workshop—arithmetic, mensuration and so on. That I think is a very complete answer to the charge that we have done nothing and that we are negligent in this matter of the training of staff. (*Diwan Bahadur T. Rangachariar*: "What about South India?") I am not quite certain of what is being done at the existing workshops there, but we are building on the South Indian Railway a very large new workshop at Trichinopoly and I am quite certain that accompanied with that large workshop there will be a technical school for the training of apprentices. If that has not been arranged, I shall make a point of seeing that some such scheme is arranged for. I hope this House will not grudge the extra money that will be necessary. (*Khan Bahadur W. M. Hussanally*: "What about the North Western Railway?") Does the Honourable Member know anything about the training of apprentices at Moghalpura? If he does not, I have given a description of the Jamalpur training scheme and for the benefit of Members from Calcutta I might go on to give a description of the scheme in force at Kanchrapara which I assisted in devising for the Government of Bengal, and then I might proceed to give an account of what is being done in other parts of India, for instance, in the Victoria Jubilee Technical Institute, Bombay, which deals with apprentices for the Great Indian Peninsula and the Bombay, Baroda and Central India Railways. On the Madras and Southern Mahratta Railway, which has not been referred to by any Member here, I have just seen a scheme which the Agent has put forward for the training of Indians on that railway. (*Diwan Bahadur T. Rangachariar*: "Is it at Perambur?") In connection with a wider scheme still, under which the Agent is arranging to recruit probationer officers for each of his Departments, and which has just been sanctioned by his Home Board.

Now, Sir, I have done my best to give, I am afraid very imperfectly, a complete survey of the arrangements which the Railways have in hand for the training of the staff, and I have also given some indication of our future arrangements for recruitment. The actual question of recruitment and the methods by which these people will be recruited for the superior services is still under consideration because certain matters have not yet been entirely settled, but we hope very shortly to issue some communiqué

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on the subject which will explain the matter quite fully. (*An Honourable Member*: "I move that the question be now put.") I should like to emphasize once more that there is nothing which I consider of greater importance to the Railways of India and the future staffing of the Railways in India than a complete and a properly co-ordinated scheme of training for all classes of the staff from the top to the bottom, and I hope Honourable Members will take that assurance from me as sufficient for them to refuse to pass this vote of reduction.

Diwan Bahadur T. Rangachariar: With your permission, Sir, and with the leave of the House, I should like to withdraw my motion.

Khan Bahadur W. M. Hussanally: In that case, Sir, as I have got no reply to the point I raised as to why such a small sum was spent on the education of the sons of railway employees, I shall move my proposition when my turn comes.

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

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly reassembled after Lunch at Half Past Two of the Clock, Mr. Deputy President in the Chair.

Lala Duni Chand (Ambala Division: Non-Muhammadan): I thank you, Sir, for having given me an opportunity to move my motion regarding the sleepers contract; but I beg to say that I cannot avail myself of this opportunity, as I have been commanded under the iron discipline of my party to withdraw it, and therefore I withdraw it.

Mr. N. M. Joshi: I propose that speeches hereafter be limited to 5 minutes only.

Mr. Deputy President: Mr. Kumar Ganganand Sinha.

Khan Bahadur W. M. Hussanally: Before proceeding further, Sir, may I know if you allow me to move my amendment, because I have got no reply from the opposite Benches with regard to the amendment, and I should like to move it without making any speech.

Mr. Deputy President: We will come to that later.

REMOVAL OF RAILWAY OFFICES FROM SAHEBGUNGE.

Kumar Ganganand Sinha: Sir, I rise to move:

"That the Demand under the head 'Working Expenses: Administration' be reduced by Rs. 100."

The question which I want to place before the Assembly is the question of the removal of railway offices from Sahebgunge. This question would have been raised on the 5th instant, as the House is aware, had I not in pursuance of the wishes of a large number of my colleagues not moved my Resolution on that day for facilitating discussion of the Bengal Ordinance.

My apology for bringing this local question before this House is simply that there is no other place where I can raise this question. Before I enter into my grievances, I should like to enlighten the House about Sahebgunge itself. It was a small village at first, but it grew into a town, when the place was made a loop district headquarters. It receives goods for transport through the Eastern Bengal Railway from Katihar and Manihari in the Purnea District and through the East Indian Railway from Sultangunge, Jamalpur and also from Bhagalpur City, which may be said to be the centre of the whole Bhagalpur Division.

Mr. K. Venkataramana Reddy: On a point of order, Sir. Is the Honourable Member allowed to go back to Demand No. 1 and move a reduction thereunder, while we are discussing Demand No. 4?

Mr. Deputy President: That reduction related to Demand No. 1 and Mr. President has allowed him to move it under this.

Kumar Ganganand Sinha: It further receives a considerable amount of commodities through the river from those parts of the country where there are no railway lines. With the increase of trade the importance of the railway loop district multiplied. One who saw it last year would bear testimony to the fact that it was a neat little town, fully equipped with all necessities of life and peopled mainly by the railway staff who had been responsible for giving the place the light and colour which it represented. When the Divisional Scheme was under consideration, the air became thick with suspicions and the leading men of the locality sent long applications to the Railway Board expressing their fears and asking them not to do any thing which should act as a deathblow to the prosperity of Sahebgunge. The reasons which they adduced in support of their contentions may be briefly put as follows. I am reading from the memorial of the leading residents of Sahebgunge subsequently submitted to His Excellency the Viceroy and to His Majesty's Secretary of State, on the subject. The reasons adduced are:

"(1) As admitted by the Agent, East Indian Railway, and the Board of Directors, London, Sahebgunge is the centre of the proposed Division and Howrah, the terminus. Central position is more conducive to administrative control and supervision and is especially useful in times of accidents and strikes.

(2) In point of importance and density of traffic the Loop District does not suffer in comparison with the other districts, the Howrah District not excepted, barring, of course, the traffic at Howrah which, by reason of its unique position, should by itself constitute a separate division and may, with advantage, be placed under the Traffic Manager, Howrah, and considering that the Agent, the General Traffic Manager, the Superintendent General and the Traffic Manager will have their offices at Howrah and Calcutta, it is not at all likely that the Howrah traffic will suffer in the least in case a Divisional Office is established at Sahebgunge instead of at Howrah.

(3) By this change Sahebgunge, which is a railway colony and which owes its prosperity and progress to its present position as the headquarters of the Loop District, will be reduced to the condition of a deserted village, while Howrah will not be a gainer in any respect.

(4) There are many flourishing stations in the Loop Line that are guided and controlled from Sahebgunge. It is not possible to pay the same amount of attention to them from Howrah with the inevitable result that they shall suffer a commercial death.

(5) The amount aggregating to nearly five lakhs spent only two years back in the erection of offices and quarters at Sahebgunge will be wasted and fresh offices and quarters will have to be built at Howrah, involving considerable additional expenditure.

(6) The Loop District comprises two of the biggest branch lines, viz., the Barharwa-Azimganj-Katwa and the Bhagalpur-Bausi, besides several other minor ones and commands an extensive goods and parcel traffic, thus justifying an independent existence.

[Kumar Garganand Singh.]

(7) The removal of the railway offices from Sahebgunge to Howrah will put the poor office staff to much inconvenience and hardship owing to the higher cost of living and dearth of accommodation at Howrah and the East Indian Railway schools, high and primary, at Sahebgunge will be adversely affected.

(8) The removal of the offices to a remote terminal position, while making it impossible for the Administration to exercise effective control and supervision, will greatly increase the sufferings of the line staff, as it is hardly possible from a terminal position far removed from the centre of activity and confronted with work of appalling magnitude to do adequate justice to their claims in regard to leave, passes, transfers, etc."

There are some other points, Sir, but I do not want to refer to them. I think these 8 points are enough to make the position clear to the House that the removal of the railway offices from Sahebgunge is not justifiable. I put a string of questions on the subject during the Simla session but was told that the matter was under consideration and it was impossible to know anything about it then. After the Simla session and before I came here, the game was up. The offices were ordered to be removed to Howrah and I got the following information from the Railway Board :

"In reply to your letter of the 13th November 1924, I am directed to state that the decision of the East Indian Railway Administration to locate the divisional headquarters at Howrah rather than at Sahebgunge was arrived at only after an exhaustive examination of the whole question. The Agent, while sympathising with the local point of view of the residents of Sahebgunge, decided that the main consideration to be taken into account was the efficient operation of the railway, and with that essential object in view, he selected Howrah as the headquarters of the division."

Then it goes on to say :

"The Railway Board do not propose to reply in detail to all the points raised in paragraph 3 of your letter, since you have given notice of a Resolution in the Assembly which will give an opportunity of full discussion of the whole question."

So this is the opportunity which I have got at the present moment. The House will thus see that the objections taken to the removal of the offices from Sahebgunge are still unanswered. I stand unconvinced as to the wisdom of locating the headquarters at Howrah instead of at Sahebgunge. Sahebgunge has everything to lose by this change. It may be that the highly paid officers who will be transferred to Calcutta may enjoy all the amenities of life, but what about the poor clerks and other staff who also go there, especially after the Honourable the Commerce Member's callous apathy to the betterment of their lot which he displayed when he replied to the debate raised by my Honourable friend Mr. Acharya the other day? As it will not be possible for me to reply to the Honourable Member afterwards, I propose to deal with the question a little more closely and will also go into some particulars.

It might be argued that additional accommodation at Howrah will cost only about Rs. 50,000 in round figures. True, the amount is small; but it must be borne in mind that it is so because it does not include provision for bungalows for officers and quarters for the staff who will thus be put to endless trouble and inconvenience on account of the ruinous house rents at Howrah and Calcutta, while the Presidency allowance granted to them involving a recurring expenditure of nearly Rs. 36,000 per annum which I understand will be given to them, will be far too inadequate to give them any appreciable relief from the prevailing high prices of foodstuff and the exorbitant house rents in the metropolis. Then, Sir, it might again be argued that the working expenses will be reduced by 20 per cent. reduction of office staff. I beg to submit in this connection, Sir, that the reduction

will be more nominal than real and will affect only the poor Indian clerks and office peons. It is understood that about 20 clerks drawing Rs. 28 each and ten peons drawing Rs. 12 each will be discharged as a result of the proposed reduction, the savings expected thus approximating to Rs. 700 monthly which will be more than counterbalanced by the monthly recurring expenditure of Rs. 3,000 in the shape of Presidency allowance to 13 officers, one office Superintendent and 170 clerks.

(At this stage Mr. Deputy President vacated the Chair, which was taken by Mr. President.)

Then, Sir, it may be reasonably said that Howrah has been selected in preference to Sahebgunge for it is a centre of population, trade and industry in which respect there can be no comparison between the two places. I admit that there can be no comparison between Howrah and Sahebgunge in that respect, as we know that the traffic is far greater on the Howrah side of the loop line than on the Sahebgunge side. It might, again, be said that the loop merchants will profit by the change as 70 per cent. of the traffic from the Loop is consigned to points in or near Howrah while 40 per cent. of the traffic to the Loop is despatched from Howrah. But, I beg to point out to this House that the unequal combination of the two Districts of Howrah and Sahebgunge is likely to prove disadvantageous to the weaker side, namely, the Loop. On account of its favourable position as the headquarters of the East Indian Railway Administration and its close proximity to the premier city in India, Howrah is not likely to suffer if a Divisional Office is formed at Sahebgunge, but the Loop district is bound to suffer if the office is located at Howrah, as the Calcutta merchants receiving or despatching goods to districts other than the Loop will engross the whole attention and this will increasingly happen when the Grand Chord is doubled. That there is no attempt at doubling the Loop line is enough to establish this point. Further, we are distressed to find that the Sakri-Manihari Ghat Line has not been thrown open to goods traffic nor has the proposal to open the Bhagalpur-Bausi line materialised yet, though representations have been made by two successive Governors to the railway authorities on this very important subject.

Sir, I have only one more claim to urge on this House. It is this. Sahebgunge being a railway colony, the only place that can properly be compared with it is Tundla. But Tundla, on account of its being situated on the main line in close proximity to the capital of India and having goods and parcel traffic of a much less important character, may do without a sub-divisional office, but the Loop, being the oldest and at the same time the most neglected of all the districts, commanding an extensive goods and parcel traffic and containing two of the biggest branch lines—the Barharwa-Azimganj-Katwa and the Bhagalpore-Bausi—can by no means do without a sub-divisional office. Again, if in the interests of the proprietors of collieries there can be a sub-divisional office at Dhanbad which is only two or three hours' journey from Asansol, there being both telegraphic and telephonic communications between the two places, there is no reason why in the interest of the voiceless millions of the Loop district there should not be a sub-divisional, if not a divisional office at Sahebgunge. (*An Honourable Member*: "I move that the question be now put.") In the circumstances which I have explained I would appeal to the Members of this House to consider this matter sympathetically in the interests of our poor countrymen.

Mr. President: Motion moved:

"That the Demand under the head 'Working Expenses : Administration' be reduced by Rs. 100."

Mr. C. D. M. Hindley: Sir, every one I think will sympathise with the plea which the Honourable Member has put forward in regard to Saheb-gunge, that neat little station with all the amenities required for comfort and ease, which is largely the product of the industry and the care of the railway authorities and the railway staff. Now, Sir, although many Members coming from other parts of India may think that the interests of this little town of Saheb-gunge are of little importance, the question the Honourable Member has raised in putting this plea before us is a very important one of principle because there are in the course of reorganisations of railways many occasions when it becomes necessary to shift the headquarters of a district or a division from one town to another out of regard for reasons connected with the improvement of proper supervision of transportation. This morning I had to mention one case of a similar nature where Chandausi, formerly the headquarters of a district, has for some years been more or less deserted as a railway colony, and the buildings are now to be used for another purpose. But I think I must emphasize the fact that where it becomes necessary to make such changes in the interests of the railway as a whole, which are the same as the interests of the public, we cannot allow local considerations and local demands and pleas to influence us in our arrangements for redistribution and reorganisation of work. The Honourable Member has given the views of himself and the public of Saheb-gunge on this very important question of railway reorganisation, and it would not be fair to leave the House under any misunderstanding as to the reasons which have guided us in deciding to move the headquarters of the district away from Saheb-gunge. The operation of reorganisation of the East Indian Railway is a very important one and involves very much larger principles than are concerned in the question of a certain amount of accommodation more or less at Saheb-gunge or Howrah. It is perhaps known to Honourable Members of this House who have read some parts of our Administration Report, that we have had this matter of reorganisation under consideration for some time, and we have definitely decided to introduce what is called the divisional organisation on the East Indian Railway. That organisation we hope will lead to a very great improvement in the handling of traffic and very considerable improvement to the services which we are able to render to the public. I will only instance the results which have accrued from the adoption of that system of organisation on another great railway. On the Great Indian Peninsula Railway in November 1922 a somewhat similar organisation was introduced and very considerable benefits have resulted. I may mention that subsequent to the introduction of that system, although I must admit that it was not entirely dependent upon the new arrangements introduced, the working expenses on the Great Indian Peninsula Railway dropped from 97 per cent. to 67 per cent. and they were able to convert a deficit on their interest charges of over 2 crores into a surplus of 80 lakhs. They were able to handle their traffic with very much fewer wagons, and in fact there were general benefits throughout the system from the introduction of this new organisation. The essence of it is that within a division, which is a large area of the railway, one divisional superintendent, with the necessary technical and other staff under him, has complete sway over all transportation matters. Under the departmental system, under the system now existing and formerly existing, each department had its own jurisdiction within each district of

the railway, and it has been found that this has led to want of efficiency and waste of effort. The divisional system entails combining these smaller areas into larger ones, and the concentration of district officers into the divisional offices, where there will be one Divisional Superintendent and several other staff officers working with him. That, Sir, is the origin of what is called the move of the headquarters from Sahebgunge to Howrah. It is in fact an enlargement of the area which has been worked from Howrah. The present Sahebgunge district, consisting of the loop line and the Barharwa-Azimgunge line, will be added to the Howrah district, and the whole will be worked as a division from Howrah.

Sahebgunge, however, will not suffer in many of the ways which were anticipated by the Honourable Member. He emphasized the fact that its position and prosperity were very largely due to the transport of goods coming across the river from Eastern Bengal and from various districts, and from the river itself, and no move of operating offices or no rearrangement of railway officers will affect the position of Sahebgunge as a trade centre. The traffic will continue to move as it moves now. Sahebgunge and the Loop line will benefit just as any part of the East Indian Railway will benefit by the reorganisation, and I do not think for a moment that local interests at Sahebgunge, in so far as they concern the clients of the railway, that is the general public, need have any fear that they will be overlooked.

It is of course a fact that the importance of the town will be somewhat reduced by the fact that a District Traffic Superintendent and District Engineer will not be living there any longer, but the removal of this headquarters will not seriously affect the arrangements at Sahebgunge. The station will continue to be a large railway colony. Certain officers and their staff will continue to have their headquarters there and arrangements will be made under which all the existing buildings will be occupied. The parallel with Chandausi I might mention again exists, and it is proposed to place at Sahebgunge in some of the disused buildings a telegraph training school which has to be moved from another station, where there is insufficient accommodation; so that possibly Sahebgunge itself may benefit by having a school there instead of a District Traffic Superintendent's office. The existing railway schools and other schools will still get their pupils from the railway colony and will not therefore suffer. And to a certain extent the staff at Sahebgunge itself will benefit because some of them are at present without quarters, and by the removal of others from that station there will be more chance of their getting the quarters to live in. As the Honourable Member has said, the additional expenditure involved by providing accommodation at Howrah will be certainly under Rs. 50,000, and is estimated at about Rs. 36,000. But in any case the matter is of such very great importance to the railway as a whole that, even if we had to spend more at Howrah, and even if we had to cause a certain amount of inconvenience to certain railway staff, we should have to carry it out because we believe it to be the only solution of the problems arising out of ever-increasing traffic and of dealing with it under modern conditions. I have, Sir, I think fully answered all the points raised by the Honourable Member, and I might say I am very much obliged to the House for their patience in listening to me because I particularly wanted an opportunity during this debate of saying something about the introduction of this divisional system which is really of very great importance and a very outstanding event in railway history.

Mr. H. M. Joshi:

Mr. Jamnadas M. Mehta: } I move that the question be now put.

The motion was adopted.

Mr. President: The question is:

"That the Demand under 'Working Expenses: Administration' be reduced by Rs. 100."

The motion was negatived.

Mr. Gaya Prasad Singh: I do not want to move my amendment No. 65:

"That the Demand under the head 'Working Expenses: Administration' be reduced by Rs. 100 from the provision for Steam Boat Service."

Mr. C. Duraiswami Aiyangar: Sir, with regard to my amendment* No. 72, all that I wish to say is expressed by the words "top-heavy administration and ill-paid subordinates".

EDUCATION OF THE CHILDREN OF INDIAN RAILWAY STAFF.

Khan Bahadur W. M. Hussanally: Sir, may I formally move my amendment? (*Voices:* "No, no.") I have very little to add to what I have already said in regard to this matter. A very small sum of money has been spent on the education of the sons of Indian employees in comparison with the very large amount of money spent on the children of European and Anglo-Indian employees. I therefore propose a cut of Rs. 100 to be made so as to draw the attention of the Railway Board and to enable them to increase their expenditure upon education for the sons of Indian employees. I move that the Demand under the head "Working Expenses: Administration" be reduced by Rs. 100.

Mr. O. D. M. Hindley: I understand the Honourable Member to raise the point of the payments made for the education of children of the railway staff. Is that the point raised by the Honourable Member?

Khan Bahadur W. M. Hussanally: Yes. Rs. 1,60,000 is being spent upon the general education of boys of European and Anglo-Indian employees on the North Western Railway, whereas only Rs. 15,000 is being spent upon the sons of Indian employees for this purpose.

Mr. O. D. M. Hindley: Sir, I do not wish to deal at any length with this matter because it is a question which the Railway Board at present have under consideration; but I would like Honourable Members not to run away with the idea that there is any strict comparison between these two figures. The education, primary education, of such Indian employees and of railway employees generally throughout the country is not a matter for which the Railway Department is primarily responsible. That responsibility rests with the Local Governments and local bodies and there are cases where railway administrations have come to the assistance of their employees owing to the absence of educational facilities in their particular locality. There are stations where we have for many years provided and maintained schools at our own expense because the local authorities have not come to the assistance of our staff. That is the basis on which education has been dealt with.

With regard to the other matter the Honourable Member has mentioned, we have the matter under consideration and we have not yet arrived at any conclusion on the subject.

* "That the Demand under the head 'Working Expenses: Administration' be reduced by Rs. 100 (Top-heavy administration and ill-paid subordinates)."

Khan Bahadur W. M. Hussanally: I move my amendment.

Mr. C. D. M. Hindley: May I just say one word more. If the Honourable Member is not satisfied with my answer perhaps he will come and see me

Khan Bahadur W. M. Hussanally: I am not satisfied when such a large sum of money is being spent on the education of one class. I think the Indian employees are entitled to an expenditure ten or fifteen times as large; and if the Railways spend for the education of one class I think they ought to spend for the education of the other class as well. If I get a promise that the matter will be looked into and that the expenditure on the education of Indian employees will be increased by a very large amount, I shall withdraw but not otherwise.

Mr. C. D. M. Hindley: I can say nothing further than that the whole matter is under consideration. I certainly cannot make any such promise as the Honourable Member requires. The matter is under consideration and everything possible will be done.

Mr. President: The question is:

"That the Demand under the head 'Working Expenses: Administration' be reduced by Rs. 100."

The motion was negatived.

Mr. President: The question is:

"That a reduced sum not exceeding Rs. 11,91,99,900 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, 1926, in respect of 'Working Expenses: Administration'."

The motion was adopted.

DEMAND NO. 5.—WORKING EXPENSES: REPAIRS AND MAINTENANCE AND OPERATION.

Mr. President: The question is:

"That a sum not exceeding Rs. 42,61,47,000 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, 1926, in respect of 'Working Expenses: Repairs and Maintenance and Operation'."

Mr. K. Rama Aiyangar (Madura and Ramnad *cum* Tinnevely: Non-Muhammadan Rural): Perhaps the Honourable Sir Charles Innes will send this also to the Finance Committee, Sir?

The Honourable Sir Charles Innes: Sir, I understand Mr. Rama Aiyangar wishes to ask me whether I am prepared to make the same offer with regard to these reductions (Nos. 81 to 89) as I made with regard to his proposal for the reduction of 80 lakhs. I am quite prepared to make that offer. As I said in my previous speech, I understand Mr. Rama Aiyangar has explained his views in a series of articles which he has printed and circulated for the benefit of other Honourable Members. I will have those articles critically examined by the Railway Board and the result of that examination will be placed before the Finance Committee of which Mr. Rama Aiyangar is a Member so that the whole matter may be thrashed out there.

Mr. President: *That refers to 81, 82, 84, 85, 86, 87, 88 and 89.

*81. That the Demand under the head 'Working Expenses: Operation and Maintenance—Way and Works' (page 12) be reduced as follows:—

	Lakhs.
B. B. and C. I. Railway ...	5
E. B. Railway ...	20
E. I. Railway ...	10
G. I. P. Railway ...	6
N. W. Railway ...	20
O. and R. Railway ...	7
S. I. Railway ...	12
Burma Railways ...	15
M. and S. M. Railway ...	5

82. That the Demand under the head 'Working Expenses: Operation and Maintenance—Rolling Stock' (page 12) be reduced by Rs. 50 lakhs.

84. That the Demand under the head 'Working Expenses: Operation and Maintenance—Operation—Locomotive running expenses' (page 12) be reduced as follows:—

	Lakhs.
B. N. Railway ...	4
G. I. P. Railway ...	10
O. and R. Railway ...	1
B., B. and C. I. Railway ...	6
Burma Railways ...	24
M. and S. M. Railway ...	3½
S. I. Railway (Metre) ...	5

85. That the Demand under the head 'Working Expenses: Operation and Maintenance—Operation—Oil, Tallow, etc.' (page 12) be reduced as follows:—

	Lakhs.
B., B. and C. I. Railway ...	2
E. I. Railway ...	1.5
S. I. Railway (Board) ...	33

86. That the Demand under the head 'Working Expenses: Operation and Maintenance—Operation—Maintenance and renewal of locomotives and Plant and Machinery' (page 12) be reduced as follows:—

	Lakhs.
B., B. and C. I. Railway ...	10
G. I. P. Railway ...	25
M. and S. M. Railway ...	5
N. W. Railway ...	30
O. and R. Railway ...	5
S. I. Railway ...	7

87. That the Demand under the head 'Working Expenses: Operation and Maintenance—Operation—Wagon expenses' (page 12) be reduced as follows:—

	Lakhs.
B. N. Railway ...	5
S. I. Railway ...	5
Burma Railways ...	5

88. That the Demand under the head 'Working Expenses: Operation and Maintenance—Traffic Expenses' (page 12) be reduced as follows:—

	Lakhs.
B., B. and C. I. Railway ...	10
E. B. Railway ...	5
O. and R. Railway ...	7
A. B. Railway ...	4

89. That the Demand under the head 'Working Expenses: Operation and Maintenance—Fuel' (page 12) be reduced as follows:—

	Lakhs.
B. N. Railway ...	5
B., B. and C. I. Railway ...	15
G. I. P. Railway ...	30
N. W. Railway ...	5
O. and R. Railway ...	2
Burma Railways ...	6
M. and S. M. Railway ...	6
S. I. Railway ...	6

Mr. K. Rama Aiyangar: Not to 82, nor to 83.

I take it that Sir Charles Innes proposes to include my further amendments* Nos. 179 to 181 also which relate to Strategic Lines.

The Honourable Sir Charles Innes: I have no objection at all.

Mr. K. Rama Aiyangar: On that assurance, I do not propose to move any one of these amendments standing in my name.

Mr. President: I understand that No. 83 stands outside that category and that it is not included in that arrangement. It stands against the names of Mr. Rama Aiyangar, Kumar Ganganand Sinha and Sardar V. N. Mutalik.

WRITING DOWN THE VALUE OF STORES.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): Sir, I rise to move amendment No. 83 on Demand No. 5 which reads:

"That the Demand under the head 'Working Expenses: Operation and Maintenance' be reduced by Rs. 50 lakhs."

I referred, Sir, to my main reason for moving this amendment in my general remarks on the Railway Budget; and I expected a reply from the Honourable the Commerce Member when he replied to the whole debate. I attach such importance to one of the aspects of this amendment which I now bring before the House that I brought it up in the course of the general discussion; but the Honourable the Commerce Member thought fit to allow a reference to that part of my remark to be crowded out in the course of his reply. I will endeavour to summarise here ever so briefly the main two points on which I wish to press this matter for the acceptance of the Government primarily and failing that for the acceptance of this House. I ask for this reduction on two grounds. One is that this amount of 50 lakhs, or indeed any amount for depreciation in stores, should be written off by Government in the Department in view of what has been said by the Honourable the Finance Member in his budget speech last year. I do not wish, Sir, to read to this House that part of the Finance Member's budget speech; I only refer to it and say that it is given in paragraph 41 of Sir Basil Blackett's speech last year. I am aware that just after we began after lunch a wish was expressed by one Honourable Member of this House that speeches on amendments should not now exceed five minutes. I wish that I could meet with any grounds which the Honourable Commerce Member put forward in opposition to the point I put forward in the main debate; but not having heard his objection I content myself again with repeating that ground.

The second and the more important reason why I press for this is that I feel that in view of that assurance given to us by the Finance Member last year and further in view of the fact that there is no mention at all in any of the papers submitted to us or in the Honourable Commerce Member's speech regarding the total amount written off for depreciation of stores during this year or proposed to be written off next year, I am at a

*179. That the Demand under the head 'Strategic Lines—Operation— Other than fuel' (page 40) be reduced by Rs. 10 lakhs.

180. That the Demand under the head 'Strategic Lines—Fuel' (page 40) be reduced by Rs. 7 lakhs.

181. That the Demand under the head 'Strategic Lines—Repairs and Maintenance' (page 40) be reduced by Rs. 5 lakhs.

[Sir Purshotamdas Thakurdas.]

particular disadvantage in anticipating any of the reasons which Government may have to urge as to why this amount requires to be written off this year. I shall content myself, therefore, Sir, with saying that as there is no right of reply on this amendment I reserve to myself, perhaps with the permission of the House, the right to interrupt the Honourable Commerce Member when he gets up to reply; for I feel that on this important subject he should have given me a reply on the main debate on the Budget. I, Sir, move my amendment.

Mr. President: Reduction moved: .

"That the Demand under the head 'Working Expenses: Operation and Maintenance' be reduced by Rs. 50 lakhs."

Mr. G. G. Sim (Financial Commissioner, Railways): Sir, Sir Purshotamdas Thakurdas has said that he could not find anywhere in the papers put before him any statement of the total amount put down in the budget for writing off the value of stores. I thought, Sir, we had explained the matter quite clearly in paragraph 28 of the Budget Memorandum. It is stated there that during the next year a further reduction of about 1½ crores in the stores balances is expected and that this reduction allows for a debit to revenue of approximately 80 lakhs for writing down prices, of which about 50 lakhs may be regarded as above the normal. Now, Sir, I should like to explain the position briefly. Any losses in stores have always been a charge against revenue; they have been so ever since Railways were started; they could not be anything else. If you have got to write down the capital that you have locked up in stores, how could you write it down at all except by charging it off against revenue? The Honourable Member referred to the statement made in the Budget Memorandum of last year. Now, Sir, if Honourable Members will refer to that paragraph they will find that what happened was this. The provision which the Government of India had been able to allot as a charge for writing down stores in previous years had been limited and restricted by budget necessities. The amount usually provided was a sum of Rs. 20, or Rs. 25 or Rs. 30 lakhs. There were vast accumulations of stores immediately after the war and most of the railways had retained in their possession large quantities of stores simply because they had not got the revenue provision necessary for getting rid of them or selling them. This was a matter to which the Inchcape Committee drew particular attention. I do not propose to weary the House by giving a lengthy history of the case as they will find it all described at length in the Administration Report for last year. But when the matter was inquired into, the estimates received from the various railways led us to believe that a sum of Rs. 3 crores would be required to write down surplus or unserviceable stores to a price at which they could be disposed of; and in preparing the Budget for the current year a demand was made for three crores of rupees as a charge against revenue. The general revenues were unable to meet any such demand and, as was stated in the Honourable Finance Member's speech, there appeared to be no solution. He said:

"It becomes necessary, therefore, to write off 3 crores from the capital account and this can only be done by a charge against revenue."

He then went on to say that it was impossible to find such a large sum from revenue, for if the whole of the 3 crores was charged against the revenue of 1924-25 the contribution of Railways to general revenues during the year would be reduced to a vanishing point; and he explained that unless

there was a separation of the budget it would be necessary to spread this charge against revenue over ten years, providing, say, thirty lakhs a year, beginning with 1924-25, and that it was only by this unsatisfactory device that the figure of 4 crores which was given as the estimated receipt from Railways in the current year had been arrived at.

- **Sir Purshotamdas Thakurdas:** Will the Honourable Member read the penultimate paragraph of the sentence on page 11?

Mr. G. G. Sim: Yes, I was getting to that point. When the separation of finance was being discussed we had, as the Honourable Member is aware, to draw up alternative budgets, one for separation and one for non-separation. In the non-separation budget as I said a provision of 30 lakhs was put down; and as regards the separation budget, as we were quite uncertain of the amounts we were likely to have under the separation system, it was proposed to apply that provision of spreading the charge over ten years also to the non-separation budget. Subsequently, however, we found that the amount required was not going to be anything like three crores and I would remind the House that these suggestions for special arrangements being made for charging off the money over a series of years were only made in view of the magnitude of the amount involved. When the matter was further required into we experienced a considerable amount of trouble in getting rid of these stores. In the first place many of the railways protested that they could use up the stores on sanctioned programmes within the next five or six years. Our original intention was to get rid of all the stores that could not be used within the next two years, and we, therefore, relaxed the rule that was first laid down and allowed the State Railways to keep in their possession any stores which they had satisfied themselves could be definitely used and earmarked against particular works in their quinquennial programme. As regards company lines we were in a difficulty as we had got no power under the contracts to require them to write down their stores at all. The net result was that the actual loss on stores . .

Diwan Bahadur M. Ramachandra Rao: Did I hear the Honourable Member say that they had no power to write off the stores?

Mr. G. G. Sim: Not unless the matter was specially referred to an arbitrator. The matter has been under discussion with several companies, but we have no definite power to issue an order straightaway to write down the stores.

The actual amount required for writing down stores was afterwards found to be one hundred lakhs. I do not mean to say that this one hundred lakhs is the amount which was required for special provision; but the amount actually spent last year and the amount likely to be spent this year is Rs. 100 lakhs. The ordinary provision is some 25 or 30 lakhs a year which has always been provided as a charge against revenue; so that the actual cost of this special measure is reduced to some 40 lakhs. Out of this total sum of 100 lakhs, 38 lakhs had already been charged against revenue last year and 62 lakhs had been charged off up to September in the current year. As regards this 50 lakhs that we have put in the budget, the position is, this: the Railway Board is not satisfied that the arrangements for transferring stock that may be surplus on one particular railway to another railway are satisfactory, and they have put an officer on special duty to go round and see all the stores on the State railways in India and have given him powers to summarily remove stores from any one railway to another railway where they may be required and to fix the prices at

[Mr. G. G. Sim.]

which such stores may be transferred. There is naturally a considerable amount of haggling over prices when one railway, even if it is a State railway, transfers stores to another railway. We do not know what the effect of this special arrangement will be, and for that purpose we have put down a tentative provision of 50 lakhs. What the Honourable Member means by his motion is that the amount of money spent in the current year over and above the ordinary provision, that is to say, some 37 lakhs, should be charged against the reserves. Now, Sir, I agree that, in view of what the Honourable the Finance Member stated in his budget speech, that amount was properly to be charged against the reserves of the current year. But it so happens that, as I said, before this convention was established by the Legislative Assembly, the whole of it was not . . .

Sir Purshotamdas Thakurdas: No, according to the Honourable the Finance Member's own promise or offer, he himself said, "If you agree to the separation of the two Budgets, we will write off the amount concerned in ten years by equal instalments".

Mr. G. G. Sim: But the proposal then was to put only 30 lakhs in the Budget, while as a matter of fact, 62 lakhs were written off against revenue.

Sir Purshotamdas Thakurdas: The proposal was that the total figure each year was to be 30 lakhs. Are you going to penalise revenue because the amount now happens to be smaller?

Mr. G. G. Sim: What I understand the Honourable Member to mean is that these 37 lakhs instead of being charged against revenue of the current year should be taken from the reserve.

Sir Purshotamdas Thakurdas: It should be taken from the surplus as offered by the Honourable the Finance Member.

Mr. G. G. Sim: That refers, as I have said, to the transaction of the current year. Sir, I have no objection to the proposal he makes being given effect to, but that cannot apply to the Budget of next year. What I take exception to in the Honourable Member's speech is this. He said that no money whatsoever ought to be charged against revenue which is used for the purpose of writing down stores. I cannot for a moment agree to any such proposal. The money must be found from revenue. It has always been found from revenue, and as I say, there has always been a charge against revenue of something like 25 or 30 lakhs incurred in connection with the writing down of stores. If the Honourable Member's proposal is accepted, there is, as I have said, a provision of 30 lakhs for writing down stores, but what will be the effect? We should have to add 27 lakhs this year and 16 lakhs the year after, that is to say, some 43 lakhs would be extracted from the reserve and would go to the general revenue.

With regard to contributions, I gather that Honourable Members are now of the opinion that the contributions have been fixed too high.

Sir Purshotamdas Thakurdas: I only want that these 50 lakhs should be written off next year, because it refers to exactly what Sir Basil Blackett said. I will read only one sentence. This is what he said:

"One of the results of the close scrutiny of railway finances which has taken place during the past year has been to bring to light a difference on the wrong side between the value of the stores held for capital suspense account largely owing to the market value of these stores."

That difference was estimated at 3 crores, and I say that the balance should be written off according to the promise made by the Honourable the Finance Member last year. I only want that whatever may be the balance left out of the 3 crores estimate, it must be written off out of the surplus profit on Railways.

Mr. G. G. Sim: As regards that, I have already explained, that ought to be written off in the revised estimate of the current year, and not in the budget estimate of next year.

Sir Purshotamdas Thakurdas: Why from the current year?

Mr. G. G. Sim: As I say, the cost of writing down was reduced from 3 crores to 1 crore, of which 38 lakhs was written off in 1923-24 and 62 lakhs in the current year.

Mr. A. Rangaswami Iyengar: The Honourable the Finance Member suggested a method of wiping off this depreciation when the depreciation value was estimated at 3 crores. You say that it has been reduced to 1 crore. I say apply the same method both in respect of the revised estimate and the coming budget.

Sir Purshotamdas Thakurdas: You were not justified in writing it off in the current year either. You could only write off 30 lakhs. If you have written off one crore in the current year, then please change the entry. You cannot write it off in the current year.

Mr. G. G. Sim: 38 lakhs was written off last year against the ordinary budget provision. In the current year it is anticipated that 62 lakhs will be written off.

Sir Purshotamdas Thakurdas: Will you agree to transfer the entry in the revised estimate?

Mr. G. G. Sim: The Honourable Member's motion refers to the provision next year?

Sir Purshotamdas Thakurdas: I cannot move a motion to-day regarding the accounts of the current year. But I put it to the Honourable Member that you cannot write it off in the current year in view of your assurance last March.

Diwan Bahadur M. Ramachandra Rao: May I ask, Sir, if these 38 lakhs were written off in 1923-24 and 62 lakhs during the current year, why should there be this provision of 50 lakhs for next year?

Mr. G. G. Sim: I have already explained that we are not satisfied with the present arrangements in connection with the transferring of stores from one railway to another. We do not think we shall get our stores reduced to a minimum until our surplus stores are actually got rid of and all unserviceable stores are disposed of.

Mr. A. Rangaswami Iyengar: May I know, Sir, . . .

Mr. President: Let the Honourable the Financial Commissioner proceed.

Mr. G. G. Sim: We have placed an officer on special duty in order to reduce the stores to a minimum. We do not know what it will cost. But we must put in some provision, as we have given the officer an absolutely free hand to enable him to transfer stores from one railway to another

[Mr. G. G. Sim.]

without worrying as to the exact value at which they are to be transferred. So far as we are concerned, it is a paper transaction, but so far as the individual railway companies are concerned, it appears in their particular books as a loss on stores. But I place no confidence in this figure of 50 lakhs, I do not know what the amount will be.

Diwan Bahadur M. Ramachandra Rao: May I know, Sir, why this 50 lakhs has been provided for next year? If 32 lakhs were written off in 1923-24 and 68 lakhs in the current year, what is the basis for the estimate of 50 lakhs for next year? Has it got anything to do with the scheme of writing down stores as mentioned by the Honourable the Finance Member in his speech in March last? I want to know if it is an entirely different provision for which there is no basis at all, and that it has to be worked out by a special officer.

Mr. G. G. Sim: There is no special basis for it, but we wish to provide some money in order to have some provision and to give our officer a free hand to transfer stores as quickly as possible.

Mr. A. Rangaswami Iyengar: An additional reserve?

Mr. G. G. Sim: No, it is not.

Diwan Bahadur M. Ramachandra Rao: May I suggest that this amount may be omitted for the present?

Mr. G. G. Sim: I must have some provision, otherwise we cannot allow the officer to proceed at all.

Sir Campbell Rhodes: Sir, I have also a motion on the paper in regard to the reduction of stores, and as it will come rather later, I am afraid I shall be guillotined, and so I propose to go into the matter under the motion which my Honourable friend has placed before the House. It is obvious, Sir, that Mr. Sim is not at all happy in his writing off of these stores in a period of years. I was wondering when he was speaking what that equally distinguished gentleman the late High Commissioner for Income-tax would say in regard to the methods which he is now adopting, and whether in my business if I had decided to spread my losses over 10 years the Commissioner of Income-tax—as I say an equally distinguished man to the present Commissioner of Railways—would not probably have objected most strongly. But, Sir, the point I wish to take up is the enormous magnitude of these stores which were collected and the very heavy loss resulting in consequence and to say a word or two on the policy which produces those heavy stocks. The Inchcape Committee considered that the stock of stores held was on an extravagant scale and recommended that early steps should be taken by a careful scrutiny of indents to effect an early and very substantial reduction. And the Railway Board say in their Administration Report:

“The new stores rules allow a greater latitude in the matter of local purchase of imported stores which should have the effect of reducing stocks.”

These stocks are large, Sir, because it has been the practice of the railway companies to buy their stores in England, and they therefore have to pile up large reserves months ahead, reserves which they may not eventually require and which are thrown on the scrap heap or which deteriorate.

Mr. V. J. Patel (Bombay City: Non-Muhammadan Urban): I rise to a point of order. Is my Honourable friend Sir Campbell Rhodes entitled to go into the general policy of railway stores purchases? My friend Sir Purshotamdas has raised a specific issue which has nothing to do with stores purchases. I submit therefore my friend is not entitled to go into the other question.

Mr. President: I was not aware that the Honourable gentleman was raising the question of stores purchase; but the circumstances leading to the writing down of the value of stores must necessarily be in order.

Sir Campbell Rhodes: Sir, in the report of the Railway Industries Committee a note was attached by the meanest member of that Committee to the following effect:

"I see no reason why the Chief Controller of Stores should be restrained from purchasing in India from the Indian or European importer where such importer is acting as a merchant's or as a manufacturer's agent, provided of course that the price is no greater and that the other conditions are not unfavourable. The establishment of commercial undertakings in this country should be encouraged. They contribute to the general revenues of the country and if the largest individual purchaser, namely, the Government, itself does not buy from them the incidence of their overhead charges must necessarily be higher, to the detriment of the Indian public and such private and industrial enterprise as depend for their supplies on the importer. It is obvious moreover that the encouragement of such importers will enable the latter to carry larger stocks. They constitute without cost to the country the best guarantee for obtaining supplies in the country in the case of national emergency. If, on the other hand, the Chief Controller of Stores is compelled to purchase through the Stores Department in London he must indent far ahead for his probable requirements and estimate such requirements at the maximum with, I believe, a margin of safety, a procedure calculated to produce waste."

Those words, Sir, are exemplified in the Budget this year, which proposes that these enormous losses of revenue should be written down in order that the Government may save the small commissions of merchants in this country. The only solution of this question, Sir, and it is one I think on which the whole House will agree—and I am rather surprised that my friend from Bombay has endeavoured to stop me—is that we should have rupee tenders and the local purchase of stores. Then each railway company will have to carry minimum stocks and can procure its supplies readily on the spot, and such a policy is likely to lead gradually to greater manufacture of railway materials in this country.

Mr. Jamnadas M. Mehta (Bombay Northern Division: Non-Muhammadan Rural): Sir, it is clear from the discussion that has so far proceeded that there is a serious mistake somewhere and I find that Sir Purshotamdas's motion must be accepted by the House. Here is a note prepared by my friend Mr. Parsons and circulated to the Central Advisory Council on the 21st August 1924 in which it is pointed out that instead of three crores being the loss on stores after further inquiry it appears that only one crore of loss will result. I will read the relevant portions:

"On the latest figures supplied by Railway Administrations I estimate that the loss to be expected on the disposal of surplus and unserviceable stores held on the 1st April 1923 is about 65 lakhs, and the amount required to bring down to market value the prices at which stores required by the railways were held is about 55 lakhs—a total of 120 lakhs. Of this sum, some 32 lakhs were adjusted in 1923-24, so that, if this estimate is correct, about 88 lakhs have still to be adjusted. Of these 88 lakhs, I expect that 64 lakhs will require a direct appropriation from revenue, while the remaining 24 lakhs will be adjusted gradually in the course of the current year and 1925-26, by the issue of stores to works at prices above the current market rates."

[Mr. Jamnadas M. Mehta.]

That shows that even if the whole of it is to be written off from revenue the only amount that now remains to be written down is 24 lakhs; the whole of the rest of the amount has been written off and I cannot see why, when only 24 lakhs are to be so written off, a provision of 80 lakhs should be made. I therefore think that Sir Purshotamdas is very moderate in reducing the amount by 50 lakhs; he should have moved to reduce it by 64 lakhs. Moreover, Sir, it is further pointed out in the said note that a closer inquiry will probably show that even this estimate of 24 lakhs is too large. I therefore think that 50 lakhs is a very very proper reduction. The Railway Board know that they have my sympathy in the matter because if the proposed reduction is made part of it will go to swell the general revenues, against which I am in determined opposition. But at the same time it is not right that revenue should be charged with unnecessary writing down of stores when that is not found desirable or necessary on the estimates framed by the officials themselves. Further, Sir, if this House carries this motion, and I hope it will carry it, the allocation of this amount should be made according as the stores were imported for capital works or revenue works. I do not want that, because stores reduce in value, the whole of the reduction should be charged to revenue irrespective of the fact whether the stores in question were imported for capital works or revenue works. But I do agree with Sir Purshotamdas that the whole of the reduction he has tabled should be made.

The Honourable Sir Basil Blackett (Finance Member): Sir, I know the House is anxious to get on to other perhaps less complicated points than this, but at the same time it is desirable that we should endeavour to clear this up. There is a good deal of obscurity about the whole situation at the present moment. As regards the origin of this difficulty I am ready to agree with my friend Sir Campbell Rhodes thus far, that it arose from too large stocks of stores having been carried largely as the result of special circumstances after the war. The position as regards the total of the stores held is that at the end of 1921-22 there were 23½ crores; at the end of 1922-23, just under 23 crores; at the end of 1923-24 21½ crores; at the end of this year the estimate is 17½ and at the end of 1925-26, 16 crores. So that we are definitely taking steps to reduce the actual amount of stocks held. Of course part of the big reduction that is taking place in this year is due to our writing them down to the extent of 62 lakhs during the current year. Sir Purshotamdas Thakurdas is quite right in saying that if the words in my budget speech were literally followed the sum of 32 lakhs out of 62 lakhs should have been charged not against the revenue of the year but against the surplus, thereby increasing the total of the amount to be transferred to the general tax-payer and slightly decreasing the amount of the reserve of the Railway Department. This matter has been a little bit confused I think by the fact that the separation of the Railway Budget was first taken up in March and postponed till September and certain action was taken in the interval without reference to the possibility of the separation taking place in September. The result was that actually before the separation took place, the whole of these 62 lakhs, of which 32 was special and 30 was normal, had been written off against the revenue of the year 1924-25. If the words in my budget speech had been strictly followed, 32 lakhs would have been written off against the share of the railway surplus and not against the general tax-payer's share. It becomes therefore a matter simply between the surplus that goes to the exchequer in 1924-25 and the surplus that goes to increase the railway reserve. If we are now to reverse that process and charge the 32 lakhs against the

surplus, the result will be,—shall I say, to reduce the deficit in the current year which I am about to disclose?—or possibly even to increase the surplus. That is a matter of this year's accounts. But it makes also a slight difference in the amount that has to be divided between the tax-payer and the railway consumer out of the surplus of this year which goes into the figures of the year after next. The reason why we did not follow the original proposal made in my budget speech was simply that we found that the matter was of much smaller magnitude than we had thought. We found that instead of 3 crores outstanding, the amount outstanding was only 62 lakhs, the other 38 being written off in the previous year. I thought that it was a matter that might be conveniently cleared up by being charged in what is the more normal way against the revenue of the year. If Honourable Members will look at my budget speech, what I said was:

"There seems to be no better solution than to set a special provision of 30 lakhs beginning with 1924-25 to amortise the debt in ten years, and it is only on this unsatisfactory basis that the figure of net receipts is arrived at."

It was always regarded as an unsatisfactory device and the other arrangement was more proper. I would suggest to the House that as regards the current year the point that we are concerned with is that the transfer of these 32 lakhs between the railway reserve and the surplus, of which one-third would go to the revenue, is really hardly worth making, and I was certainly influenced in the decision that I arrived at in agreeing to this change by the fact that the amount of railway contribution to revenue had been considerably increased during our discussions, and I never concealed my own opinion which coincided with that of Mr. Jamnadas Mehta that on the whole we fixed it quite high enough. So far this is a minor point concerning this year only, which has a very small effect on the future. The point that we are discussing in regard to this 50 lakhs is really something quite different. We do not know, we are not sure, whether we have succeeded in completing the "assainissement," the sanitation of our railway store account yet, and a special officer is to be placed on duty to examine the position with a view to seeing whether we cannot get these stores reduced by transferring stores, that are not surplus to our immediate requirements and may be required by the railways for which they are stored in the course of the next few years, between one railway and another. It would be a good thing if we could get it done. But it creates certain difficulties as between the accounts of the different railways even when they are all State railways. We do not know what that amount may be and a provision of 50 lakhs has been put in. If the provision is not made, as Mr. Sim says, if it is not made at all, that would be taken as a direction by this House that we are not to put this railway officer on special duty for this purpose, and I am sure that is not what the House intends. I think the view of the House is that this 50 lakhs is possibly too large an amount. This is apart from the 30 lakhs which is the normal provision that is made every year and that has to be met. I may perhaps just take up Mr. Jamnadas Mehta's point that if the stores originally had been bought for capital purposes, the loss should fall on capital. But what do you do when you make a loss on capital? You have to write it off out of revenue. (Mr. Jamnadas M. Mehta: "Not necessarily.") I think you have to. If you have got a deficit in your capital account, it surely must be written off out of revenue. (Mr. Jamnadas M. Mehta: "So much more capital.") Otherwise you will be falsifying your balance sheet. I think it is quite clear that revenue is the only place where you can write off this loss from. The question is really whether this 50 lakhs is an unreasonably large amount. I have not myself been into the figures, Mr.

[Sir Basil Blackett.]

Sim knows much more the details than I do. I suggest to the House that some provision of this sort ought to be made and that this is not a provision that would properly be chargeable against the railway reserve but is one which is chargeable as part of the working expenses. It is not in the same category as the figure of 3 crores which fortunately proved to be only one crore of which I was speaking last year. I hope I have made myself clear. The question really is whether 50 lakhs is too large an amount. I think that is the only question.

Sir Purshotamdas Thakurdas: Would the Honourable Finance Member be agreeable to 15 lakhs instead of 50 lakhs? Would he agree to a reduction of 35 lakhs?

The Honourable Sir Basil Blackett: Halve it.

Diwan Bahadur M. Ramachandra Rao: I would agree to a reduction of 35 lakhs, Sir.

Mr. President: What effect has that on this motion?

Diwan Bahadur M. Ramachandra Rao: I beg to move an amendment to my Honourable friend's amendment that the word "thirty-five" be substituted for the word "fifty."

The Honourable Sir Basil Blackett: May I add one word? It is understood that if we find that there is a larger amount than 15 lakhs required, a supplementary demand will be required. A supplementary estimate will of course only be submitted after it has been before the Railway Finance Committee.

Sir Purshotamdas Thakurdas: We will look into the whole question in the Committee.

Mr. President: Further amendment moved:

"To substitute the word 'thirty-five' for the word 'fifty'."

The question I have to put is that that amendment be made.

The motion was adopted.

Mr. President: The question is:

"That the Demand under the head 'Working Expenses: Operation and Maintenance' be reduced by Rs. 35 lakhs."

The motion was adopted.

AUTOMATIC COUPLERS.

Mr. V. J. Patel: Sir, I beg to move the following amendment:

"That the Demand under the head 'Working Expenses: Operation and Maintenance' be reduced by Rs. 70 lakhs."

My object in moving this amendment is to draw the attention of this Assembly and also of the Government of India to the policy pursued by the Railway Department of charging to revenue large sums of money which should legitimately be charged to capital, not that I do not want the Railway Department to purchase automatic couplers. If they are useful,

let them be purchased, I do not mind. But my point is that you should not charge the purchase price to revenue but you should charge the amount to capital. Those who have studied the Railway Budget this year will have noticed that in several instances large sums of money have been charged to revenue where they should have been charged to capital. The result has been that there has been a considerable reduction in the amount of surplus profit of the Railways and therefore an indefinite postponement of the burning question of the reduction of rates and fares. When I say there have been a number of instances, I will quote one or two. You will see from page 6 of the Budget an item shown as interest portion of annuities, actuals 4 crores and 89 lakhs odd; while in the Budget for 1924-25, 2 crores and 90 lakhs odd. If you see the note under 4 crores and 89 lakhs odd you will find it stated that this amount includes annuity payments in redemption of capital; 2 crores have thus been paid for redemption of capital. This should have been legitimately charged to capital instead of to revenue. This process has been going on for a number of years and large sums of money, crores of rupees, have been charged to revenue which should have been legitimately charged to capital. This is one instance. Another instance is this. Sums of money regarding land, subsidy and survey have been charged to revenue which should have been charged to capital. Similarly, interest on certain capital should have been charged to capital which has been charged to revenue. For instance, in the case of new constructions, large sums of money have to be expended and until the lines on which they are to be expended are open lines, interest during that period should be charged to capital and not to revenue. So, I have shown to the House how the Railway Department has been charging to revenue large sums of money which should be charged to capital and the inevitable result of it, as I have already pointed out, is that the question of rates and fares remains unsettled.

I now come to the question regarding automatic couplers. I submit, Sir, that the purchase price should be charged not to revenue but to capital. These automatic couplers are quite new devices and they will last for a number of years, and there is absolutely no reason why the present day travelling public should be asked to bear the burden of the whole amount. It has to be remembered that this amount of 70 lakhs is not the only amount that is proposed to be spent on these automatic couplers. It is a progressive programme and in course of time you propose to spend something like 6 crores of rupees on the purchase of these automatic couplers. That means you propose to charge all the 6 crores of rupees to revenue instead of to capital. I therefore submit to this House that, if we allow this thing to be done, we will indefinitely postpone the reduction of fares and rates. What is due to capital must go to capital and what is due to revenue must go to revenue. There is absolutely no reason why you should manipulate your accounts so as to show reduction of surplus profits and thus postpone the reduction of rates. Your automatic couplers, I thought, would automatically pay their way! You propose to spend Rs. 70 lakhs. However, that is another matter. There is no doubt in my mind that this ought to go to capital, and I submit the House will support me in this.

Mr. G. G. Sim: Sir, I hope the House will not agree to this reduction, as the only result of carrying it will be that we shall not be able to have any automatic couplers at all. Sir, the Acworth Committee laid strong emphasis on the fact that the capital at charge of Indian railways was not watered and I say this is a proposal to start watering our capital. So

[Mr. G. G. Sim.]

far as I can see the Honourable Member gave no reasons whatsoever for charging this expenditure to capital. I should like to explain briefly to him why we cannot under the present rules or under any commercial rules charge this to capital. These automatic couplers or buffers are to take the place of the existing buffers on our wagons. The cost of the buffers which we are replacing by the automatic couplers is greater than the cost of the automatic buffers. We are going to scrap the present buffers and replace them with articles that cost less. Capital is already charged with the full cost of the existing buffers which will be scrapped and we cannot add the cost of the new couplers to the present capital charge. You cannot add on the cost of these new buffers. Capital has already been saddled with, say, 8 crores of rupees on account of the existing buffers. You propose to add another 6 crores and your capital will then be shown as 14 crores on account of buffers, while the buffers are only worth 6 crores. Sir, surely the Honourable Member must understand that it is impossible to add to your capital in this way. Your capital should never represent anything more than what you paid for your existing assets. You cannot include in it also the cost of assets that have disappeared, and that, Sir, is the reason why you cannot make this charge against capital. The only result of carrying this motion will be that the Auditor General, on whose functions the Honourable Member himself was strongly insisting the other day, would disallow the expenditure altogether and every honest auditor would do the same.

Mr. K. Rama Aiyangar: Sir, I propose in the next motion,* No. 91, a reduction of Rs. 50 lakhs instead of 70 lakhs. My object was that the 6 crores of rupees may be spread over a number of years, so that 20 lakhs may be charged each year, and that will be the best way in which revenue could be charged, and that will be agreeable to the Honourable Mr. Sim. I propose that "Rs. 50 lakhs" be substituted.

The Honourable Sir Basil Blackett: The answer, Sir, to the last Member's suggestion, I think, is also quite a simple one. If you spread the time during which these automatic couplers are to be installed over a longer period, then you lose a very great deal of revenue by postponement of the date when you get them fully working. They are expected to result in a very considerable reduction in working expenses and they will enable the Honourable Member to reduce several of his averages. The House will see that if you are going in for a big improvement of this sort it must be adopted as soon as you can in order to get its results soon, and therefore the attempt to spread it is really uneconomical from several points of view. The suggestion that you should borrow from the reserves is the suggestion that has been made by Mr. Patel which has already been answered to the effect that under no circumstances will the Auditor General permit such a thing to be done. I would like to say just one word, however, on some other points that were raised by the Honourable Mr. Patel. He said that we were charging to Railway revenue the capital as well as the annuity portion of the annuities which are repaying certain East Indian Railway annuitants and others. That system came to an end in 1924. One of the changes that has been made since is the transfer of that provision for capital from being a charge on the Railways to being a charge on our general provision for redemption or avoidance of debt. It

* That the Demand under the head 'Working Expenses : Operation and Maintenance' be reduced by Rs. 50 lakhs "

is no longer a charge on the railways and Mr. Patel was therefore in error in thinking that either in the current year or in the next year there is any transfer to

Mr. V. J. Patel: You have paid 2 crores in 1923-24. Why don't you take them out?

The Honourable Sir Basil Blackett: The effect of paying out 2 crores in 1923-24 was simply to prevent our debt from growing into a larger amount. It did not reduce the amount of the capital that is debited to the railways. It has nothing to do with the profit or loss on the railways for the current year or for the last year. Under the new convention there is no provision whatsoever in the Railway Budget for redemption of railway debt. That debt is left to bear interest and the interest on it is paid regularly to the General Budget and there is no provision in writing down that capital except in such cases as the capital is lost.

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): May I know, particularly from Mr. Sim, what will happen to the buffers which you now propose to remove and replace by these automatic couplers?

Mr. G. G. Sim: They will mostly be sold as scrap. A considerable number of them are to be used as a temporary arrangement until all the automatic buffers have been fitted up. You have to make some temporary arrangement before you can get the whole of the wagons in India fitted with the automatic buffers. Ultimately, they will have either to be sold as scrap or used for other purposes in the workshops. The amount that you will get from the old buffers will be something like 30 or 40 lakhs, I have forgotten the exact figure. This amount will, of course, be taken in reduction of the total cost of the scheme.

Mr. President: The question is:

"That the Demand under the head 'Working Expenses: Operation and Maintenance' be reduced by Rs. 70 lakhs."

The motion was negatived.

GRIEVANCES OF THE RAILWAY EMPLOYEES.

Mr. N. M. Joshi: I move, Sir, that the Demand under the head 'Working Expenses: Operation and Maintenance' be reduced by Rs. 100.

My object in moving this reduction is to ask the Honourable the Commerce Member as to what he proposes to do with the Resolution which was passed by the Assembly with regard to the grievances of the railway employees. If he does not give a satisfactory reply, I want the House to pass my motion as a vote of censure against the department. (Mr. K Ahmed: "You will be too late to-day.")

Mr. President: Motion moved:

"That the Demand under the head 'Working Expenses: Operation and Maintenance' be reduced by Rs. 100."

The Honourable Sir Charles Innes: All I can say on this matter, Sir, is this. As the House knows, I opposed that Resolution when it was being debated in this House. A new factor in the situation has arisen, namely, the Resolution was adopted by the House and in due course that Resolution will be placed before the Governor General in Council.

Mr. President: The question is that that reduction be made.

The motion was negatived

FINES FUNDS ON RAILWAYS.

Mr. N. M. Joshi: Sir, I move that the Demand under the head 'Working Expenses: Operation and Maintenance' be reduced by Rs. 50.

By this motion I have to suggest to the Railway Board to consider the whole question of the use of the Fines Funds so as to remove the bitterness in the feeling of the subordinate employees that the amount collected by fining them is used for the benefit of better paid employees. I want the Railway Board to consider and examine this question and remove the cause of bitterness.

Mr. President: Motion moved:

"That the Demand under the head 'Working Expenses: Operation and Maintenance' be reduced by Rs. 50."

The Honourable Sir Charles Innes: Sir, we will certainly consider this question. All I will say here is that I shall draw the attention of the House to one factor in the position. These Fines Funds are entirely at the discretion of the Agents now and the Agents have always used them for the welfare of the employees. They are mostly given to such things as institutes and clubs. I would like to say in this connection that the institutes and clubs of European and Anglo-Indian sections of the railway employees are institutions of very long standing. For many years past they have been accustomed to get a definite sum from the Fines Funds. Many Indian institutes and clubs are, of course, of a much more recent date. I have discussed this question with the Agent of one railway and he told me that he would be only too delighted to find institutes and clubs among his Indian employees to which he could make contributions from these Fines Funds. In some railways, I am glad to say, these institutes and clubs are common to both sections of the railway service. But on many railways Indians have their own clubs and the Anglo-Indians and Europeans have their own clubs. I do wish to assure the Honourable Member and the House that the Agents are most anxious to find suitable institutions of this kind among the Indian employees to which they can make contribution from the Fines Funds and they will certainly be looked at from that point of view by all Agents.

Mr. N. M. Joshi: Sir, I beg to withdraw my motion.

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

DISMISSAL OF RAILWAY EMPLOYEES.

Mr. N. M. Joshi: Sir, I move that the Demand under the head 'Working Expenses: Operation and Maintenance' be reduced by Rs. 25.

This motion is intended to draw the attention of the Honourable the Commerce Member to the frequent dismissals of the employees of railways who, having any particulars of the cause of their dismissal being properly considered. Sir, a dismissed employee can appeal to the Agent or to the Railway Board, but they cannot really give proper consideration to the question of the individual dismissals. I therefore suggest that the Railway Board should devise some machinery by which the cases of the dismissals will be considered locally by a sort of committee. Let the question of

dismissals be taken up by the Joint Councils which are being created on the different lines, so that there will be greater contentment among the railway employees.

With these words, Sir, I move my motion.

Mr. President: Motion moved:

"That the Demand under the head 'Working Expenses: Operation and Maintenance' be reduced by Rs. 25."

The Honourable Sir Charles Innes: I am afraid I cannot agree to the suggestion made by Mr. Joshi. What he suggests is that the powers of the Agent be taken away in this matter and that appeals from dismissed employees should not go to the Agent of the Railway, but should go to the local Advisory Council. I am afraid, in the interests of discipline, it would be quite impossible for us to entertain that suggestion. I would ask the House to remember that on railways you must maintain discipline at a very high pitch, not merely for the maintenance of what people sometimes call our own prestige, but because on the discipline of your railway employees the safety of the travelling public depends, and we must attach the very greatest importance to that point. I am not quite sure what the Honourable Member means by dismissal here. There is a technical difference between dismissal and discharge. I may say I have figures here which indicate that dismissal, actual dismissal from railway employ, carrying with it the forfeiture of provident fund bonus, is comparatively rare. We have had 1,400 odd cases in the last five years in which that extreme form of dismissal has been given, and when you consider that we have over 700,000 employees, I do not think those figures are bad. I have also here a list of the offences for which those men were dismissed, misappropriation, cheating passengers, taking bribes and the like, and I do not think those figures are excessive. I am afraid I cannot agree to the Honourable Member's suggestion. It is a matter on which I must take a stand. In this matter we must maintain the disciplinary powers of our railway administrations.

Mr. N. M. Joshi: In view of the fact that there is not time enough for this motion, I withdraw my motion.

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

INEFFICIENT COLLECTION OF PASSENGERS' FARES AND EXCESS LUGGAGE DUES.

Colonel J. D. Crawford (Bengal: European): Sir, I beg to move that the Demand under the head 'Working Expenses: Operation and Maintenance' be reduced by Re. 1.

My object in moving this motion is to draw the attention of the House to the serious loss of revenue arising out of about 10 per cent. of our public travelling free, and to elicit information from the Railway Board as to the steps they are taking to minimise this loss. If it is not possible to minimise the loss by increasing the efficiency of your inspection staff without unduly harassing the travelling public, may I suggest to the railway administration that they come to this House for increased powers under the Railway Act to prosecute persons found travelling without tickets.

With regard to excess luggage dues, I feel the convenience of the public and possibly the revenues of the railway would be improved if they could consider a slight reduction of their luggage dues and greater conveniences and facilities for weighing luggage at the stations. Anybody who

[Colonel J. D. Crawford.]

has travelled up to Simla and experienced the conditions both at Kalka and will understand the nature of the hardship to which the ordinary passenger is put in endeavouring to get his luggage into the guard's van.

The Honourable Sir Charles Innes: Sir, the question raised by the Honourable and gallant Colonel is one of very real importance to Railways. It was brought to our notice in 1923 by the Indian Railway Conference Association that Indian railways lost a very large amount of revenue every year owing to travellers travelling without tickets. It was also brought to our notice by the Indian Railway Conference Association that the powers which we have under the Railway Act were not sufficient to enable us to put down this practice. We have no powers to arrest a person whom we find travelling without a ticket. All we can do is to take his name and address and he generally gives a false one. So we put the matter before the Central Advisory Council and inquired whether it would be wise to go to the Legislature with a proposal to make travelling without a ticket a cognisable offence in order to enable the police to arrest without warrant. It was decided at that time that it would be rather an extreme step to take, and as we had an alternative method of trying to put down the evil under experiment on the Oudh and Rohilkhand Railway, it was decided to proceed with this experiment and see whether the measures we were taking would be sufficient to suppress the evil. We regret to say that our later information shows that the evil is if anything worse than ever. In the year ending 31st December, 1924, 2,347,819 passengers were detected travelling without tickets. The total amount collected from these passengers was over Rs. 25 lakhs. The amount of penalty collected was Rs. 7 lakhs odd, and the extra staff which we had to entertain to detect these people cost us Rs. 11½ lakhs. So that shows that this evil which Colonel Crawford has brought to our notice has assumed very serious dimensions indeed. It was again discussed by the Indian Railway Conference Association, and we are now taking concerted action for the first six months of this year to keep a record of the total number of passengers travelling without tickets and the number of prosecutions under the Railway Act giving the punishment, if any, awarded. And that is where the matter ends. We have it under our most careful consideration; we are collecting the most reliable statistics that we can get on the subject and when we get them I have no doubt we shall have to come to the Central Advisory Council and ask their advice in the matter.

As regards excessive luggage dues, I will take notice of what Colonel Crawford has said and ask the Railway Board to look into the matter.

Colonel J. D. Crawford: In view of the statement made by the Commerce Member, I should like to ask permission to withdraw my motion.

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

Dr. K. G. Lohokare (Bombay Central Division: Non-Muhammadan Rural): I would like to move my motion.

Mr. President: I called on the Honourable Member before, and then on Mr. Ramachandra Rao and Mr. Venkatapatiraju who waived their rights to move their motions under the same head. The Honourable Member was not here and he has lost his opportunity.

(At this stage Mr. President vacated the Chair, which was taken by Mr. Deputy President.)

FLOODS IN THE MORADABAD DISTRICT.

Maulvi Muhammad Yakub: Sir, I beg to move that the Demand under the head "Working Expenses: Operation and Maintenance", be reduced by Re. 1.

In moving this motion at this late hour my only object is to draw the attention of the railway administration to the great loss of life and property caused in the district of Moradabad during the high floods in September last on account of there not being enough waterways and small bridges on the railway lines in that district. Sir, in a distance of 5 miles between the railway stations on the eastern banks of the Ram Ganges on a section of the Rohilkhund and Kumaon Railway there is not a single passage for the water to flow. And on the Oudh and Rohilkhund Railway between Moradabad and Garh Muktesur there are very few and very small water passages for the water to flow. The result was that these railway lines acted as embankments and the water could not flow from one side to the other and all the villages on the sides of these railway lines were destroyed. Heaven only knows how many men, women and children were drowned and how many hundreds of thousands of cattle were washed away and how many hundreds of villages were totally destroyed and wiped off the surface of the earth. That this was due to these railway lines was proved from the fact that there were several wide and deep breaches on these railway lines, and when these breaches were effected by the velocity of the water then the water from the villages subsided. This shows that the tragedy was caused because there are not sufficiently wide and enough waterways on this line. This happened not only last year, but two years ago the same tragedy was enacted in the district of Moradabad on the Rohilkhund and Kumaon Railway line, and then the same feeling existed that it was due to there being no sufficient waterways. And the District Magistrate of Moradabad moved the railway authorities but of course the railway engineers said it was not needed. The same agitation was got up in the district this year and representations were made to Government. As soon as this tragedy was enacted I immediately represented to the Honourable the Chief Commissioner of Railways but to my representation I received the stereotyped answer that the matter would receive due consideration. Well, I wrote another letter after that and I said that only "due consideration" would not do and that some practical steps were required, but to that letter I have received no reply as yet. Now, Sir, these breaches are being filled up. They have not yet been filled up although it was in September last, about 6 months ago, that they were effected and the embankments are still under consideration, so it is not yet too late and I take this opportunity to impress upon the Chief Commissioner to institute an independent inquiry. By independent inquiry I mean by engineers who are not subordinate to the administration of the railways concerned, and they should be deputed immediately to make investigation so that this great loss of life and property may not recur again.

Mr. O. D. M. Hindley: Sir, it would have been possible to deal with this motion at greater length than I am now able to do if the Honourable Member had given some indication of the purpose of the amendment he put on the paper, instead of leaving us in the dark. I am sorry to say therefore that I am unable to give a full description of the locality and the causes of the floods to which the Honourable Member referred. He will no doubt remember that not so very long ago in this House I attempted

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

to give Honourable Members of the House some idea of the general causes of floods and flood damages such as these which visited the Moradabad district. We have of course every sympathy with the inhabitants of the districts which are flooded in that way and the floods in the Moradabad district recently were of a most exceptional nature and such as I think were quite outside ordinary human experience. Of this particular locality the amount of my knowledge which I can communicate to the House at the moment is somewhat small but I believe it is a fact that some years ago the whole question of waterways in this locality was inquired into by a committee in consultation with the Local Government. In matters of this kind, as I explained to the House before, it is the Local Government which looks primarily to the safety of the public in regard to floods and I believe I am correct in saying that the whole matter was looked into by a committee of inquiry and it was decided that no additional waterways were required. As regards the later instance where the Honourable Member says the District Magistrate appealed to the railway to provide more waterways 2 years ago, I have no recollection of that, but I will have the matter looked up. I do not think however that the District Magistrate, if he was really in earnest and of opinion that additional waterways were necessary, should have been debarred from going further than the local railway administrations. As regards the Honourable Member's letter which he says he addressed to me and to which he says he has had no reply, I will certainly make inquiries in my office and now express to him my regret that no reply has so far been sent him.

Now, Sir, the magnitude of the disaster which occurred in the United Provinces was such that the Local Government will naturally not be satisfied until the matter has been very thoroughly inquired into and until they and we are fully satisfied as to the provision of waterways in the locality. I am not in a position to say exactly what means will be taken to make that inquiry, but the Honourable Member may rest assured that the matter will be fully gone into in consultation with the Local Government.

Maulvi Muhammad Yakub: Sir, in view of the reply given by the Chief Commissioner, I beg to withdraw my motion.

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

Mr. Deputy President: The question is:

"That the reduced sum of Rs. 42,26,47,000 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, 1926, in respect of 'Working Expenses: Repairs and Maintenance and Operation'."

The motion was adopted.

DEMAND No. 6.—COMPANIES' AND INDIAN STATES' SHARE OF SURPLUS PROFITS AND NET EARNINGS.

Mr. Deputy President: The question is:

"That a sum not exceeding Rs. 1,33,50,000 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, 1926, in respect of 'Companies' and Indian States' share of surplus profits and net earnings'."

The motion was adopted.

EXPENDITURE CHARGED TO CAPITAL.

DEMAND NO. 7.—NEW CONSTRUCTION.

Mr. Deputy President: The question is:

"That a sum not exceeding Rs. 6,46,70,000 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, 1926, in respect of 'New Construction'."

BRIDGE AT MOKAMEH GHAT.

Mr. Gaya Prasad Singh: Sir, in the absence of Mr. Sykes may I move amendment No. 128 (*Voices* "No, no") . . .

Mr. Deputy President: Order, order. Will the House let the Honourable Member address the Chair if he wants to.

Mr. Gaya Prasad Singh: I only want to have a statement from my Honourable friend the Chief Commissioner of Railways whether the consideration of this bridge at Mokameh Ghat has been finally given up or not.

Mr. C. D. M. Hindley: The construction of a bridge at Mokameh Ghat has not been finally given up. We have recently had the matter under consideration and we have come to the conclusion that for the present, having regard to the present price of money, it would not be a remunerative proposition. We have, therefore, deferred consideration of the matter for the period of a year. We shall take the matter up again when we think there is a greater likelihood of the project being remunerative.

GRIEVANCES OF THE PUNJAB IN THE MATTER OF NEW RAILWAY CONSTRUCTION.

Lala Duni Chand: Sir, I have no wish to divide the House on my motion.* I simply want to draw the attention of the House and of the Government that my province of the Punjab had had a very small share in the various projects of new construction.

Without casting a jealous eye on Southern India and Burma which prominently figure in the proposed plan of new construction I regret to say that the Punjab is almost neglected. With the exception of the Norowal Amritsar connection of 43 miles on which Rs. 69,42,000 are proposed to be spent, the Punjab occupies no place in the list of 40 projects. If I had thought that the Punjab had no grievances in this respect I would have kept quiet but knowing that the needs of the Punjab are as great if not greater than those of other provinces I want to make it a point of genuine grievance in this respect and demand redress of it. In my own constituency I beg to point out that 3 projects of new railway construction should be taken in hand. The construction of a new broad gauge line from Bhiwani (Hissar District) to Rohtak, a distance of some 30 miles, of another broad gauge line from Rohtak to Gohana, a distance of 16 miles, and yet of another broad gauge line from Ludhiana to Kalka passing through the Ludhiana and Ambala Districts are great and immediate needs. The construction of a line from Bhiwani to Rohtak will connect the ever-starving Rajputana with the grain markets of Rohtak and other grain producing districts and will further bring the districts of Rohtak and Hissar nearer Delhi. The construction of a railway line from Rohtak to Gohana will save the old town of Gohana from an approaching ruin. As to these two proposed lines I can say on the strength of personal observation that the cost of these lines will be proportionately less than the corresponding advantages and profits they will bring. It will hardly be necessary to construct any bridges worth the name for these two lines. As to the third

* "That the Demand under the head 'New Construction' be reduced by Rs. 100."

[Lala Duni Chand.]

line from Ludhiana to Kalka, I understand it has been under consideration for some years. The construction of this line will bring manifold advantages both to the Government and the general public. Simla and other important places in the Himalayas will be within easier and more direct approach from the Punjab. The trade between the central, the Eastern Punjab and the Himalayan tract of the country will expand and will provide bread to thousands of starving souls in the Himalayas. I must not forget to mention that the temporary line from Doraha to Nalagarh *viâ* Rupar, which has been laid in order to take away huge quantities of stone concrete from the Nalagarh quarries elsewhere, should be made a permanent line both for goods and passenger traffic. It is very bad to do a thing and then undo it. I ask the Railway Board not to wind it up after the immediate object is gained.

Mr. Deputy President: Motion moved:

"That the Demand under the head 'New Construction' be reduced by Rs. 100."

Mr. O. D. M. Hindley: Sir, I do not propose to follow the Honourable Member throughout the long list of projects which he has mentioned; but I would like to say that I am very sorry that the Punjab should have felt neglected because there do not happen to be any large projects for construction in our programme at the moment. There are, however, a number which we have under consideration and I hope it will not be long before we are able to have some of them put through. Several of those which have been referred to by the Honourable Member are railways in which Indian States are concerned and the matter is under correspondence with certain Durbars and I am therefore precluded from entering into a discussion in regard to them. In other parts of the Punjab we have projects under consideration and I hope we shall be able to show that the Punjab is not being neglected. It certainly has not been neglected in the past. We are very glad to have the suggestions of the Honourable Member on the record of this House and when I see them in print I shall be able to examine them and see what we can do about them.

Lala Duni Chand: I beg to withdraw my amendment.

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

Mr. Deputy President: The question is:

"That a sum not exceeding Rs. 6,46,70,000 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, 1926, in respect of 'New Construction'."

The motion was adopted.

DEMAND NO. 8.—OPEN LINE WORKS.

Mr. Deputy President: The question is:

"That a sum not exceeding Rs. 16,20,65,000 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, 1926, in respect of 'Open Line Works'."

UPPER CLASS RAILWAY CARRIAGES.

Mr. Bhabendra Chandra Roy (Presidency Division: Non-Muhammadan Rural): Sir, I move that the Demand under the head "Open Line Works—Carriages—Additions" be reduced by Rs. 30 lakhs.

I propose this cut as I think that this is allotted for the construction and betterment of the upper class vehicles. From the statement contained in the introductory speech of the Honourable Sir Charles Innes when he

was presenting the Railway Budget we find that from 1921 onwards there is a steady tendency to decrease in the number of travelling public so far as the first and second class passengers are concerned. I do not think, therefore, that it is necessary that we should have more carriages for the upper class passengers, whose number is decreasing.

(At this stage Mr. Deputy President vacated the Chair which was taken by Mr. President.)

Moreover this money can be well spent, in my opinion, in the construction of more third class carriages for the convenience of third class passengers; and in this way we might be able to reduce the third class fares, which have been very much increased before and we could also give the lower class passengers greater facilities, so that the number of such passengers may increase and consequently the revenue also may increase. I therefore propose this cut of 30 lakhs which in my opinion has been allotted for the betterment and construction of upper class vehicles.

Diwan Bahadur T. Rangachariar: I beg to move, Sir, as an amendment to Mr. B. C. Roy's motion, my motion No. 138, that the Demand be reduced by Rs. 10 lakhs.

Honourable Members will notice that the earnings from first and second class passengers are steadily going down and that in fact the sitting accommodation is even larger than the number of passengers and I do not see any reason why this large addition is being made. At the rate I have calculated a first class bogie costs about Rs. 60,000 or Rs. 62,000; so this proposal to cut 10 lakhs really amounts only to 10 or 12 bogies being reduced out of 67 new carriages which are sought to be provided in the new estimates. I mean to say it will not make any considerable reduction. Again I see a provision made in the East Indian Railway for a *train de luxe*. When the third class passengers suffer from these heavy fares, I do not see why this provision should be made for a *train de luxe*; the third class travelling public are the really paying people and I therefore submit that this is an unnecessary provision.

There is one other matter which I wish to mention. In the South Indian Railway I see that they are so economical that they have not made any provision even for third class carriages for the new year. They have made no provision for any upper class accommodation or for third class accommodation, though perhaps they get the first or second prize in the matter of density of traffic. I think also they get the first or rather super-prize in the matter of vehicles—the average number of vehicles under overdue repair, which I think, Sir, is nearly 48 or 49 per cent. of the stock which they ought to have and this has been so for several months past, so that the number of carriages they are able to put on the rails is only 52 per cent. of the sanctioned strength. The density of traffic on the railway is very great and yet the South Indian Railway have not made any provision for lower class coaches at all for the new year and I wonder why it is so. Is it because they have not got workshops? Is it because they are not inclined to do so? My Honourable friend, Mr. Venkataramana Reddi, this morning referred to the congestion of traffic in the suburban area. Not only is there congestion in that area, but in the deltaic tracts the congestion is so great that I have seen people hanging on to the windows and travelling on the footboards. How the South Indian Railway is going to cope with this traffic without making additional provision for coaches I am unable to see. I take these figures which are given at page 6 of the Memorandum. We find neither for the lower class nor for the

[Diwan Bahadur T. Rangachariar.]
upper classes is any provision made in the South Indian Railway; they are making provision only for goods wagons; so that I think more provision should be made for lower class vehicles and less for the upper class ones.

I therefore move that the Demand be reduced by Rs. 10 lakhs.

Mr. President: Amendment moved:

"To substitute the word 'ten' for the word 'thirty'."

Mr. Bhabendra Chandra Roy: I am prepared to accept the amendment.

The amendment was adopted.

Mr. President: The question is:

"That the Demand under the head 'Open Line Works' be reduced by Rs. 10 lakhs."

Mr. C. D. M. Hindley: Sir, the amendment proposed is that the provision we have made under this head for new carriages be reduced by Rs. 10 lakhs. Now, Sir, in the Budget Memorandum, Honourable Members will have seen that the numbers of upper and lower class stock which we propose to provide during the year are, I think, 67 and 755 respectively. Honourable Members have put forward the argument that, as first and second class passengers are falling off and as third class passengers are increasing, we should add no more upper class stock, but should confine our attention to the lower class stock. I wish to explain in regard to that that the total number of 67 upper class stock is a collection of a number of small demands from the different railways. And when these are spread out over the various Railway systems, they do not amount to a very large proportion of the existing stock.

Diwan Bahadur T. Rangachariar: The East Indian Railway wants 37.

Mr. C. D. M. Hindley: The East Indian Railway has put down, I believe, a demand for 36 actually. I should explain that these figures should be halved for we always count bogie coaches in terms of four-wheelers and the number, 36, therefore indicates 18 bogie coaches. Therefore, the East Indian Railway are requiring 18 more bogie coaches for upper class stock. The essence of this matter is this, that what we are trying to do is not only to provide a whole lot of additional stock but to run more trains and provide more accommodation for passengers travelling. When we put on an additional train, it is essential that it should have a certain minimum proportion of upper class stock. I think a great many Honourable Members would be extremely annoyed if they went to a station and found a third class train coming in with no first, second or intermediate class accommodation and therefore it is essential a percentage of somewhere about 1 in 10 must be upper class stock if we are to fulfil our obligations to the public. That particular argument I would ask Honourable Members to apply to the figures I have mentioned, namely, 67 upper classes and 755 third class stock. I agree that the figures vary on different railways, but that is because this is a collection of the additional requirements for the year from different parts of the country and to make up deficiencies and so on in the existing stock of railways.

Now with regard to some of them, there are special reasons why additional stock is required. I will only mention one, for instance, on the Great Indian Peninsula Railway where it has been found that they are short of stock, especially for the working of the Itarsi-Nagpur railway, a newly opened line. There are similar reasons for the additions in other cases.

The demand is, therefore, not excessive. I would like to explain that when these programmes come to us for examination, we look very carefully at the needs of the different railways both in respect of upper class passengers and also lower class passengers and on the basis of that examination, we are satisfied that these are actually required.

Now on the other hand, I should like to say that we do feel that the provision we have made for additional coaching stock is not as large as it might be if we were in other circumstances. We are in very great difficulty in this matter, because a rapid addition to coaching stock means, in the first instance, larger workshop accommodation where they can be built and, secondly, permanent extension to our workshops for the necessary repairs that will thereby be required. At the moment when this programme was put up, it was felt that we could not increase our building programme very largely without seriously interfering with the repairs and overhauling of our existing stock. It was a question of choosing between allowing our existing stock getting further into disrepair or reducing to some extent the programme of building that we should like to carry out. It is rather a technical matter, but these operations are carried out in the same workshop. That applies very largely to the case of the South Indian Railway which has been mentioned by the Honourable Diwan Bahadur Rangachariar. The South Indian Railway have been for some years feeling great difficulty regarding workshop accommodation, and their position cannot definitely improve until their workshops are completely equipped. That accounts for the high percentage of coaches there awaiting repairs. I wish to mention to the House that quite recently, since this programme was actually prepared a month or two ago, we have had this question under very careful reconsideration. We have had a conference here with the object of trying to find some means of increasing our coaching stock building programme without interfering with the necessary overhaul and repairs to coaching stock. We believe that it will be possible to so rearrange the workshops operations on some of our State Railways and re-arrange the work as between these railways as to enable us to take up even during the current year a larger programme than we have placed before the House. I am unable to say to what extent we shall be able to carry that out, but I hope it may be possible to build for the State railways something very considerable in the way additional coaching stock in addition to what we have already provided for with the object of definitely putting on more trains, and of course, if these additional coaches are built, they will be very largely for lower class stock with the requisite small proportion of upper classes to enable us to make up our trains in proper proportions.

As regards the *train de luxe*, I do not think there is any such mention

Diwan Bahadur T. Rangachariar: Yes, the East Indian Railway.

Mr. C. D. M. Hindley: That is so. The *train de luxe*, if and when it is constructed, will be used primarily for the Bombay-Howrah mail traffic, and it will only be built as a remunerative business proposition. There is no question of giving any concession to any one in this matter. If that train is built, it will be because we are satisfied that as a business proposition it is bound to pay its way and thereby improve the revenues of the country. There is no special concession involved to any class of passengers in a proposition of that kind.

Mr. Darcy Lindsay (Bengal : European): Sir, I am sorry I was not in the Chamber for the whole of the time that my Honourable friend Diwan

[Mr. Darcy Lindsay.]

Bahadur Rangachariar was addressing the House, but I gather from what I did hear that one of his objections was to additional expenditure on the construction of further upper class carriages. Now, Sir, we had this matter very carefully before us in Committee, the Railway Finance Committee fully discussed this subject, and the item was passed for insertion in the Budget. I remember speaking on the subject, and I put before the Committee what I had experienced in my journey from Howrah to Delhi. We came up five in the first class carriage, one passenger sleeping on the floor. The compartment next door was equally crowded. Last week when I came up from Howrah I had to go through very nearly the same experience, there was not a single vacant berth in the whole of the train. I strongly contend that unless we keep up the first and second class rolling stock, of which there is evidently a shortage, many passengers will have to be left behind. I think I am correct in saying that this item of expenditure provides for something like 76 new carriages. That, spread over all the lines, is a very small number indeed. I would therefore ask my Honourable friend not to press this cut, because I am satisfied that the money will be very well expended.

Mr. President: The original question was :

"That a sum not exceeding Rs. 16,20,65,000 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, 1926, in respect of 'Open Line Works'."

Since which an amendment has been moved :

"That the Demand under the head 'Open Line Works' be reduced by Rs. 10 lakhs."

The question is that that reduction be made.

The Assembly divided :

AYES—59.

Abhyankar, Mr. M. V.
Acharya, Mr. M. K.
Ahmad Ali Khan, Mr.
Aiyangar, Mr. C. Duraiswami.
Aiyangar, Mr. K. Rama.
Auey, Mr. M. S.
Badi-uz-Zaman, Maulvi.
Belvi, Mr. D. V.
Chaman Lal, Mr.
Chanda, Mr. Kamini Kumar.
Chetty, Mr. R. K. Shanmukham.
Das, Mr. B.
Datta, Dr. S. K.
Duni Chand, Lala.
Dutt, Mr. Amar Nath.
Ghose, Mr. S. C.
Goswami, Mr. T. C.
Govind Das, Seth.
Gulab Singh, Sardar.
Hans Raj, Lala.
Hari Prasad Lal, Rai.
Ismail Khan, Mr.
Iyengar, Mr. A. Rangaswami.
Jeelani, Haji S. A. K.
Joshi, Mr. N. M.
Kasturbhai Lalbhai, Mr.
Kazim Ali, Shaikh-e-Chatgam Maulvi
Muhammad.
Kelkar, Mr. N. C.
Kidwai, Shaikh Mushir Hosain.
Lohokare, Dr. K. G.

Mehta, Mr. Jamnadas M.
Misra, Pandit Shambhu Dayal.
Misra, Pandit Harkaran Nath.
Murtuza Sahib Bahadur, Maulvi
Sayad.
Nambiyar, Mr. K. K.
Narain Dass, Mr.
Nehru, Pandit Motilal.
Nehru, Pandit Shamlal.
Neogy, Mr. K. C.
Patel, Mr. V. J.
Ramachandra Rao, Diwan Bahadur M.
Rangachariar, Diwan Bahadur T.
Ranga Iyer, Mr. C. S.
Ray, Mr. Kumar Sankar
Reddi, Mr. K. Venkataramana.
Roy, Mr. Bhabendra Chandra.
Sadiq Hasan, Mr. S.
Samiullah Khan, Mr. M.
Sarfaraz Hussain Khan, Khan
Bahadur.
Shafee, Maulvi Mohammad.
Singh, Mr. Gaya Prasad.
Sinha, Mr. Ambika Prasad.
Sinha, Mr. Devaki Prasad.
Sinha, Kumar Gangannnd.
Syamacharan, Mr.
Tok Kyi, Maung.
Venkatapatiraju, Mr. B.
Vishindas, Mr. Harchandrai.
Yakub, Maulvi Muhammad.

NOES—47.

Abdul Mumin, Khan Bahadur
Muhammad.

Abdul Qaiyum, Nawab Sir Sahibzada.

Abul Kasem, Maulvi.

Ahmed, Mr. K.

Aiyer, Sir P. S. Sivaswamy.

Ajab Khan, Captain.

Akram Hussain, Prince A. M. M.

Alimuzzaman Chowdhry, Mr.

Ashworth, Mr. E. H.

Bhore, Mr. J. W.

Blackett, The Honourable Sir Basil.

Bray, Mr. Denys.

Burdon, Mr. E.

Calvert, Mr. H.

Clow, Mr. A. G.

Cocke, Mr. H. G.

Cosgrave, Mr. W. A.

Crawford, Colonel J. D.

Fleming, Mr. E. G.

Fraser, Sir Gordon.

Graham, Mr. L.

Hindley, Mr. C. D. M.

Hira Singh Brar, Sardar Bahadur
Captain.

Hudson, Mr. W. F.

Hussanally, Khan Bahadur W. M.

The motion was adopted.

Hyder, Dr. L. K.

Innes, The Honourable Sir Charles.

Lindsay, Mr. Darcy.

Makan, Mr. M. E.

Marr, Mr. A.

McCallum, Mr. J. L.

Mitra, The Honourable Sir Bhupendra
Nath.

Moir, Mr. T. E.

Muddiman, The Honourable Sir
Alexander.

Muhammad Ismail, Khan Bahadur
Saiyid.

Mutalik, Sardar V. N.

Naidu, Mr. M. C.

Rhodes, Sir Campbell.

Rushbrook-Williams, Prof. L. F.

Sastri, Diwan Bahadur C. V.
Visvanatha.

Sim, Mr. G. G.

Singh, Rai Bahadur S. N.

Stanyon, Colonel Sir Henry.

Sykes, Mr. E. F.

Tonkinson, Mr. H.

Webb, Mr. M.

Willson, Mr. W. S. J.

QUARTERS FOR RAILWAY OFFICERS IN THE SUPERIOR SERVICES.

Mr. Jamnadas M. Mehta (Bombay Northern Division: Non-Muhammadian Rural): I beg to move, Sir, that the Demand under the head 'Open Line Works' be reduced by Rs. 10 lakhs.

The time being so short, Sir, I shall only mention one fact that over a crore of rupees are being provided for staff quarters, of which 14 lakhs are for the superior staff, that is, for those drawing salaries over Rs. 600 a month. So long as third class fares remain where they are, and overcrowding goes on, it is not fair that, while our customers, the travelling public, should suffer, our officers should be housed in palatial buildings. I therefore move that the reduction be made. I will not further take up the time of the House.

Mr. G. G. Sim: Sir, as the Honourable Member has stated, the total demand under this head is 122 lakhs, and we are only providing 14 lakhs for officers' quarters. Now, Sir, the bulk of this provision is for works already in progress. We are only providing quarters for officers in cases where new lines have been constructed, or in cases where new divisional offices have been created in connection with the divisional system, or in those particular localities where the house rents are so high that it is more economical to provide quarters than to give heavy house rent allowances. Of the total provision of 14 lakhs to which the Honourable Member has referred, there is only a provision of 3½ lakhs for new projects. The rest is merely provision for finishing works already in progress. As I am not prepared to agree to any cut under this head, Sir, it is necessary for me to justify to the House the proposals for this 3½ lakhs provision. The 3½ lakhs

(It being Five of the Clock, Mr. President proceeded to put the questions.)

Mr. President: The original question was:

"That a reduced sum not exceeding Rs. 16,10,65,000 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, 1926, in respect of 'Open Line Works'."

[Mr. President.]

Since which an amendment has been moved :

"That the Demand under the head 'Open Line Works' be reduced by Rs. 10 lakhs."

The question I have to put is that that reduction be made.

The Assembly divided :

AYES—58.

Abhyankar, Mr. M. V.
 Acharya, Mr. M. K.
 Aiyangar, Mr. C. Duraiswami.
 Aiyangar, Mr. K. Rama.
 Alimuzzaman Chowdhury, Mr.
 Aney, Mr. M. S.
 Belvi, Mr. D. V.
 Chaman Lall, Mr.
 Chanda, Mr. Kamini Kumar.
 Chetty, Mr. R. K. Shanmukham.
 Das, Mr. B.
 Datta, Dr. S. K.
 Duni Chand, Lala.
 Dutt, Mr. Amar Nath.
 Goswami, Mr. T. C.
 Govind Das, Seth.
 Gulab Singh, Sardar.
 Hans Raj, Lala.
 Hari Prasad Lal, Rai.
 Ismail Khan, Mr.
 Iyengar, Mr. A. Rangaswami.
 Jeelani, Haji S. A. K.
 Jinnah, Mr. M. A.
 Joshi, Mr. N. M.
 Kasturbhai Lalbhai, Mr.
 Kazim Ali, Shaikh-e-Chatgam Maulvi
 Muhammad.
 Kelkar, Mr. N. C.
 Kidwai, Shaikh Mushir Hosain.
 Lohokare, Dr. K. G.
 Mehta, Mr. Jamnadas M.

Misra, Pandit Shambhu Dayal.
 Misra, Pandit Harkaran Nath.
 Murtuza Sahib Bahadur, Maulvi
 Sayed.
 Mutalik, Sardar V. N.
 Numbiyar, Mr. K. K.
 Narain Dass, Mr.
 Nehru, Pandit Motilal.
 Nehru, Pandit Shamlal.
 Neogy, Mr. K. C.
 Patel, Mr. V. J.
 Ramachandra Rao, Diwan Bahadur
 M.
 Rangachariar, Diwan Bahadur T.
 Ranga Iyer, Mr. C. S.
 Ray, Mr. Kumar Sankar.
 Roy, Mr. Bhabendra Chandra.
 Sadiq Hasan, Mr. S.
 Samiullah Khan, Mr. M.
 Sarfaraz Hussain Khan, Khan
 Bahadur.
 Shafee, Maulvi Mohammad.
 Singh, Mr. Gaya Prasad.
 Sinha, Mr. Ambika Prasad.
 Sinha, Mr. Devaki Prasad.
 Sinha, Kumar Ganganand.
 Syamacharan, M.
 Tok Kyi, Maung.
 Venkatapatiraju, Mr. B.
 Vishindas, Mr. Harchandrai.
 Yakub, Maulvi Muhammad.

NOES—49.

Abdul Mumin, Khan Bahadur
 Muhammad.
 Abdul Qaiyum, Nawab Sir Sahibzada.
 Abul Kasem, Maulvi.
 Ahmad Ali Khan, Mr.
 Ahmed, Mr. K.
 Aiyer, Sir P. S. Sivaswamy.
 Ajab Khan, Captain.
 Akram Hussain, Prince A. M. M.
 Ashworth, Mr. E. H.
 Badi-uz-Zaman, Maulvi.
 Bhore, Mr. J. W.
 Blackett, The Honourable Sir
 Basil.
 Bray, Mr. Denys.
 Burdon, Mr. E.
 Calvert, Mr. H.
 Clow, Mr. A. G.
 Cocke, Mr. H. G.
 Cosgrave, Mr. W. A.
 Crawford, Colonel J. D.
 Fleming, Mr. E. G.
 Fraser, Sir Gordon.
 Ghose, Mr. S. C.
 Graham, Mr. L.
 Hindlev, Mr. C. D. M.
 Hira Singh Brar, Sardar Bahadur
 Captain.
 Hudson, Mr. W. F.

Hussanally, Khan Bahadur W. M.
 Hyder, Dr. L. K.
 Innes, The Honourable Sir Charles.
 Lindsay, Mr. Darcy.
 Makan, Mr. M. E.
 Marr, Mr. A.
 McCallum, Mr. J. L.
 Mitra, The Honourable Sir
 Bhupendra Nath.
 Moir, Mr. T. E.
 Muddiman, The Honourable Sir
 Alexander.
 Muhammad Ismail, Khan Bahadur
 Saiyid.
 Naidu, Mr. M. C.
 Reddi, Mr. K. Venkataramana.
 Rhodes, Sir Campbell.
 Rushbrook-Williams, Prof. L. F.
 Sastri, Diwan Bahadur C. V.
 Visvanatha.
 Sim, Mr. G. G.
 Singh, Rai Bahadur S. N.
 Stanyon, Colonel Sir Henry.
 Sykes, Mr. E. F.
 Tonkinson, Mr. H.
 Webb, Mr. M.
 Willson, Mr. W. S. J.

The motion was adopted.

Mr. President: The question is:

"That a reduced sum not exceeding Rs. 16,00,65,000 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, 1926, in respect of 'Open Line Works'."

The motion was adopted.

Expenditure from Revenue.

DEMAND NO. 9.—APPROPRIATION TO DEPRECIATION FUND.

Mr. President: The question is:

"That a sum not exceeding Rs. 10,73,25,000 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, 1926, in respect of 'Appropriation to Depreciation Fund'."

The motion was adopted.

DEMAND NO. 10.—APPROPRIATION FROM DEPRECIATION FUND.

Mr. President: The question is:

"That a sum not exceeding Rs. 9,50,00,000 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, 1926, in respect of 'Appropriation from Depreciation Fund'."

The motion was adopted.

DEMAND NO. 11.—MISCELLANEOUS.

Mr. President: The question is:

"That a sum not exceeding Rs. 6,65,000 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, 1926, in respect of 'Miscellaneous'."

The motion was adopted.

DEMAND NO. 12.—APPROPRIATION TO THE RESERVE FUND.

Mr. President: The question is:

"That a sum not exceeding Rs. 3,28,43,000 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, 1926, in respect of 'Appropriation to the Reserve Fund'."

The motion was adopted.

DEMAND NO. 14.—STRATEGIC LINES.

Mr. President: The question is:

"That a sum not exceeding Rs. 1,82,00,000 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, 1926, in respect of 'Revenue (Strategic Lines)'."

The motion was adopted.

Expenditure charged to Capital.

DEMAND NO. 15.—STRATEGIC LINES.

Mr. President: The question is:

"That a sum not exceeding Rs. 28,20,000 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, 1926, in respect of 'Capital (Strategic Lines)'."

The motion was adopted.

BUDGET FOR 1925-26.

INTRODUCTORY.

Improvements in Financial Machinery.

The Honourable Sir Basil Blackett (Finance Member): Sir, the change introduced last year, in accordance with which the Financial Statement is made in the afternoon of the last day of February instead of on the first day of March, has one disadvantage not unforeseen when the change was made, in that both this year and next the last working day of February falls on a Saturday, and Members of this House have to be called upon at a late hour on a Saturday afternoon after a hard week's work to listen to what must necessarily be a lengthy and detailed analysis of the financial position of India. But the new procedure was, I know, appreciated by all concerned, particularly by the commercial community, and no apology is needed for its adoption again this year.

2. A still more important change in our procedure has taken effect for the first time this year. The last few days have brought home to all of us the reality of the separation of Railway Finance from General Finance, a subject with which I dealt at some length in my Budget speech a year ago and on which a final agreement was happily reached last September. I cannot pass over in silence this most important reform in the Government of India's financial machinery. Of its ultimate advantages from the point of view of Railway administration, from the standpoint of the commercial and general public, and from that of the Government of India and of this House in dealing with the finances of the Central Government. I have no doubt whatever. Before many years are out, this country will, I feel sure, see its benefits in the practical form of more efficient and cheaper transportation with all that is therein involved for the economic development of a country with the immense potentialities which India possesses. Meanwhile, we are happily relieved of the difficulties and doubts which confronted us in dealing with our General Budget when it incorporated the gross receipts and the working expenses of the Railways and the difference between good and bad trade and a good and bad monsoon meant a difference of several crores of rupees in our Budget figures. The taxpayer is now assured of a regular and growing contribution in relief of taxation from his investments in Railways and the task of maintaining a continuous financial policy and of distinguishing between a temporary and permanent surplus or deficit in our accounts is immensely facilitated.

3. I may, however, be pardoned if I comment on one uncomfortable disability which this change imposes this year on the Finance Member, who has to send his Budget speech out in print to all parts of India almost a week before it is delivered with the disquieting knowledge that many subjects relevant to the General Budget will have been under active discussion in this Legislature and in the country during the course of that week without his being able to modify one word in his speech in the light of such discussion. My previous predilection in favour of the change of the date of the Railway Budget from March to September is greatly fortified by this experience.

4. It will be convenient if I pass from this subject to the kindred subject of the introduction of a system of commercial accounting in the Posts and Telegraphs Department. In the Financial Statement for the year 1925-26 which I am about to lay before the

Commercialisation of accounts of Posts and Telegraphs Department.

House, the figures for the Posts and Telegraphs Department will for the first time be set out in a completely commercialised form. I do not think many people beyond those immediately concerned with the commercialisation of the accounts realise what a very difficult business it has been, and we are greatly indebted to the Accountant General, Posts and Telegraphs, and to the other officers concerned for their unstinted labours. The recasting of accounts into a new form must always involve a certain amount of confusion and possibility of error on first introduction, and many knotty problems of classification arise. It was not until January of this year that various important decisions of principle were finally reached, and both as regards the form of the account itself and the actual method of distributing the charges final orders have still to be issued in certain cases. The statements and estimates prepared represent, therefore, on several points decisions which must be regarded as provisional.

5. It is, however, possible for me to indicate with some completeness what the change of system involves. The Indian Postal and Telegraph Department exists primarily for the purpose of providing the Indian public with easy and rapid means of intercommunication, and in payment for the services rendered in that capacity it obtains revenue from the sale of stamps, money order commission, etc. But in addition to these services, the Department, which is ubiquitous throughout the continent of India and Burma, is naturally called upon to act as the agent of the Government in carrying out other essential services not directly connected with its primary activities. For example, the Department manages the Post Office Savings Bank, issues and discharges Post Office Cash Certificates, collects Customs duty on dutiable articles coming into India by post, manages the Postal Life Insurance Fund, and is the custodian of postal and telegraphic stores held in reserve for purposes of mobilisation of the Army. Hitherto the accounts of the Indian Postal and Telegraph Department have been kept mainly on a cash basis and until 1924-25 no credit was taken in its Budget for the value of services of the kind mentioned. In 1925-26 about 24½ lakhs will be credited to the Department in respect of these services as a deduction from gross working expenses. On the other hand, under the cash system the working expenses included no provision for interest on capital (with certain small exceptions) or for depreciation, and the charge for pensions which was transferred to the Department from the general superannuation vote only a year ago included simply the estimated outgoings of the year which are considerably less than the annual liability. Under the new system the Department will carry a sum of 50 lakhs for pension liability as against a sum of less than 40 lakhs representing the estimated outgoings for pensions in 1925-26. It is further proposed to call upon the Department to find 32 lakhs by way of provision for depreciation of assets. From the net receipts the Department will also pay interest on the block capital value of its assets, the amount required being provisionally taken at 66 lakhs. All these items represent charges which should legitimately be borne by any commercial concern. The block capital value has been provisionally based on the total outlay on capital account as shown in the Finance and Revenue Accounts, after allowing for depreciation. The whole question is now being investigated with a

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view to discovering to what extent the older assets of the Department may have disappeared without any corresponding adjustment having been made in the accounts, and any mistakes discovered will have to be rectified. In addition to paying interest on the depreciated block account, the Department is also legitimately liable to make good any arrear depreciation within a certain number of years. Ordinarily this charge should be met from its revenues, but as the present position is uncertain, we have provisionally allowed the Department to borrow from general revenues for this purpose and pay interest on the sum so borrowed. The pensionary liability which I have mentioned has also had to be taken at an arbitrary figure pending its calculation on an actuarial basis.

6. In order to enable comparisons to be drawn between the results of two years' figures for the Posts and Telegraphs Department, the estimates for the year 1924-25 have been recast in the form in which they would have appeared if the scheme of commercialisation had been given effect to this year. For the year 1925-26, if I may be allowed to anticipate a little the figures for the new Budget, the gross Budget estimate of revenue of the Indian Postal and Telegraph Department is 10.41 crores; the gross expenditure amounts to 9.76 crores; the net receipts are thus 65 lakhs. Out of these net receipts provision has to be made for interest on capital to the amount of 66 lakhs. The final profit and loss account of the Department on this basis shows a loss of Rs. 60,000 for 1925-26. If the figures for 1924-25 were recast on the same basis, the gross receipts would amount to 10.07 crores; the working expenses to 9.44 crores; the net receipts to 63 lakhs; and after making allowance for interest and other charges, the net outturn would show a loss of a little less than 3 lakhs. I do not wish to lay any particular emphasis on these figures or to draw any particular inference from them at this stage. Minor modifications will be necessary when the outstanding questions have been finally settled and the actual results of the year's working may show some diminution of expenses or some increase of revenue which will turn the small loss into a small profit, but the margin is in any case narrow. It is satisfactory to know, however, that the Department is not, as at one time I feared, working at a considerable loss, and with the improvement of trade which now seems to be taking place, I am not without hope that a year hence a better showing will be made. An attempt has been made in the detailed statement explaining the Demands for Grants for this Department to allocate the receipts and expenditure among the main branches of its activity, viz., Post Office, Telegraphs and Telephones. I should, however, warn the House against the danger of accepting this as an exact measure of the results of working of the different branches and basing any conclusions thereon. The activities of the Department are so closely intermingled that any allocation is bound to be arbitrary. Moreover an increase in the receipts of one branch has inevitable reactions on the receipts of other branches. For instance, an increase in telephone receipts may be accompanied by a reduction in postal receipts or, in the case of long distance telephones, in telegraph receipts. The estimated figures of profit and loss for 1925-26 as calculated by the Accountant General, Posts and Telegraphs, are as follows: the Post Office is expected in 1925-26 to work at a net profit of about 29 lakhs and the Telegraphs and Telephones at a net loss of 26 lakhs and 4 lakhs each, these figures being to a large extent accounted for by the amount of interest payable on their capital outlay

by the Post Office, Telegraphs and Telephones, *vis.*, 8, 48½ and 9½ lakhs respectively.

7. Before passing on to my actual Budget, I wish to refer briefly to Changes in Demands for some changes that have been made in the Grants. Demands for Grants which, I believe, the House will appreciate. The Public Accounts Committee have this year devoted much attention to the form of these grants and we have, wherever possible, accepted and given effect to their views. We have, for instance, adopted their suggestion of rearranging our territorial grants on a more logical basis and of removing from the High Commissioner's grant large items such as the expenditure on Currency stores. We have indeed gone further in this direction than they recommended. We have, for a different reason, decided to remove all stores from the High Commissioner's grant and to include them in the various departmental grants. The House will remember that one of the objects of the Act which was passed last year making Government stores liable to Customs duty was to encourage purchase of stores in India as far as possible. It is essential for that purpose that the Customs duty shall be actually taken into account by the spending Departments in considering the comparative cost of goods imported from abroad and goods bought in India. This is, however, impossible if the cost of the stores is included in one grant and the Customs duty in another, for a transfer of funds from one grant to another is not possible without a fresh vote of the Assembly. The effect of the inclusion of the cost of stores, along with Customs duty, in the departmental grant will be to make the comparison real and enable the spending Department to utilise the total provided for purchases in India. The Demands for Grants have also been altered in another direction to which, I know, both the House and the Public Accounts Committee attach much importance. The total number has been increased considerably. Apart from the large increase in the number of grants connected with Railways which we have been discussing this week, we have adopted the suggestion which you, Sir, made last year that there should be a separate grant for each Department of the Government of India instead of one grant for "General Administration". This one grant has now been replaced by thirteen, giving greater facilities, which I have no doubt will be fully utilised, for criticism and review of the administrative activities of the Government.

ACCOUNTS OF THE YEAR 1923-24.

8. In dealing with the Posts and Telegraphs Department I have been led to anticipate a little the normal order of the Financial Statement. It is now time to turn to the ascertained results of the year 1923-24. The actual figures more than justify my statement a year ago that, although the revised Budget seemed to point to a small deficit of 88 lakhs on ordinary account, it would not be surprising to find that the final figures showed an actual surplus. Owing to the unavoidable uncertainties of a period when drastic retrenchments were being carried out in accordance with the recommendations of the Retrenchment Committee, whose report was received only a few days before the original Budget was presented, both the original and the revised Budgets for 1923-24 were peculiarly difficult to frame. The Revised estimates for 1923-24 showed a total revenue of 131·96 crores, and a total expenditure of 129·90 crores, leading to a surplus of 2·06 crores including the extraordinary receipt from profits from the control of enemy ships. The actual figures for the year show the revenue at a total of 133·17 crores, and the expenditure at 130·78 crores, leaving a realised surplus of 2·39 crores.

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9. These figures cannot, however, be compared without further explanation with the revised figures presented a year ago. The net Military expenditure given in the Revised estimates as 59.74 crores is reduced, now that the actual figures are finally ascertained, to 56.23 crores. About 66 lakhs of this saving of 3.51 crores are due to a reduction in the expenditure in England on payments for surplus officers, purchase of stores, etc. The rest of the saving occurred in India and may be regarded as the cumulative reward of our persistent efforts to secure all-round retrenchment—a result for which we are very greatly indebted to the constant watchfulness of His Excellency the Commander-in-Chief assisted by the Financial Adviser, Military Finance. To His Excellency the Commander-in-Chief's unfailing co-operation and assistance in the task of reducing the expenditure of the Army I wish to pay a very special tribute of thanks. It is a task which is always an ungrateful one and particularly so when undertaken by a Commander-in-Chief.

10. Our true expenditure for the year 1923-24 for Military services is, however, understated at 56.23 crores, since in addition to the cash expenditure, allowance has to be made for the fact that over 3 crores of surplus stores were utilised by the Army during the year in question and not replaced. This considerable reduction of accumulated stores is a very valuable economy and is in accordance with the recommendations of the Retrenchment Committee, but it is necessarily a non-recurrent saving and for purposes of comparison in future years the net military expenditure for 1923-24 may be taken at approximately 59½ crores, of which 56.23 crores were in cash and the remainder was in kind. The House will, of course, appreciate that the year 1923-24, the first year in which the Retrenchment Committee's cuts were brought into force, was in many respects abnormal, and, as I have said, estimating was unusually difficult. The error on this occasion was very emphatically on the right side, but a careful examination is being made into the whole machinery of the preparation of our Military estimates with a view to the prevention of over-budgeting. The estimates for 1925-26, which I shall be presenting shortly, have been very carefully pruned for this purpose.

11. But in spite of this reduction of 3½ crores in Military expenditure as compared with the Revised estimate and of larger receipts from Salt duty in March 1924 than anticipated, the actual surplus shown in the accounts does not differ widely from the figures presented by me a year ago, because we have made two changes in accounting which, while not affecting our Ways and Means position in any way, reduce the apparent amount of the surplus, with great advantage to our financial position in future years. The first of these changes is the adjustment against the revenues of 1923-24 of the whole of the discount charges, amounting to 82 lakhs, on the 1923 loan, which we had originally proposed to spread over a period of years. The second and the more important change is that we have transferred from the Suspense account and charged against the revenue of the year certain items, aggregating 8.41 crores, consisting of loans and advances to the Persian Government incurred both before and during the Great War. This expenditure was shared by us with the British Government and the practice of the British Treasury is to treat such outgoings at once as expenditure against the revenue of the year instead of keeping them in suspense as has been done in India. From a book-keeping point of view it is unsatisfactory to keep large amounts in

suspense for an indefinite period without bringing them finally to account. The Public Accounts Committee has recently drawn attention to this defect in our system with special reference to these particular transactions. We are endeavouring to avoid suspense entries in our accounts in future so far as possible. Meanwhile we have taken advantage of the opportunity offered in 1923-24 to write off all these items against revenue. The fact that this book adjustment has been made does not, of course, in any way affect the liability of the Persian Government with whom negotiations are proceeding for recovery of the debt. A comparative table is being bound up and circulated with the Budget speech, as was done last year, showing the actual outturn for each of the last ten years. The final result of the year 1923-24 is, as I have already said, a realised surplus of 2.39 crores.

REVIEW OF THE YEAR 1924-25.

12. Our hopes of a steady revival in trade, which were disappointed in 1922-23 and 1923-24, have at last been fulfilled in 1924-25. The characteristic feature of the year has been the movement of a greater bulk of commodities both for export and for home consumption. The first ten months of 1924-25 show once again a considerable expansion in the exports of grain and pulse. The price of tea has been advancing and our exports for the year constitute a record. The cotton trade had been adjusting itself to smaller margins, but an encouraging feature of the year is the steady expansion in the export of Indian-made piece-goods, especially noticeable under the head of grey piece-goods. In the last months of 1924 some of our chief exportable commodities, notably, jute, tea and wheat, rose markedly in price. Cotton, on the other hand, was falling in price and has been slow in coming to the market. The hopeful prospects entertained by the cotton industry have not as yet fully materialised, but with a large crop in sight and indications of a steady internal demand, there are legitimate grounds for hoping that the delay in their realisation is only temporary.

13. The total value of the exports of Indian merchandise for the first ten months of the financial year was 297½ crores, which is over 60 crores in excess of the figures of 1922-23 and 24 crores in excess of those of 1923-24. Imports have advanced similarly, and the balance of trade in merchandise in India's favour up to the end of January 1925 was exactly the same as at the end of January 1924, namely, 108½ crores. After allowing for a total import of bullion during the first ten months in question of 61½ crores, there remains a net balance of 42 crores in favour of India, as against 68½ crores a year ago.

Revenue.

14. The welcome recovery in trade is clearly visible in the figures of gross Customs receipts. We budgeted for a gross revenue under this head of 46.02 crores, and a net revenue of 45.02 crores. The present figures indicate that the gross receipts will be 48.74 crores—an increase of 2.72 crores. There is a falling off in receipts under the heads tobacco, matches, and machinery, but nearly every other head shows an increase, specially the revenue from import duties on cotton piece-goods and sugar, and that from cotton excise duty now estimated to yield 2.10 crores in 1924-25. Metals other

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than iron and steel, and export duties, also show noticeable increases. The protective duties imposed last June are expected to bring in about 2·25 crores, of which about 1·10 crores may be regarded as additional revenue.

15. This real improvement in Customs revenue is, however, obscured by the necessity of making a much larger provision for refunds than was estimated to be required. Ordinary refunds are put at 18 lakhs more than the estimate, mainly as the result of an increase in the transit traffic to Afghanistan. But it is under the head of extraordinary refunds that the big disturbing element enters. The House will remember the reference I made a year ago to our appeal to the Privy Council against the decision of the Bombay High Court that stores imported by Railway Companies working State lines came under the definition of Government stores. The Privy Council has recently decided against us, and as I warned the House, we have in consequence to make large refunds of duty. The amount of these refunds was estimated roughly a year ago at about 2 crores, and an amount of 2 crores was accordingly retained from our extraordinary receipt from enemy ships against this contingent liability. Our latest estimate places the amount to be refunded at 2·80 crores, and this payment has to be shown as a refund under the head Customs. Thus, in spite of an increase in our gross receipts, our net Customs revenue is now estimated at 44·76 crores or about 26 lakhs less than we originally budgeted for.

16. The effect of the Privy Council decision has already formed the subject of discussion when we were dealing with the Railway Budget, but I think it will be convenient to the House if I explain shortly the exact bearing of these refunds on our general financial position. So far as concerns Ways and Means, the net effect is almost negligible, for our loss under Customs appears as a gain under Railways. Out of the total of 2·80 crores, 1·55 crores are attributable to stores consumed for purposes of capital expenditure and go to reduce the capital expenditure of the year, and the balance of 1·25 crores representing duty on stores consumed on revenue account goes to reduce the working expenses. The net receipts from Railways during 1924-25 are correspondingly increased and consequently also the surplus profits paid to the Companies working the lines. It is only this last amount which is absolutely a loss to the Government of India in one or other of its capacities. The share of the Companies in the profits is proportionate to the amount of capital contributed by them, and as the capital they have contributed is small, only about 15 lakhs of this special receipt goes to them. The balance of 1·10 crores swells the Railway surplus for the year, and as this is already over 3 crores, two-thirds or 73 lakhs are transferred to the Railway Reserve, and one-third or 37 lakhs added to the contribution payable by the Railways to general revenues. Our revenue position is, however, more seriously affected. We have lost 2·80 crores under Customs and only 37 lakhs of it come back as an addition to the contribution made by the Railways to general revenues. But to meet this loss we have the amount set apart last year from the enemy ships account. The total amount due to India from this account has proved to be somewhat more than 4·69 crores, the amount originally estimated. The sum credited to revenue in the accounts of 1923-24 was 2·41 crores; 25 lakhs have been set apart to

meet the claim on account of *ex gratia* grants to private individuals in consideration of losses suffered from enemy action which, it is expected, we shall have to make in 1925-26 instead of in the current year as originally intended. We are taking as an extraordinary receipt in the current year 2.55 crores which compensates for the loss of revenue resulting from the Privy Council decision in regard to stores imported by Railway Companies. In 1925-26 excluding the 25 lakhs already referred to, a further credit of 13 lakhs is expected on account of the profits of working of the enemy ships till finally disposed of. This will, we believe, finally close this account.

17. I referred a year ago to the experimental nature of our estimate of receipts under the head of Taxes on Income.

Taxes on Income.

The figure included in our Budget for 1924-25 was 18.22 crores. Our latest estimate is 1.75 crores less. As the House knows, the Income-tax demand is based on the results of the preceding year, but while trade conditions in 1923-24 did not appreciably differ from those of the previous year, the total yield of 18½ crores in 1923-24 included large arrear collections. The year 1924-25 consequently opened with comparatively lighter arrears and our receipts are reduced accordingly. Thanks to the efforts of the Central Board of Revenue, I have reason to hope that our estimates of Income-tax will henceforward contain a smaller element of conjecture. I am also confident that with improving trade and progressive improvement in our machinery of collection there is a considerable margin for increase in future years under this head of revenue.

18. But I desire to take this opportunity of referring publicly to a somewhat serious danger which threatens our

Evasion of Super-tax.

Super-tax revenue. There are some among the richer members of the community in India who are constantly engaged in exercising their ingenuity in order to evade by legal devices the payment of the taxation legitimately due from them. I refer in particular to the device of creating what are really bogus Companies with a view to escaping individual responsibility for Income-tax and Super-tax. One such instance of a most glaring kind from Bombay has recently come to my notice which threatened to lose us over Rs. 50,000 in the case of a single individual. It is the bounden duty of the Government to spare no effort in order to put an end to these practices, which can be indulged in only by the rich and only at the expense of the tax-payers of India in general and particularly of the poorer tax-payers. The Government have not yet completed their proposals for amending the Income-tax Act in such a way as will deal effectively with this class of evasion, and legislation on the subject is beset by difficulties, but I know that we can rely on the support of the House in securing that to the best of their abilities they will close up any loophole that may exist in the present Income-tax law, and make certain that the intentions of the legislature in framing the existing scale of Income-tax and Super-tax which is graduated according to the capacity of the individual to pay shall not be systematically frustrated of its legitimate purpose.

19. Under the head of Salt we expect to receive 1.31 crores less than our Budget estimate of 9.05 crores. This is

Salt.

exactly the amount by which the actual receipts from salt in 1923-24 exceeded our expectations as set out in the revised Budget of that year. Our estimates allowed for a rapid replenishment of stocks following upon the reduction of the duty. But we underestimated

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the rapidity. The rush by dealers to replenish stocks took place in such volume during March 1924 that the receipts in that month exceeded the estimate by 1·81 crores, and the receipts in 1924-25 are correspondingly reduced.

20. There is a considerable decline in our estimated receipts from

Opium. Our revenue under this head is derived

in great part from fixed sales to external Governments both within and outside the British Empire with whom we have definite agreements, but in addition we have for some years been offering 3,000 chests a year for sale by auction at Calcutta. These chests are bought by traders for export to foreign countries with whose Governments we have not concluded any agreement for direct sales. All such exports are dependent on the grant of an import certificate by the Government of the country to which the opium is being exported and no export is allowed without such a certificate. Recent international discussions regarding opium have introduced much natural uncertainty in the opium trade, and since October last we have sold very few chests by auction; in February we sold none at all. The consequence is that we now expect a reduction in revenue of 65½ lakhs, and it is not improbable that our Opium revenue will continue its progressive decline in the next few years.

21. The position will be better understood if I give figures of net revenue instead of gross receipts. Our net revenue from Opium since the year 1921-22 has been as follows:—

1921-22	. . . . .	1·27 crores.
1922-23	. . . . .	1·92 „
1923-24	. . . . .	1·56 „

For 1924-25 we originally estimated for a net receipt of 2·25 crores. Our revised figure is 1·31 crores, the gross receipts being 3·68 crores and expenditure 2·37 crores. In addition to a reduction of 65½ lakhs in our receipts, there is an increase of 28½ lakhs in our Opium expenditure due to the high outturn of the crop. In our forecast for the year 1925-26, which it is convenient in this instance for me to anticipate here, our Opium expenditure is expected to be reduced by 57 lakhs as the result of a reduction of the price paid to cultivators and restriction of the cultivated area. This has become necessary since our stocks in reserve are growing beyond our requirements and would otherwise have become unduly high particularly in view of the possibility of a progressive reduction in demand. In consequence of this and of the inclusion in our excise opium receipts of a special non-recurring item of about 20 lakhs to which I shall refer later, our net revenue for 1925-26, in spite of a reduction in sales, is expected to be 1·76 crores, which is 45 lakhs higher than the revised figure for 1924-25.

22. I need say little at this stage in regard to our Railway receipts and expenditure. The net credit to general revenues

Railways.

anticipated in the Budget was 4·58 crores, a figure arrived at without reference to the prospect of the separation of Railway Finance from General Finance. The fixed contribution to general revenues in accordance with the arrangement approved by this House last September is 5·09 crores; and in addition we are entitled to one-third of the

excess over 3 crores of the net balance shown by receipts over expenditure. The figures for 1924-25 can best be summarised as follows:—

	Crores.
Net receipts from Railways after deducting all payments including working expenses, but before adjustment of contribution and transfer to Railway Reserve	9.74
Contribution to general revenues	5.09
Balance	4.65
Central Government's share representing one-third of the excess of this balance over 3 crores	0.55
Net transfer to Railway Reserve	4.10
Net credit to general revenues $5.09 + 0.55 =$	5.64

23. I have already given the Revised estimates for the Posts and Telegraphs Department in dealing with the introduction of the new system of commercial accounting. The actual outturn of the year on the old basis, as now estimated, differs very little from our anticipations at the time when the original Budget was framed. There is reduction in net receipts amounting to 16 lakhs, which is more than fully accounted for by the fact that we agreed to increase by 23 lakhs the assignment to Provincial Governments on account of their share of the receipts from unified stamps.

24. The only other variation of importance in the revenue for 1924-25 is under the head of Interest where we expect an improvement of 51 lakhs exclusive of exchange, owing to larger balances.

Expenditure.

25. On the expenditure side one of the most important variations between the original and Revised estimates for 1924-25 occurs under the head of Exchange. The House will remember that our Budget estimates were based on the assumption—for which I was careful to disclaim any prophetic value—that the average rate of exchange of the year would be $16\frac{1}{2}d$. I was accused in more than one quarter of rashness, but the sequel shows that I was unduly cautious, for the average rate of exchange for the year is now put at $17\frac{1}{2}d$. Exclusive of Railway transactions which affect our general financial position only indirectly, the resulting net saving in our expenditure amounts to 2.15 crores of which 70 lakhs occur under Military services and 5 lakhs under Posts and Telegraphs.

26. Our estimates provided for a net Military expenditure of 60.25 crores. This estimate was framed on the basis of the Budget of the previous year modified by such information as was available at the time when the original estimate for the current year was prepared regarding the progress of expenditure during 1923-24. We have now before us for our guidance the actual figures for 1923-24 which give us for the first time since the War a basis of calculation which begins to approximate to the normal. Aided by this experience and by the recorded figures of expenditure during 1924-25 up to date, we now find ourselves justified in adopting a net figure of 56.88 crores as the Revised estimate for the current year, a figure which is nearly 4 crores

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better than the original estimate. Shortage in the authorised establishments of the various services and further economies in several directions account for a reduction of 1·70 crores. Exchange accounts, as I have already said, for 70 lakhs. Surplus stores have been consumed or otherwise disposed of to the extent of 1·10 crores, or 45 lakhs above the original estimate, while gratuities to surplus officers and other payments to the War Office for the British forces in India are expected to require 53 lakhs less. There is a saving of 15 lakhs under the head Military Works and various other savings in expenditure amount to 50 lakhs. On the receipt side, arrears from adjustments or war expenditure have brought us in 42 lakhs more than we anticipated. On the other hand, we have had to provide for an increase in the cost of the Army owing to recent rises in the prices of forage and other supplies for which I have allowed 15 lakhs. An addition of 11 lakhs has to be made in our estimate for non-effective charges. The revision of the pay and allowances including free passages to officers of the Army within the current year involves the provision of an additional 29 lakhs in the Revised estimate. I shall return later to our Military expenditure in dealing with the figures for 1925-26.

27. I have already mentioned the excess of 28½ lakhs under the head of Opium expenditure required for additional payments to cultivators. Under all the other heads

Civil Expenditure. of our Civil expenditure taken together, and excluding the saving under the head of Exchange already mentioned, there is a net excess of 29 lakhs. The bounties under the Steel Protection Act have cost us 37 lakhs, and the additional bounties recently assented to by House will cost us a further 25 lakhs, making 62 lakhs in all. In addition we have to meet the cost of improvements, following the Lee Commission's recommendations, in the pay, pensions and allowances of the Superior Services under the Central Government amounting to about 25 lakhs. Of this figure, however, about 5 lakhs fall to be paid out of the Railway Budget, and 2 lakhs have already been included in the figures for the Posts and Telegraphs Department. It is satisfactory to observe that, in spite of these additional charges, the net excess in the Revised estimate for other Civil expenditure over the original Budget amounts to 29 lakhs only.

28. The above variations in revenue and expenditure are summarised below :—

		[In lakhs.]	
		+ Better.	— Worse.
Railways (net, including exchange)		+ 106	...
Military Services (net, including exchange)		+ 392	...
Posts and Telegraphs (net, including exchange)		...	— 27
Total Civil revenue (excluding exchange)		...	— 172
Total Civil expenditure (excluding exchange)		...	— 57
Exchange on Civil transactions (net)		+ 140	...
		<u>+ 638</u>	<u>— 256</u>
	Net	+ 382	
	Original Budget surplus	+ 18	
		<u>+ 400</u>	

		[In lakhs.]	
		+ Better.	— Worse.
Details:—			
Civil revenue (excluding exchange)—			
Customs	...	—25	
Taxes on Income	...	—174	
Salt	...	—131	
Opium	...	— 65	
Interest	...	+51	
Extraordinary receipts	...	+169	
Other revenue heads	...	+3	
		+ 223	— 305
		—172	

Civil expenditure (excluding exchange):—

Opium expenditure.	...	—28
Other	...	—29
		—57

29. The House will observe from these figures that in place of a modest surplus of 18 lakhs allowed for in the original Budget, we now hope to end the year with a surplus of just under 4 crores. This improvement is mainly attributable to the substantial savings in Military expenditure, to the savings in Exchange, to improved Customs receipts, and to the increase in the contribution from Railways to general revenues. The improvement under these items is more than enough to counterbalance the reductions in our revenue; the refunds of Customs duties to Company-managed Railways are covered by the amount set aside in Suspense from last year's windfall; and the savings under general Civil expenditure, for which as well as for the reduction in Military expenditure the steady vigilance of the Finance Department may claim some credit, have all but met the extra charges, not anticipated in the Budget, for bounties in connection with the iron and steel industry, and the cost of the Lee Commission's recommendations.

Public Debt.

30. I devoted a considerable portion of my last year's speech to an analysis of our Public Debt and a sketch of a programme for systematising our provision for Reduction and Avoidance of Debt. As the subject of our Public Debt was discussed at considerable length in this House on February the 17th, there is no need to-day to repeat at length the statement which I then made to the House. It will, however, be convenient I think to include in this speech some of the more important figures. They show some slight variations from the figures previously given being based in certain cases on later information.

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Statement showing the Debt of India outstanding on the 31st March 1914, the 31st March 1924 and the 31st March 1925.

(Figures in crores of rupees.)

	31st March 1914.	31st March 1924.	31st March 1925.
<i>In India:</i>			
Loans	145.69	758.81	370.18
Treasury Bills in the hands of the public.	...	2.12	...
Treasury Bills in the Paper Currency Reserve.	...	49.65	49.65
Other obligations—			
Post Office Savings Banks	25.17	24.79	25.92
Cash Certificates	...	8.42	17.02
Provident Funds, etc.	10.93	39.20	43.10
Total Loans, etc.	145.69	410.58	419.23
Total other obligations	34.10	72.41	82.10
Total in India	179.79	482.99	501.98
<i>In England (at Rs 15 to the £):</i>			
Loans	265.60	366.80	195.23
War Contribution	...	18.90	28.20
Capital value of liabilities undergoing redemption by way of terminable railway annuities	105.90 (= £70,600,893)	9.14 (= £60,095,487)	88.25 (= £58,836,487)
Total in England	371.50	485.84	311.78
Total Debt	551.29	968.83	1012.71

31. The above figures include the debt due by the Provincial Governments to the Government of India amounting to 97.56 crores on the 31st March 1924 and 106.95 crores on the 31st March 1925. The productive debt was 673.59 crores on the 31st March 1924 and will be 725.15 crores on the 31st March 1925. The unproductive debt was 295.24 crores on the 31st March 1924 and will be 288.56 crores on the 31st March 1925. Exclusive of Provincial Governments' debt, which may also be regarded as almost entirely productive, the increase in the productive debt during the current financial year amounts to 42.17 crores. It is almost entirely accounted for by capital expenditure on Railway development and includes not only the new capital expended during the year, but also the amount of £18½ millions of the East Indian Railway Company's debentures taken over by the Government of India on the termination of the Company's contract. This latter figure, while it represents an addition to the direct obligations of the Government, does not of course represent any addition to the indebtedness of India as a whole, being merely a transfer from the Railway Company to the Government of the liability to meet the same interest charge out of the earnings of the same Railway. Unproductive debt decreased during 1924-25 by 6.68 crores, but the real decrease was

larger since to the extent of $1\frac{1}{2}$ crores the nominal total of the debt has been increased by the conversion of 7 per cent. Government of India sterling loan into 3 per cent. stock, a conversion which, while doubling the nominal amount, has the effect of reducing the interest charge on the nominal total from 7 per cent. to 3 per cent. and represents an annual saving in interest.

32 Our internal debt (again excluding Provincial Governments' debts to the Government of India) on the 31st March 1924 was 385.43 crores and on the 31st March 1925 will be 394.98 crores. Our external debt was 485.84 crores on the 31st March 1924 and 511.78 crores on the 31st March 1925. (For the purposes of calculation of our external debt I convert sterling at Rs. 15 to the £ in order to facilitate comparison with previous years. I may, however, add that at the present rate of exchange of 18d. the external debt amounts only to 454.92 crores.) The increase in our external debt is, however, purely nominal and the explanation of it is the same as that already given in another connection, namely, that the later figure includes 27.75 crores or £18½ millions of East Indian Railway Company's debentures which are not really an increase in the debt of India at all, while a further $1\frac{1}{2}$ crores represent the increase due to conversion of the 7 per cent. loan into 3 per cent. stock. Apart from these nominal changes, we have reduced our external debt during 1924-25 by nearly £2½ millions.

33. The method which I outlined last year for the regularisation of the provision for the reduction or avoidance of debt has been adopted substantially in the form then proposed in the scheme recently announced by the Government of India. The scheme is fully explained in the Government of India Resolution dated the 9th December 1924. Under that scheme, for a period of five years in the first instance, the annual provision for reduction or avoidance of debt to be charged against annual revenues is fixed at 4 crores a year plus $\frac{1}{80}$ th of the excess of the debt outstanding at the end of each year over that outstanding on the 31st March 1923. The provision required under this arrangement for 1925-26 is 4.78 crores, the increase being due partly to the considerable addition to our Permanent Debt as a Government involved in the taking over of £18½ millions of the debenture stock of the East Indian Railway. When it is remembered that the gross amount of the debt owed by the Government of India to its various creditors exceeds 1,000 crores of rupees, a provision of 4.78 crores cannot be regarded as other than modest, amounting as it does to less than half of 1 per cent. of the gross amount. This figure of 4.78 crores compares with the provision of 4.52 crores in the original estimates for 1923-24 which was not based on any regular programme but represented the aggregate amount of the specific sinking funds then in operation for specific loans. There is a further item which appears under the same head for 1924-25 and for 1925-26, namely, the equivalent of the amount of Customs duty on capital stores imported for State-managed Railway lines. Such Customs duty represents an addition to our revenue arrived at by an addition to our Capital expenditure and as explained in my Budget speech last year we have earmarked it as a special contribution from Revenue to Capital.

34. In view of the debate which took place on this subject a fortnight ago I need not enlarge again on the importance of a regular and systematised provision being made in our annual Budget for reduction or avoidance

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of debt. The most extravagant thing a Government with large commitments and a big programme of new borrowing can do is to provide an insufficient sinking fund. Any apparent saving that may be effected in the Budget for one year by a reduction of the amount provided will be more than offset in the next year or two by the additional interest that will have to be paid on new loans including conversions. We have a large volume of short-term bonds maturing during the next decade, and arrangements have to be made for re-borrowing the amounts which fall due. We have also a heavy programme of new capital expenditure which we have to finance mainly out of borrowed funds. It is essential that we should maintain our credit both internally and externally unimpaired, if we are to carry through successfully the business of renewing maturing debt and raising the new capital which we require. Our provision for reduction or avoidance of debt assists us in this task in two ways, for it not only reduces the amount that we have to borrow, but it also gives confidence to our creditors and to those whom we may want to induce to become our creditors in the security which we have to offer them, and thereby serves to keep down the rate of interest on our new borrowings. Nor must the value of such provision as an emergency reserve be overlooked. I have received evidence from many quarters to the effect that the regularisation of our provision for reduction or avoidance of debt has greatly strengthened the confidence of investors both inside and outside India in the soundness of India's financial position and methods, and in the desirability of her Government loans as investments for their savings.

Provincial Loans Fund.

35. Before I pass to the figures for the year 1925-26, let me mention one further innovation in our Public Debt policy which, though not at the moment ripe for introduction, is so far advanced that I have every hope of its introduction as from the beginning of the new financial year. I refer to the proposal for the establishment of a Provincial Loans Fund which has already been twice discussed at the conferences of Finance Members held in Delhi in November 1923 and November 1924. The purpose of this proposal is to systematise the arrangements by which advances are made by the Central Government to Provincial Governments. A central Fund is to be established, financed for the present out of Central Government moneys, out of which all advances granted by the Government of India to Provincial Governments will be made—the charges for interest and the terms on which the advances granted for various purposes are to be repaid being fixed for all Provinces alike at such rates as will keep the Fund solvent. Hitherto advances have been made direct to the Provincial Governments out of the balances of the Central Government and the terms and conditions including the rate of interest and the period of amortisation have been dealt with piecemeal and special orders have been passed by the Government of India on each occasion as it arose.

36. There is, I am sure, much to be gained by the recognition of definite principles regulating such borrowings. The arrangements proposed are now under the final consideration of Local Governments all of whom have accepted the proposals in principle. They are of a simple character in themselves, but besides emphasising general principles, the scheme contains within itself the germs of development, and I look forward to the day when the Fund may be administered by an Indian body corresponding

to the National Debt Commissioners or the Public Works Loan Commissioners in England, and the money required for advances from the Fund raised in the open market by the controlling body on the security of the assets of the Fund. It is too early yet to say when such a development, though it may already be foreseen, will materialise. I am confident, however, that considerable benefits will accrue to the finances of India when the day comes on which the advances made by the Central Government to the Provincial Governments will be excluded from the Public Debt of the Government of India in the same way as advances made on the guarantee of the British Treasury to public bodies in the United Kingdom are excluded from the British Public Debt. Not only these advances to the Provincial Governments but also the Railway debt of the Government of India may ultimately be separated from the ordinary debt, and raised, subject perhaps to a Government of India guarantee, not on the general credit of the revenues of India but on the security of the assets of the Provincial Loans Fund and of the Railway undertakings of the State respectively. The true facts regarding the Public Debt of India would be less obscure than they are to-day, and the facilities for raising new capital would be widened, if so large a portion of the money required for capital development of all kinds in India had not to be raised by a single borrower, namely, the Government of India, on the sole security of the revenues of India.

BUDGET ESTIMATE FOR 1925-26.

Exchange.

37. The way is now clear for the presentation of the Budget estimates for the coming year. I will deal first with the subject of Exchange. For 1924-25 the rate of exchange is expected to work out at an average of 17½d. and for nearly half the year exchange has been fairly steady in the neighbourhood of 18d. I have no intention this year, any more than a year ago, of prophesying or promising any particular rate, but, as I said last year, we are compelled to adopt some definite figure for Budget purposes, although the actual figure must be subject to events entirely of mainly beyond our control. The House is already aware from our discussions in connection with the Railway Budget that I have taken for Budget purposes for 1925-26 a figure of 18d. In view of the debates which have already taken place in this House during the current session on the exchange question I should have been content to leave the matter at that and not take up the time of the House by devoting a part of my Budget speech to a further examination of the subject of Exchange. Moreover, I am anxious neither to argue nor to be thought to be arguing for or against the ultimate fixation of the rupee at any particular figure.

38. But there is one aspect of the question which I had hoped to deal with on the debate on Sir Purshotamdas Thakurdas's Bills to fix the ratio of the rupee at 1s. 4d. gold forthwith. Those Bills cannot now come up for discussion much before the end of the session, and consequently I feel compelled to say something on the subject to-day. I am compelled to do this because it has been brought home to me that the old fallacy that a high exchange benefits the importer of goods from abroad and a low exchange benefits the primary producer and the exporter, is still prevalent in some parts of India, and that the absence of any reasoned refutation of this doctrine from the spokesmen of the Government has been taken so

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imply that it cannot be refuted. The explanation, so far as I am concerned, of the absence of any refutation is a simple one. It was not until quite recently that it dawned on me that any one could seriously believe it to be true.

39. This hoary old fallacy has long ago been given up in most countries of the world. Why should it still have a semblance of life in India? The reason is partly perhaps that it is founded on one partial truth from which it is a wholly and entirely unjustifiable generalisation. I will return to this in a moment. But the main reason is, I fear, a less tangible one. If a view is sincerely held and is based on reasoning, it is possible to meet it in argument, but it does not appear to be so in this case. There is a deep-rooted suspicion in some quarters, due I think to want of clear understanding of a difficult subject, and for that reason all the more difficult to eradicate, that the policy of the Government of India in regard to Currency and Exchange is consciously dictated solely or mainly by a consideration of interests other than those of India or even—so sinister is the suspicion—is directly calculated to keep Indian business and commerce from availing themselves of their natural opportunities and from growing to their full stature. There is no knowledge for which I wish more ardently than knowledge and understanding how to combat this suspicion which I know is absolutely unfounded. I am sure that everyone in this House recognises that neither I nor the Government of India have any interests whatsoever other than the interests of India in our minds in the policy which we are following in regard to Currency and Exchange. Some members may disagree with our policy, but they do not doubt our motives. Outside the House it seems to be otherwise. When an increase of world competition—inevitable in present world conditions—creates difficulties or reduces profits, at once voice is given to the suspicion that in some obscure way the Government of India, whose interests as representatives of the tax-payer are necessarily identical with those of Indian trade, are deliberately trying to damage Indian trade. All sorts of motives which have never entered into the head of the Government are attributed to them and the tragedy of the position is heightened by the fact that the existence of such suspicions and the attribution of such motives are themselves a bar to effective co-operation between the Government and the people of India and add enormously to the difficulties of arriving at and carrying through the policy most truly beneficial to India.

40. The partial truth to which I referred just now is that in a period of rapidly rising exchange there may be some temporary tendency for exports to be checked and imports stimulated. But when, as has been happening in the last 12 months, world prices have been moving up outside India and a natural stimulus has thus been given to the world's demand for India's produce, the effect of a rising rupee exchange has been in the main to keep rupee prices from rising in sympathy with world prices. During the last year or so prices of goods imported into India have gone up considerably in terms of sterling, while remaining fairly steady in terms of rupees. Similarly prices of goods exported from India have remained fairly constant in terms of rupees, but have gone up in terms of sterling. I take sterling as the most suitable currency for the purposes of comparison because exports from India tend to be paid for in sterling to whatever country they may be consigned. The exporter, that is to say, has been getting a larger amount of sterling for his exports, but when his sterling has been

converted into rupees, the amount of rupees has proved to be much what it was before.

41. Let me give a few figures in illustration comparing the prices of Indian exported produce in August 1923 and October 1924.

	August 1923.	October 1924.
Rice	13, 6	18/-
Wheat	40/-	63, 6
Linseed	£18-10-0	£25-0-0
Ground nuts	£20-10-0	£28-10-0
Copra	£27-5-0	£33-0-0
Cotton seed oil	£34-0-0	£44 0-0
Ground nut cake	£11-10 0	£13-10-0
Jute	£22-5-0	£42-10-0
Cotton	11-20d.	12-30d.
Wool	12d. - 14½d.	19d. - 26d.
Hemp	£20-£35	£38-£55
Hides	1/3d.	2 1d.
Skins	5/9d.	6, 10d.
Manganese	1, 9d.	1/10d.
Ten	1, 6d.	2/-
Coffee	126/-	190/-
Shellac	260/-	330/-

I take the figures for October 1924 because these figures relate to the moment when the Government of India intervened last autumn to make large purchases of sterling in order to check the rise in exchange for the time being—an action which I may observe proves conclusively, if proof were needed, that there is no foundation for the charge which I have more than once denied categorically that the Government of India's policy has been to push exchange up. But I think I am correct in saying that in most cases (tea is an important exception) the sterling prices of the commodities in question are now as high as or higher than they were in October. The lesson of these figures is that the rise of approximately 12½ per cent. in exchange which has been taking place during the period in question has been reflected not in a reduction of the rupee prices obtained by the exporter, but in an increase of the sterling prices paid by the importer who has been forced by India to pay the increased price represented by the increase in the sterling value of the rupee. The result has therefore been that during the period under consideration the rise in the rupee has had very little effect, if any, in the direction either of discouraging Indian exports or of encouraging imports into India. Indeed, if it had had this effect, the result would very quickly have been to bring the value of the rupee down again.

42. It is clear then that the producer for export has not been getting a lower value in terms of rupees than he was getting before the rise in exchange. But, it may be said, he would have been getting higher rupee prices but for that rise. Let me examine this claim from another angle. It is a truism that exports can be paid for only by imports. This is subject to one apparent exception when the imports take the form of securities, and for a country with a considerable external debt such as India has, there

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are considerable advantages in taking payment for exports in this form of imports. But it is clear that there is nothing disadvantageous for India in the fact that a given amount of rupees produces a larger amount of sterling and will go further therefore in redeeming India's sterling indebtedness. I need not pause further to deal with this exception. In so far as India produces for export, she must in some form or other take payment in imports, not of course necessarily from the country to which she exports, but from some external source or other. It follows that any effect which a rise in exchange may have in preventing a rise in the rupee prices of exported goods is balanced by a corresponding reduction in the number of rupees required by India in paying for the things which she has imported in exchange. In other words, the producer's rupees have gone further than they would otherwise have gone.

43. Let me illustrate this truth by one striking example which is indeed connected with a particular exception to the general statement I have just made that the effect of the recent rise in exchange has not been to increase imports. The result of recent exchange movements has certainly been to encourage one particular kind of import into India, namely, the import of gold. The price of gold has come down so much in terms of rupees as well as in terms of sterling that gold has looked very cheap. In so far as India takes gold in payment for her exports, therefore, a man who has had a given quantity of cotton or of wheat for export has been able to get in exchange a larger amount of gold than previously. In terms of gold India has been getting very much better value for her exports. I do not regard gold as the ideal form in which India should take payment for her exports, but when the producer is getting a considerably larger amount of gold for his produce how can it be maintained that the rise in exchange has been robbing the producer to the extent of 40 crores of rupees a year or some equally fantastic figure?

44. But my opponent will say, a little less confidently I trust by now but still tender towards his pet fallacy, the producer does not produce entirely or even mainly for export, and surely he would have been better off if he got more rupees for his produce; they would have gone further in the bazar in his purchases of articles other than imported articles, the price of which is not affected by the enhanced price of imported articles which the lower exchange would have caused. I note in passing that many Indian producers for export do in fact take payment in gold imported in exchange. But my reply to this argument is that internal prices are very far from being unaffected by the level of external prices. Consider, for example, the present price of wheat. In some cases the effect of a change in that level may be delayed, but in the long run there always tends to be a constant equilibrium between prices of the various bazar commodities whether imported or not, and if the producer is getting rather more rupees for his produce, the consumer—in this case, be it noted, necessarily the Indian consumer—must be paying more rupees for his purchases whether produced in India or not. So, whatever the producer gains, if he does gain (and his gain would in any case be only a temporary one), is at the expense of the consumer who is in any case an Indian and may be the producer himself in his capacity as a consumer. Where is the gain to India in this? Moreover, to a very large extent the producer in India is also the consumer of his own produce, and it is obvious that in so far as this is the case he is unaffected by a rise or fall in the price of what he produces.

45. But now the final trump card is played against me and I am told triumphantly that the raising of the exchange is a method of indirectly raising taxation. Let us examine this point. The amount of taxation that has to be raised year by year depends, as this House well knows and as the previous Assembly knew perhaps even better when it was faced year by year with the need for raising additional revenue, entirely on the amount which the Government spends. It is well known that until the budget for the year 1924-25 the Central Government had been compelled in order to make ends meet to increase taxation continually for a considerable number of years. In 1924-25 we were able to present a Budget offering the alternative of a reduction of the salt tax or a reduction of the Provincial contributions. Why were we in a position to offer such a reduction? Partly because the amount of rupees required from the Indian tax-payer to meet external payments was lower owing to the higher average rate of exchange, and partly also because owing to the exchange policy of the Government the level of prices in India had not risen in such a way as to increase the rupee expenditure of the Government. The House, in a somewhat enigmatic manner no doubt, decided against the reduction of Provincial contributions and in favour of the reduction of the salt tax. If by the fiat of this legislature exchange were now suddenly put back to 1s. 4d. as some people desire, not only would a heinous injustice be done to many innocent people who have entered into contracts at prevailing rates, but at best the Government could not offer the country this year an opportunity of reducing the existing scale of taxation or of reducing the Provincial contributions by as much as they might wish, and at worst the question of increasing the salt tax or the imposition of some other form of additional taxation would again have to be faced. It was partly the higher exchange which enabled us to reduce the salt tax a year ago, and it may be—one day or another, I will not prophesy—that the same cause may assist us in reducing the Provincial contributions. I ask the House then: is it the taxpayer's interests which are in the minds of those who want to reduce the ratio to 1s. 4d. forthwith? The answer, Sir, is in the negative, or perhaps I should say that the question does not arise in their minds: there has been no question of considering the taxpayer's interests.

46. I say therefore that neither the producer nor the consumer nor the taxpayer has anything to gain by legislative intervention to reduce the rate of exchange to 1s. 4d. gold from its present level of 1s. 6d. sterling, which for the moment is practically the same as 1s. 6d. gold. I would admit at once that a sudden fall in exchange from 1s. 6d. to 1s. 4d. would put money into the pockets of individuals in Bombay and elsewhere: it would also no doubt for the moment enable the Bombay cotton mills to charge higher prices for their produce at the expense of the consumer. But it would certainly not benefit the consumer nor the wage-earner nor the producer generally, nor would the benefit to the millowner be more than an ephemeral one. The truth is that rapid changes in the rate of exchange may for the moment help this or that section of the community and that arbitrary intervention by the authorities in order either to raise or to lower the rate always needs very strong justification. But what the country as a whole wants is stability—stability first and foremost in internal prices, and next in importance stability of exchange—and after a certain interval it makes little difference either to the exporter or to the importer, either to the producer or to the consumer, what the precise ratio may be at which exchange may stabilise itself provided that it remains fixed at that

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ratio for a reasonable length of time. On the other hand, it is a considerable disadvantage to the taxpayer in a country which has large payments to make abroad if the rate of exchange is deliberately and artificially depressed. It means that, among other things, the existing taxes and imposts provide a smaller amount of the external currency in which the external payments have to be made. In other words, more taxes have to be imposed or the date of reduction of taxation has to be postponed. Natural causes connected with world movements of exchange and prices have recently tended to raise the exchange value of the rupee; why should the taxpayer be arbitrarily deprived of this advantage which has come to him from natural causes? Is it not far better to let natural causes continue to operate as the Government of India propose and leave the final decision of the ratio to be determined by the Currency Committee in the light of the further experience which a few more months will give us, when, in addition to dealing with the wider questions which must come before them, the Committee can finally fix the ratio at whatever figure may be most truly in the interests, not of this or that section, not of the producer or the consumer, or the taxpayer, considered in isolation, but in the best interests of India as a whole?

Expenditure.

47. I will now deal with the estimated expenditure for the year 1925-26 and begin with the largest item, Military expenditure. We are providing in our Budget for a gross Military expenditure of 60.26 crores, and a net Military expenditure of 56.25 crores. The House will not fail to observe the close approximation between the figures for our net military expenditure in the last three years which have come under review to-day, namely, the actual expenditure for 1923-24, the revised Budget for 1924-25, and the Budget estimate for 1925-26.

48. But in order to bring out the continuous and substantial reduction which has taken place in our expenditure on Military services, I propose to go back for a moment to 1920-21. Our net Military expenditure in 1920-21 was 87.38 crores; in 1921-22 69.80 crores; in 1922-23 65.27 crores; and in 1923-24 56.23 crores, a figure, it will be observed, well below the figure proposed for that year by the Retrenchment Committee. These are the actual ascertained figures. The expenditure in 1920-21 was inflated by heavy outgoings in connection with the special operations in Waziristan and the North-West Frontier, while in 1921-22 similar abnormal conditions continued but on a reduced scale. The Budget estimate for Military expenditure in 1922-23, which formed the basis for the examination conducted by the Retrenchment Committee, amounted to 67.75 crores. After an exhaustive examination of all the various branches of Military administration, that Committee recommended that the net Budget estimate for 1923-24 should be fixed at 57½ crores, subject to such addition as might be necessary on account of delay in carrying out the proposed changes and of any special expenditure that might be necessary over and above the established charges. The Committee recognised that in the near future there would be a considerable falling off in expenditure in consequence of the liquidation of liabilities arising out of the war, such as gratuities to demobilised officers. They expressed the opinion that the adoption of their recommendations would enable the estimates in subse-

quent years to be reduced to about 57 crores, and ultimately, should a further fall in prices take place, to 50 crores. But, as stated by the Committee, the Commander-in-Chief was unable to subscribe to this latter expression of opinion.

49. I have already explained to the House that the actual expenditure in 1923-24 proved to be 56½ crores. To this there must be added 3 crores representing the utilisation of stocks without replenishment. For 1924-25 the revised figures point, as I have explained to the House, to a total expenditure of 56·38 crores; but here again there is additional expenditure in kind due to the using up of stores without replenishment amounting to 1·10 crores. For the purposes of comparison with the current year, therefore, the true expenditure of 1923-24 should be taken at 59½ crores and the true expenditure of 1924-25 at 57·43 crores. Once again in 1925-26 we hope to be able to utilise stores without replenishment to a total of 70 lakhs. The estimate of net cash expenditure for the year is 56·25 crores, making a total of 56·95 crores for expenditure in cash and kind taken together.

50. In compiling the Budget for 1925-26 we have to take the actual figures for 1923-24 and the latest revised figures for 1924-25. These give us a basis of compilation which may be regarded as reasonably normal. The estimates for 1925-26 have been under consideration since July last by a Sub-Committee of the Executive Council appointed for this special purpose by His Excellency the Viceroy. As I foreshadowed in my Budget speech a year ago, specially heavy provision is necessary in 1925-26 for terminal charges on account of gratuities to demobilised officers. The amount required for this purpose is 1·71 crores, nearly a crore more than the Revised estimate in the current year. We are, however, approaching the end of these abnormal terminal charges, and we anticipate that in 1926-27 the final balance required to liquidate our total liability will amount to a few lakhs only.

51. If all abnormal items are excluded, the estimates for the established charges of the Army for 1925-26 amount to 55 crores. These estimates include not only 27 lakhs on account of the item introduced for the first time last year in respect of Customs duty on imported stores, but also an entirely new item for charges for stationery and printing for the Army amounting to 13 lakhs transferred from Civil expenditure in accordance with the recommendations of the Public Accounts Committee. The provision for anticipated additional charges on account of the revision of pay and passage allowances for the officers of the Army in India in 1925-26 amounts to 45 lakhs. A special provision of 43 lakhs is included for buildings for the Royal Air Force and for the continuation of building schemes in Waziristan now approaching completion. The expenditure on the purchase of army stores in India and in England has been reduced by about 1·70 crores. In spite of the large and continuous reductions which, as I have shown, we have been able to effect in Army expenditure since 1920-21, and of the further appreciable reduction shown in the estimates for 1925-26, I am happy to say that, subject always to our being spared the necessity for expenditure on those active military operations which are the nightmare of every Finance Member, I confidently look forward to a further important reduction in 1926-27.

52. Before leaving the Military estimates I wish to draw attention once more to the stores account of the Army. At the time when the Retrenchment Committee sat, the amount of money locked up in Military stores

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was estimated at 20½ crores. This figure has now been reduced by 4 crores to 16½ crores on the 31st March 1925. If our Budget anticipations for 1925-26 are realised, there will be a further reduction by 70 lakhs to approximately 15½ crores on the 31st March 1926. This sum represents mainly working and mobilisation reserves and the actual balance of stores surplus to requirements will not be of any considerable extent.

53. I have already dealt with the provision to be made for 1925-26 for reduction or avoidance of debt and with the reduction of 57 lakhs in Opium expenditure expected to result from restriction of the cultivated area and reduction of the price to be paid to cultivators of opium. The net expenditure on account of interest on debt and other obligations will be less than in 1924-25 by 97 lakhs owing to a large increase in the amount of interest due on Railway investments and on loans to Provincial Governments. A provision of 16 lakhs is being made for new civil works and a somewhat higher scale of expenditure has also been allowed for under the heads of ordinary maintenance and repairs. This head, however, shows a large decrease owing to a reduction in the special expenditure in Waziristan.

54. I feel particular satisfaction in drawing the attention of the House to the fact that we have been able, concurrently, with the reduction we have made in Military expenditure, to provide additional sums quite appreciable in aggregate amount for education, research and other beneficial services both in the General Budget and in the Budgets for the areas directly administered by the Central Government. By way of example, I may mention in particular the restoration of 3 lakhs out of the grant of 5 lakhs for the Indian Research Fund which was suspended two years ago on the recommendation of the Retrenchment Committee; the provision of increased grants for the Islamia College in Peshawar and other colleges in the North-West Frontier Province; additional expenditure for the Forest Research Institute at Dehra Dun; increased grants to the Department of Agriculture for erecting a sugarcane breeding station at Coimbatore, and a larger provision for the Agricultural Institute at Pusa.

55. In connection with the prevention of over-budgetting I draw attention to the fact that we have for the first time this year adopted, as an experimental measure, the system of making lump reductions in some of the more important heads of expenditure to allow for probable savings. The total cut thus made in the estimates of Civil expenditure amounts to 15 lakhs. A similar cut of 20 lakhs has been made in the Military estimates. We hope that the system can be so developed as to provide an effective check against the possibility of over-estimating to which the Public Accounts Committee has this year devoted considerable attention. When departmental officers frame their Budgets, they naturally provide for the full sanctioned strength, but small savings invariably occur under individual heads of expenditure due mainly to accidental causes such as a temporary shortage of staff, smaller expenditure on leave salaries and the like. It is impossible to foresee and allow for such savings individually, but in the aggregate they may be considerable. It may be that the particular cuts we have made will not be justified by results, but I have no doubt that on the whole the total reduction will be fully realised. This course is not altogether conve-

nient in that it restricts, and possibly unduly restricts, the opportunity for reappropriation which is frequently necessary in order to meet small casual excesses, and it may have the further inconvenience of forcing us to come before this House for supplementary grants. But the Finance Department will certainly do its best to secure that such supplementary grants shall not be necessary if it can possibly help it, and when they are really necessary, I feel sure that the House will recognise the fact. I believe the principle is a sound one in itself; it has recently been adopted on the recommendation of the Public Accounts Committee in England in respect of the British Army Estimates, and I confidently hope that it will in the end lead to more accurate budgetting.

56. Our total expenditure including the charge for interest on Railway Should expenditure be capital for 1925-26 is estimated at 130'44 crores. ~~shows gross or net?~~ Excluding Railways altogether, it amounts to 101'78 crores. The question whether we should show our expenditure gross or net is an important one in which the Public Accounts Committee this year took considerable interest though in the end for lack of time they had to leave the solution of the problem to their successors. I refer those who are interested to Appendix X to Volume I of the Report of the Public Accounts Committee, dated the 6th September 1924. Briefly the position is as follows. Prior to the year 1907 all receipts and charges were shown gross in the accounts, but in 1907 after discussion with the Secretary of State which had been proceeding for a number of years, the system was introduced of showing gross working expenses as a deduct entry in the case of Railways and taking net receipts only into the Budget. This method was extended later to the Irrigation and the Posts and Telegraphs Departments, and the question has now arisen whether we should extend it to all our Commercial Departments or should revert in all cases to the earlier system of showing expenditure gross.

57. I do not wish at the moment to do more than draw attention to a subject on which much may be said on both sides. The subject is particularly important in connection with the control of the Assembly over the expenditure of the Executive. Under the developed theory of Votes in Supply and of Appropriation, the British Parliament is entitled, and indeed required, to vote all expenditure of every kind (except of course such expenditure as is included in the Consolidated Fund charges and is not voted annually). If Parliament does not vote expenditure gross its control over the expenditure of the Government is weakened, in so far as the latter has receipts which it can use for meeting expenditure and can come to Parliament for authority merely for that part of its expenditure which cannot be met from such receipts. For the purpose therefore of the voting of Demands for Grants, it is desirable that this Assembly should deal with gross expenditure, but when the gross amount of expenditure required is fully explained in the Demands for Grants, there is considerable advantage in dealing mainly with net expenditure in the Budget estimates. The inclusion of the gross working expenses of the Railways, for example, obscures the true facts regarding the real expenditure of the State, and now that the Railway Budget has been separated from the General Budget, there is good reason for excluding all Railway items. The practice of showing our Opium revenue gross has given an exaggerated notion of our dependence on this source of income. If a clear picture is to be given of the true financial position of the country, the receipts from sources other than taxes which are available to meet particular expenditure can with

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advantage be treated in the Budget statement as a deduct entry. In statement D of the Budget Honourable Members will find the figures of net expenditure and in the Secretary's Explanatory Memorandum a statement of the amount of gross expenditure divided into voted and non-voted respectively, and I trust they will find these of interest.

Revenue.

58. I now turn to the estimates of our revenue. In 1924-25, if we ignore the non-recurring refund of 2·80 crores, our net Customs revenue is now estimated at 47·56 crores. We cannot count on a repetition in 1925-26 of the unusually high receipts from cotton piece-goods, sugar and cotton excise duty, as well as from protective duties. I accordingly place the estimate for 1925-26 at 46·35 crores, or 1·21 crores less than in the current year.

59. In this figure I have made allowance for the effect of the adoption of some minor proposals for reduction in our Customs tariff. These are in the main on the same lines as the proposals which were made in the Finance Bill as originally introduced a year ago, but fell out when the Finance Bill was revised. They include the abolition of the import duty of 2½ per cent. on grain and pulse, the reduction from 15 per cent. to 2½ per cent. *ad valorem* of the duty on reeds, healds, and various other articles, chiefly used in power looms, and finally the modification of the duties at present imposed on petrol in such a way as to fix the duty to be paid by all petrol alike whether imported or home produced at 4 as. a gallon in place of the existing duties of 6 as. a gallon for home produced petrol and 8½ as. a gallon for imported petrol. These proposals are recommended by the Government in the interests of trade, and the House will have an opportunity of considering them in detail when the Finance Bill is taken into consideration. Their effect on our revenues is inconsiderable. I may mention here that we do not propose to invoke the assistance of the Provisional Collection of Taxes Act either in order to bring these proposals into effect before the Finance Bill becomes law or for any other purpose in connection with the Finance Bill this year.

60. On the whole the year 1924-25 has been better for trade than the previous year, though the cotton mill industry has continued somewhat stagnant. But as I have already observed, our original estimate of revenue from Taxes on Income for 1924-25 proved unduly sanguine. For 1925-26, I put the total at 17·35 crores, which is 88 lakhs higher than the Revised estimate for the current year, but still 87 lakhs below the original Budget estimate of that year, and I trust, considerably below the figure which our receipts from Taxes on Income will reach in a year following a period of really good trade.

61. In my Budget speech last year I spoke of a prospective reduction of 2·16 crores in 1925-26 under the head of Salt as compared with the figure of 1924-25. We are justified in assuming that the yield of the salt duty will be a normal one in the coming year, and I now put the revenue at 6·95 crores. This is less by 79 lakhs than the revised figure for 1924-25 which was swollen by collections at the higher rate of duty in force in 1923-24 under the system of credit sales. The fact that the reduction amounts to 79 lakhs only is due to

the circumstance, which I have already explained, that 1·31 crores of Salt revenue originally expected to accrue in 1924-25 were thrown back into 1923-24.

62. I have already dealt with our estimates of Opium revenue which

Opium.

amounts to 3·56 crores gross and 1·76 crores net.

Our receipts include a non-recurring amount of about 20 lakhs under excise opium resulting from a change in procedure under which Local Governments will take over from us on payment the stocks of excise opium held in treasuries on the 1st April 1925 and will in future make payment to us on receipt instead of as at present only at the time of sale to the public.

63. The fixed contribution from Railways to general revenues will,

Railways.

as in the present year, be based on the figures of 1923-24 and amounts to 5·09 crores. In addition,

as the House is already aware, we expect to receive some 15 lakhs representing one-third of the excess over 3 crores expected to be transferred to the Railway Reserve. Our total receipts from Railways for 1925-26 are therefore put at 5·24 crores as compared with 5·64 crores in 1924-25.

64. I have explained the estimates of the Posts and Telegraphs De-

Posts and Telegraphs.

partment for 1925-26, but there is one important

consequence of the change in our accounting procedure in connection with the treatment of postal and telegraphic stores which I must mention here. Hitherto such stores have been paid for from Revenue at the time of original purchase and credited to a Suspense account within our Revenue account which is cleared when the stores are actually issued either for revenue or capital purposes, a corresponding credit being taken to Revenue. This has been found very inconvenient in practice and our Revenue accounts have been affected by considerable fluctuations in the amount of these stores balances. In some years when stores were purchased for special reasons in larger quantities than usual, our expenditure has been inflated. In the last few years when purchases have been restricted and we have lived on accumulated stocks, the large credit to Revenue was taken as a reduction in our expenditure. This made comparisons over a series of years difficult. We have now decided on the advice of the Auditor General to keep these transactions outside the Revenue account. The immediate effect of this procedure will, however, be that there will be a large credit to Revenue in the course of 1925-26, in respect of the value of stocks held on Revenue account on the 31st March 1925, which is estimated to be 1·24 crores. New stores purchased during the year will, however, no longer be debited to Revenue. The actual addition to Revenue caused by this change of procedure in 1925-26 amounts to about 69 lakhs which represents the estimated value of the net new purchases as we anticipate that the amount of stores in stock and in workshops will be reduced to that figure by the 31st March 1926. But it is clear that in the first year in which the change is made the result must be a non-recurrent receipt of 1·24 crores which will not re-appear in the following years.

65. Under other heads of Revenue I have allowed for a reduction in

Other Revenue heads.

Interest receipts owing to smaller balances being available for temporary investment, but the Cur-

rency receipts are expected to exceed those of 1924-25 by 25 lakhs chiefly

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because of the larger discount on Treasury Bills issued to the Paper Currency Reserve during the current year.

66. Our estimates of revenue assume a continuance of the practice of appropriating to revenue the interest on the Paper Currency Reserve and the surplus of the Gold Standard Reserve over £40 millions. This practice has now been adopted for several years in succession, and I should not have thought it necessary to dwell on it if its correctness had not recently been challenged in this House. Both the Paper Currency Reserve and the Gold Standard Reserve, though they are kept distinct and have different titles, are in essence Currency Reserves. The profits on the issue of currency are in most countries treated as an ordinary and legitimate source of income, as for example, in the United Kingdom. But the House will remember that the Babington Smith Committee recommended that so long as *ad hoc* securities in the Paper Currency Reserve remained outstanding, these particular receipts should not be treated as revenue, but should be applied to writing down the *ad hoc* securities. The purpose which the Committee had in mind in making this recommendation was to bring about a steady contraction in the then inflated amount of our paper currency and to earmark a specific source from which such contraction could be paid for. Conditions have now entirely changed and there is no reason to take special steps to contract our currency. Indeed, the same honourable members who have challenged the practice of crediting these receipts to Revenue have been the loudest in their objections to any further contraction of the currency. If these receipts are not treated as revenue and are not applied for the purpose of contracting the currency, the only alternative is to treat them as Capital receipts, and this is indeed the effect of the proposal made by one of my critics that they should be applied to the purchase of Government of India rupee securities in order to replace the *ad hoc* securities. So long as the Government of India has a large capital programme of new expenditure, it would obviously be necessary for it to re-borrow in a new form the amount of money spent on purchasing blocks of securities representing its existing debt for the Paper Currency Reserve. The procedure proposed amounts simply to the substitution of securities purchased in the market for *ad hoc* securities, and as I explained at some length on a previous occasion, there is in essence no difference between the two forms when held as cover for paper currency. Both are in fact nothing more than I. O. U's. of the Government of India held as cover for I. O. U's. payable on demand. The net effect therefore of adopting this suggestion would simply be to increase the amount of our provision out of Revenue for reduction or avoidance of debt, and I observe with interest that the gentleman, who made the proposal, has followed it up by complaining that our provision for reduction or avoidance of debt is already too high.

Surplus.

67. We are now in a position to strike a balance. The total estimated revenue for 1925-26 amounts to 138.68 crores as against an estimated expenditure of 130.44 crores, disclosing a surplus of 8.24 crores. But before considering the nature of this surplus and the use to be made of it I must turn to the subject of Ways and Means.

Ways and Means.

68. The following statement summarises the Ways and Means position in India and England taken together during 1924-25 and 1925-26:—

	[In crores.]	
	Revised, 1924-25.	Budget, 1925-26.
Railway capital outlay	12.9	23.0
Delhi and Posts and Telegraphs capital outlay	3.0	3.7
Discharge of funded debt, debentures, etc.	4.5	11.0
Discharge of Treasury Bills with the public	2.1	...
Loans to, and drawing by, Provincial Governments	12.0	14.0
Miscellaneous outgoings	7.7	...
	<u>42.2</u>	<u>51.7</u>
Revenue surplus	4.0	0.7
Rupee loan	18.2	12.0
Cash Certificates	4.6	4.2
Savings Bank deposits and other unfunded debt	5.1	5.6
Appropriation for reduction or avoidance of debt (including sinking fund payments)	3.8	5.0
Railway Reserve Fund and Railway and Posts and Telegraphs depreciation funds	6.2	4.9
Miscellaneous receipts . . . . .	...	1.4
Reduction of cash balance	5.3	17.9
	<u>42.2</u>	<u>51.7</u>

69. In 1924-25 our total liabilities are considerably less than the Budget estimate. The reduction is mainly due to the failure of the Railways to spend the sum provided for capital outlay. The continue issue of Cash Certificates on the improved terms introduced in April 1923 is estimated to give the satisfactory net receipt of 4.60 crores instead of 1.50 crores as estimated, and our revenue surplus for 1924-25 is better by 3.82 crores. The sum raised by our rupee loan was nearly 7 crores less than the figure assumed in the Budget. It was estimated a year ago that we should close the year 1924-25 with a balance of 18.68 crores. We now anticipate that the balance will be 36.19 crores. Though our balance is larger than we originally anticipated, it nonetheless shows a reduction of about 5.3 crores as compared with our opening balance.

70. For 1925-26 Railway capital outlay is estimated, as the House is aware, at 23 crores. We have also to provide during the year for the maturity of about 3½ crores of 1925 War Bonds. Loans to Provincial Governments mainly for capital development purposes are put at about 14 crores, and about 1½ crores are required for the new Imperial Capital at Delhi. I may mention that the gross outlay to the end of 1924-25 on new Delhi is estimated to amount to 11.26 crores, and the net outlay to 10.94 crores. The first step towards the occupation of the Secretariat was taken in the autumn of 1924 when the Accountant General, Central Revenues, and the Taxation Inquiry Committee were given office accommodation there. The work is now well within sight of completion, and after a year or two this special form of capital expenditure will disappear finally from our Budget.

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71. Our position at the end of 1924-25 in regard to balances will be a strong one both in India and in London. In India

Rupee Loan.

I anticipate that the maximum amount of new money that we shall require to raise by a rupee loan in the open market will be 12 crores, a figure which is well within the amount of the annual savings of India available for investment in Government securities. But as I recently explained to the House, the question of beginning operations for the conversion of early maturing bonds is one which is engaging the close attention of the Government of India. I am not in a position to make any statement on the subject at present, but it is not improbable that when we approach the market for our new rupee loan we shall also put before the public a conversion offer.

72. The last external loan which we issued was in May 1923 when £20 millions sterling of India 4½ per cent. Stock

External borrowing.

was offered to the public at 90. We were fortunate in our choice of date for this issue, as generally speaking the prices of gilt-edged securities on the London market stood at a higher level at that period than they have done at any time since. In 1924-25 we were able to avoid new external borrowing altogether, and I am glad to be able to say that we have every expectation of repeating this happy abstention again in 1925-26. This will be a particularly satisfactory achievement in that we have to provide in the summer of 1925 for paying off about £2½ million of Great Indian Peninsula Railway guaranteed stock when that Railway is taken over by the State. Apart therefore from the ordinary sinking funds which are operating to repay the sterling debt, we shall thus be converting this amount of India's capital obligations abroad into an internal liability. The nominal total of our external debt will, however, be increased in 1925-26 in consequence of the taking over of the debenture stock of the Great Indian Peninsula Railway to the amount of £8½ million, just as it was increased in 1924-25 by taking over the debenture stock of the East Indian Railway, increases which, as I have already pointed out, do not represent additions to India's external liabilities but simply a change in the form of an existing debt.

73. There has been a strong and continuous demand for rupee exchange throughout the year, and we anticipate that

Remittances.

our total remittances during 1924-25 will amount to £42 millions. We have already remitted about £40 millions, of which about £38 millions have been obtained by the purchase of sterling in India. It has been necessary, in view of the general cash position in India, to transfer the equivalent of £6 millions from the Paper Currency Reserve in India to our treasury balances against a corresponding transfer in London, and for the purposes of the Ways and Means statement we are assuming that the total of such transfers during 1924-25 will amount to £6 millions. For 1925-26 we have taken a figure of £31½ millions for remittances from India.

FINAL PROPOSALS.

74. I remarked in my Budget speech a year ago—and subsequent events fully justified me—that although a Finance Member always desires above all a Budget surplus, he frequently finds it the cause of more embarrassment to him than any other part of his Budget. Once again in 1925-26 we have a surplus to dispose of amounting, as I have already said, to 8.24 crores. The first necessity is to examine the nature of this surplus

carefully and see how far it can be regarded as a true recurrent surplus. Thanks to the separation of Railway Finances from General Finances, we are no longer in doubt regarding the permanence of that part of our revenue which represents the contribution from the Railways to the general taxpayer. We have made a satisfactory provision out of revenue for a regular programme of reduction or avoidance of debt, and though there is, as always, much new expenditure which might be regarded as desirable or even urgently necessary out of Central revenues, we have at any rate been able to provide this year for some of the most valuable of the beneficial items of expenditure which had to be dropped during the period of special stress. On the other hand, if it is urged, as it well might be, that an unfavourable monsoon cannot be regarded as an improbable event in this year or next, I can reply that the separation of Railway Finance reduces the influence of the monsoon on our General Budget figures, that our estimates are not dependent for their realisation on the monsoon's proving an exceptionally good one, and that, if we take a reasonably wide view of the general prospects, we are entitled to hold that India is not altogether without a reservoir of financial power stored against a rainless day.

75. But there are three items on the receipt side of our account which are definitely of a non-recurrent character. I refer to the 1.24 crores credit to Revenue from the issues of postal and telegraphic stores, the final credit of 13 lakhs from enemy ships and about 20 lakhs non-recurrent Opium revenue to all of which I drew attention earlier in the evening. In our Military Budget also we have to make allowance for the fact that the process of eating down our stores is still continuing during 1925-26, and that approximately 70 lakhs of such stores are expected to be consumed during the year without replacement. To the extent of 2.27 crores therefore the surplus as shown above is swollen by receipts of a non-recurrent character. But, on the other hand, we have in our Military Budget 1.71 crores of expenditure in connection with the disbandment of surplus officers, which represents a non-recurrent item of expenditure, and to this extent our normal surplus is made to appear less than it otherwise would be. Taking all these items together, we are justified in concluding that in any case 2.68 crores of the surplus represents a true recurring surplus. I shall no doubt be reminded that the position in regard to exchange introduces a further doubt. The House must, however, remember that now that the Railway Budget is separated from General Finances, exchange transactions in regard to Railways do not affect our General Budget to any appreciable degree. To that extent exchange fluctuations are of less moment to our finances than previously. Moreover, we do not overlook the possibility—I hope the probability—of a continued reduction in our Military expenditure, and we are justified also in looking forward hopefully to a considerable improvement as time goes on in our receipts from Taxes on Income. The Government of India have therefore come to the conclusion that they are justified in making proposals for giving up 2½ crores out of the surplus in favour of whatever claimant or claimants may be held to be deserving.

76. Are there any such claimants, and who are they? It is too late, I fear, for me as Finance Member to put in a claim on behalf of the taxpayer of the future and ask that the sum should be devoted to the reduction of debt. But there are many members I know who would like to see the charges for letters and postcards reduced. I sympathise entirely with

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the importance which is attached to the cheapening of communications of all kinds, but are we in a position this year to do anything in regard to postal rates? The dictum that taxation of communication is bad taxation applies to the Posts and Telegraphs Department quite as much as to Railways. The Department undertakes some tasks which in many countries are undertaken by private enterprise paying taxes and royalties to the State in return for the concessions granted. There may therefore be some justification for claiming a small contribution to general revenues from the Posts and Telegraphs Department, but it should in no circumstances be more than a small one. The converse, however, is also true. I see no justification for making the general taxpayer pay heavily for the cost of facilitating private correspondence. The Posts and Telegraphs Department is emphatically a business concern which should pay its way. If once we depart from this principle, there is no end to the possible burden which might be imposed on the taxpayer and the task of keeping working expenses down and securing economical and efficient management is made immensely more difficult. The figures which I have given to the House show that both in the current year and in the next the revenue of the Department does not quite balance the expenditure under the system of commercial accounting. It may be that better trade and further improvement in the direction of economical and efficient management within the Department may enable us to take a different view a year or two hence, but it is clearly impossible to-day to contemplate any reduction in postal charges.

77. Moreover any such reduction could only be made at the expense of our general revenue surplus, that is, at the expense of the other claimants, and whatever else may be said, it is clearly unjust that the Posts and Telegraphs Department should be subsidised at the expense not of the general taxpayer but of the taxpayers of particular Provinces. And this is what is involved in 1925-26, if we devote any part of our surplus to a reduction of postal charges, since such action would limit our capacity to reduce the Provincial contributions.

78. This brings me to the one claimant whose claim by common consent must come first. There is really no room for uncertainty in regard to the position. The Government of India have repeatedly said that their financial policy has been, is being, and will be, directed to the reduction and eventual extinction of the Provincial contribution at the earliest possible date. So long as any of the Provincial contributions are outstanding, we cannot devote our surplus to reduction of postal charges (unless this can be done out of the surplus of the Posts and Telegraphs Department's Budget itself) or to the reduction of Central taxation, without failing to live up to this promise which has been given to the Provinces without qualification. The Provinces were disappointed a year ago. We cannot disappoint them again.

79. At this point I must refer to an item of 63 lakhs representing the contribution from the Government of Bengal which automatically falls due to be paid from 1925-26 onwards, unless the three years' moratorium previously granted is now extended. I have not included this item in the figure of 8.24 crores given as the amount of the surplus. My reason for omitting this is that it could hardly be regarded as part of our normal revenue in 1925-26 by any one who is familiar with its previous history. If the Government of India were still in the position in which they were in 1921 of being unable

to balance their Budget without extra taxation, or even if their Budget just balanced but left no surplus over for the reduction of the contributions of other Provinces, the claim of Bengal to an extension of the period of remission of its contribution might not perhaps have been a very strong one. But in view of Bengal's special claim for consideration emphasised by the Joint Select Committee of Parliament, and in view of the fact that we are now in a position to begin the reduction of the contributions of other Provinces, the Government of India after a careful and detailed study of the case have come to the conclusion that Bengal must be given some further respite before being brought into line again with the other Provinces.

80. The Government of India therefore propose that 74 lakhs out of the surplus of 3.24 crores should be kept in hand as a margin against possible disappointments or misadventures during 1925-26, and by way of security against any deterioration in the position of Central finances in 1926-27; that the remainder of the surplus, namely, 2½ crores, should be devoted to the reduction of Provincial contributions and should be applied in accordance with the order of priority between the Provinces definitely established under the Devolution Rules; and that in addition the contribution of 68 lakhs due from Bengal should be remitted for a further period of three years. The provinces entitled to a share in the 2½ crores in accordance with the Devolution Rules are—

Madras, whose contribution of 348 lakhs will be reduced by 126 lakhs,

United Provinces, whose contribution of 240 lakhs will be reduced by 56 lakhs,

Punjab, whose contribution of 175 lakhs will be reduced by 61 lakhs, and

Burma, whose contribution of 64 lakhs will be reduced by 7 lakhs.

(An Honourable Member "What about Bombay").

81. It is desirable that I should mention a minor point arising in connection with the proposed reduction of the Provincial contributions. When a year ago we passed the Act abolishing the proviso to Section 20 of the Sea Customs Act and Government stores ceased to be imported free of duty, we entered into a temporary arrangement, partly because we were pressed for time, under which in 1924-25 we are repaying to the Provincial Governments the duty on Government stores imported by them. This arrangement is admittedly unsatisfactory. Considerable administrative inconvenience is involved in this system, and it is open to the grave objection that it defeats an essential purpose of Indian policy which was one of the main justifications for the passing of the recent Act, in that, whatever procedure is adopted, it still pays a Provincial Government to buy stores in England and get the duty refunded by the Central Government rather than to buy them in India at the import price *plus* duty. This is unavoidable so long as any refund of duty is permitted. The Government of India are not bound by any promise to continue such refunds, and they propose simultaneously with the reduction or remission of the contributions in the case of the five Provinces concerned to discontinue the refund of duty in their case as from the 1st April 1925. The amount involved is trifling, and does not amount to more than about 20 lakhs for all the nine Provinces together. The only Province where the arrangement is of real importance is Bombay to whom about two-thirds of the 20 lakhs falls to be paid. It might be thought inequitable in present circumstances to refuse to continue

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the refund of duty in the case of Bombay, but the Government of India propose to take the question up with the Bombay Government as well as with the other Governments to whom refunds will still be payable, with a view to arriving at some solution which will obviate the objections to the existing arrangement.

82. In order to give the House a convenient opportunity of considering the important subject of the reduction of the Provincial contributions, the Government of India propose to bring forward a Resolution inviting the concurrence of the Assembly in the proposals set out in paragraph 80 above. This Resolution will be taken directly after the Finance Bill has been considered and passed.

CONCLUSION.

83. Those whose memory carries them back to the Budgets introduced in the first Assembly in March 1921 and March 1922, and those who have as vivid a recollection as I have of the Budget discussions of March 1923, cannot fail to be impressed by the contrast between then and now. The members of the first Assembly co-operated unhesitatingly with the Government in the unpopular task of making heavy additions to our taxation in 1921 and 1922. Two years ago when the Budget for 1923-24 was introduced, not only had we to contemplate the picture of five successive years of deficits aggregating nearly 100 crores, but we had still to face a serious gap on the revenue side of the account between our revenue and our expenditure in the year then ahead of us. In spite of drastic retrenchment involving the sacrifice of many useful and desirable objects of expenditure; in spite of the postponement of many items ultimately unavoidable with the certainty that the necessity of meeting them would add to the difficulties of succeeding years; and in spite of the heavy increases in taxation in 1921-22 and 1922-23—we found ourselves once again compelled to ask for the imposition of a further burden. Last year in presenting the Revised estimates for 1923-24 I was able to assure the House that our sacrifices had not been without reward, but it was still not possible to say with certainty that the year would end with an actual surplus of ordinary revenue over ordinary expenditure. Meanwhile in all the nine Provinces financial difficulties were beclouding the bright hopes of those who had been responsible for the initiation of the Reforms. The Provincial Governments and particularly the Ministers on whose shoulders the Reforms have placed the duty of fostering the spread of education and sanitation among the masses of the Indian people and of assisting the agricultural and industrial development of the country found themselves without the financial resources required even to maintain those beneficial services at the level at which they found them.

84. To-day we are in a happier position and we can look back with quiet satisfaction on realised surpluses of substantial amounts both in 1923-24 and in 1924-25, the latter secured in spite of the reduction of the salt tax to the figure at which it stood before the increase made the year before. Better still, for the year now ahead of us we have not merely the prospect of securing a realised surplus once again, but we are also taking a real and substantial step forward towards the eventual extinction of the Provincial contributions, and are thereby giving new hope to those who are working the Reformed Constitution of India in the Provinces and fresh encouragement to devote their energies to the task of building up a new India without the exasperating restrictions imposed by financial penury. For this result we must pay

the tribute of thanks which is so justly due to those who went before us. We are now able to appreciate in better perspective the value of the achievements of those who carried the burden in the dark and difficult years immediately succeeding the War. We are reaping to-day some of the fruits of the labours of the first Assembly, of Sir Malcolm Hailey, my predecessor in the office of Finance Member, and of the members of the Retrenchment Committee. I am sure that all of them will feel, on seeing our position to-day, that if the realisation of their hopes has been long deferred, their labours have not been in vain.

85. But if by contrast with the past our position now seems a brighter one, we cannot be blind to the vastness of the work still to be done. Apart from the Bengal contribution, there are still 6½ crores of Provincial contributions between us and the day when the Central Government's Budget can be balanced without assistance from Provincial sources, and the task of reducing the level of Central taxation actively begun. In all countries of the world the war and its aftermath have raised the level of taxation high. Few countries have escaped as lightly as India, but the level of taxation here is nevertheless much above the pre-war figure. Our disposable surplus in 1925-26 takes us only a step towards our immediate goal. The steep hill which we have painfully climbed has but brought us within distant view of the higher peaks towards which we aspire. We have grounds to-day for sober satisfaction: we have none for premature elation or for any slackening in our endeavour. I can offer India no better motto to-day than my own old family device: *nous travaillerons en esperance*, "we will work in hope".

Statement comparing the actual Revenue and Expenditure of the Central Government (Imperial Revenue and Expenditure before the Reforms) with the Revised Estimates for each year from 1914-15 to 1923-24.

(See paragraph 57 of speech.)

[In thousands of Rupees.]

	REVISED ESTIMATE.			ACTUALS.		
	Revenue.	Expenditure.	Surplus (+) Deficit (-).	Revenue.	Expenditure.	Surplus (+) Deficit (-).
1914-15 .	74,89,38	79,07,25	-4,17,87	76,15,35	78,88,14	-2,67,79
1915-16 .	78,89,08	81,58,21	-2,69,13	80,00,96	81,79,26	-1,78,30
1916-17 .	97,25,67	88,27,37	+8,98,30	96,58,10	87,31,37	+11,21,73
1917-18 .	1,14,84,48	1,06,27,74	+8,56,74	1,18,70,58	1,06,57,52	+12,13,06
1918-19 .	1,27,94,65	1,84,79,88	-6,85,23	1,30,40,66	1,36,13,72	-5,73,06
1919-20 .	1,44,07,56	1,59,18,67	-15,11,11	1,37,13,98	1,60,79,27	-23,65,29
1920-21 .	1,35,10,35	1,48,03,61	-12,93,26	1,35,63,32	1,61,64,17	-26,00,85
1921-22 .	1,13,15,32	1,41,94,52	-28,79,20	1,15,21,50	1,42,86,52	-27,65,02
1922-23 .	1,20,70,17	1,37,95,52	-17,25,35	1,21,41,29	1,36,43,05	-15,01,76
1923-24 .	1,31,96,04	1,29,89,97	+2,06,07	1,33,16,63	1,30,77,63	+2,39,00

Mr. Harchandrai Vishindas (Sind : Non-Muhammadian) : May I ask the Finance Member whether when he suggested in reply to Sir Purshotamdas's Resolution that there might be a deficit that was a mere hoax?

The Honourable Sir Basil Blackett : The answer is in the affirmative.

THE INDIAN FINANCE BILL.

The Honourable Sir Basil Blackett (Finance Member) : Sir, with these few remarks (Laughter) I beg leave to introduce the Indian Finance Bill.

Mr. President : The question is :

" That leave be given to introduce a Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to remit or vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to reduce the import and excise duties on motor spirit, further to amend the Indian Paper Currency Act, 1923, and to fix rates of income-tax."

The motion was adopted.

The Honourable Sir Basil Blackett : Sir, I introduce the Bill.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 3rd of March, 1925.
