

Saturday, 21st February, 1931

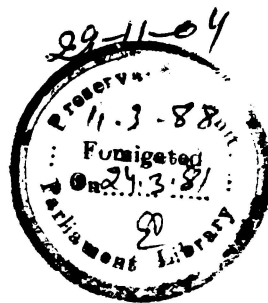
THE  
COUNCIL OF STATE DEBATES

VOLUME I, 1931

*(10th February to 2nd April, 1931)*

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FIRST SESSION  
OF THE  
THIRD COUNCIL OF STATE, 1931



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# COUNCIL OF STATE.

*Saturday, 21st February, 1931.*

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

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## BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL : Sir, in accordance with rule 25 of the Indian Legislative Rules, I lay on the table copies of the following Bills which were passed by the Legislative Assembly at its meeting held on the 18th February, 1931, namely :

- A Bill further to amend the Indian Merchant Shipping Act, 1923, for certain purposes.
  - A Bill to provide for the fostering and development of the gold thread industry in British India.
  - A Bill to provide for the modification of certain import duties relating to the fostering and development of the steel industry in British India.
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## GENERAL DISCUSSION OF THE RAILWAY BUDGET.

THE HONOURABLE THE PRESIDENT : The Council will now proceed to the general discussion of the Budget, Part I.

THE HONOURABLE MR. BIJOY KUMAR BASU (Bengal : Nominated Non-Official) : Sir, I rise with all the diffidence that is natural to a new Member of this House on making what has come to be called his maiden speech. I do not pretend, Sir, any expertness either in finance or in railways, unless it be the lack of the one and plenty of use of the other. But, after all is said and done, it has been recognised more and more that expert knowledge and undoubted skill in one's special field is of immense value, but all the same the commonsense and the rough impartiality of the man in the street is not also without its use. May I put it, Sir, that I would like to represent that ubiquitous layman.

I desire, Sir, to take the Railway Budget for discussing its features on broad terms and only from a few selected aspects. The Budget as presented by the Honourable the Chief Commissioner for Railways appears, if I may describe it in the form of a general expression, a mark-time budget. I may readily concede that there have been various factors in the present situation which not only account for, but even I may say, justify to a certain extent the mark-time attitude of the authorities. There is, for example, the entire constitutional problem in the proverbial melting pot. There is also, however

[Mr. Bijoy Kumar Basu:]

much we may have come to hate that word, the "world depression". That depression, if it goes on at the rate that it is going for any considerable length of time, I am afraid would end by reducing us all to depressed classes. Anyway, the landslide in the trade in India is responsible for a good many mishaps in the railway administration. If I pursue the metaphor further, it is not unusual for us to hear of landslides happening in the Darjeeling-Himalayan or the Kalka-Simla Railways, but we always hear the next day or the day after that everything is set right and through railway running resumed. Such quick and energetic action is conspicuous by its absence in the landslide that has occurred in the Railway Budget this year. Well, as I said, there are certainly a good many reasons for the railway authorities preferring to be content with a superficial patch-up, I should also express my belief that the deterioration is so great, I may even say, so alarming and the repercussions of that deterioration so far-reaching and so grave, that the wisdom of the authorities in adopting a policy of following the line of least resistance is certainly open to question.

Now, Sir, what are the facts of the budgetary position of the Railways. The actuals for 1929-30 were far worse than the revised figures announced at this time last year. The total receipts of 105 crores showed a set back of  $1\frac{1}{2}$  crores. The total charges fell by nearly half a crore; that is, the net actual gain was  $1\frac{1}{2}$  crores less than the revised estimates with the result that instead of drawing 80 lakhs from the Reserve Fund we had actually to draw 208 lakhs. This withdrawal resulted in bringing down the Reserve Fund to  $16\frac{1}{2}$  crores. The revised figures this year are even more cheerless. The total receipts, according to the revised estimates, are expected to amount to  $95\frac{1}{2}$  crores, or nearly 8 crores below the actuals of last year. Our total charges would be  $98\frac{1}{2}$  crores or about 1 crore more than that of last year. The result is a deficit of about 3 crores. To this must be added the loss on strategic lines and the contribution of the railway administration to the general revenues. The total deficit therefore is expected to be about 11 crores, and this too has to be drawn out of the Reserve Fund. On the 31st of March this year the Railway Reserve Fund according to the revised estimates would have dwindled down to less than  $5\frac{1}{2}$  crores. In connection with the method employed to balance the Budget by withdrawing from the Reserve Fund, I believe there are two ways of looking at it. One is the point of view of the railway finance which is really of primary significance to-day and we may also look at it from the view of the Honourable the Finance Member which we would be called upon to do within the course of next fortnight. From the standpoint of railway finance the mode of balancing the Budget is quite proper and reasonable, for after all the Reserve Fund was built up to meet a contingency of this kind. From the point of view of the general revenues it is but cold comfort to the Finance Member that the Railway Budget has been balanced in this way. The payment of the stipulated contribution by the Railways to the general revenues has been reduced to a mere paper transaction—to nothing more than a book adjustment. While the Railways can lay the flattering unction to their souls that they have made their payment, that they have not defaulted, the Finance Member receives actually no cash. His difficulties as regards his own Budget on the revenue side are solved so far as the Railways are concerned, but the ways and means difficulties, which have been acute in the past few months, will become still more acute in the future, and when one comes to think of it the embarrassments of the Finance Member in his ways and means position are bound to have reactions on the Railway Budget.



It is because of these maladjustments, if I may say so, that the Finance Member has had to pull up the Railway Department so drastically and so abruptly with regard to the capital expenditure. An appreciation of what I have now said would make it abundantly clear, I suppose, that the technical balancing of the Railway Budget by recourse to the Railway Reserve Fund could not be deemed to be an altogether satisfactory solution, if we take the Government finances as a whole or as a unit. It is from this point of view that we should scrutinise the Budget anticipations of 1931-32. I am afraid I cannot at all agree with what should be deemed optimistic hopes held by the Railway Administration in framing the figures for the coming year. The total receipts are put down at 101 crores, or about  $5\frac{1}{2}$  crores over and above the revised estimates of the current year, and the total charges at nearly 98 crores, that is, half a crore less. On the basis of these figures the surplus of 3 17 crores is anticipated. But when adjustments are made for loss on strategic lines and payment of the Railway contribution to the general revenues, the result is that 4.15 crores is to be drawn from the Railway Reserve Fund which will be thus reduced to  $1\frac{1}{2}$  crores. Are there any reasonable grounds, I ask, for these rosy anticipations? On the other hand, are there not a good many anxious features in the situation which not only belie any hopeful outlook but should compel a more cautious and chastened view of the prospect? So buoyant a hope in the present state of affairs may have to be described as foolhardiness and I do wish that the estimates are viewed from a standpoint which is just the reverse of foolhardiness. Thus viewing it, I for my part would not be prepared to place the next year's receipts at a rupee more than the revised estimates of the current year. And let us not forget that the trade depression and the civil disobedience movement made themselves acutely felt in the later months of the year while the next year will open in the acutest phases of adverse factors. If then I must correct and check extravagant hopes, the surplus of 1931-32 estimated at 3.17 crores will have to yield place to a deficit of 4.52 crores, and after making the necessary adjustments the amount that has to be drawn from the Reserve Fund will not be 4.15 crores but 9.84 crores, and the amount to the credit of the Reserve Fund at that time would be only 5.48 crores. There should thus be an uncovered loss in the railway working of 4.36 crores; in other words, we will find at the end of 1931-32 that we could not have even the satisfaction of technically balancing the Budget. In a position such as this, with the railway budgetary position already impaired severely and with the possibility, even a certainty of a big uncovered loss staring us in the face, is this mark-time attitude of the authorities justified? If there are no grounds for such robust optimism pervading the next year's figures, there is no excuse for us to shirk facts and refuse to face realities. I will try, as briefly and as tersely as I can, to put before the House the realities. First of all, we must do something whereby there should at any rate be no uncovered loss. The second consideration is that looking over the matters from this point of view we must vividly and sharply realise that there is absolutely no use in increasing the fares or freights. In the present state of the trade it would amount to debilitating, if not actually killing, the goose that lays the golden eggs. This leads us to the third consideration, that the solution is to be found in bringing down expenditure. Expenditure can be brought down either by retrenchment or by re-organisation or by both, and it is my firm conviction that in the case of the Railways both these methods should be drastically applied. Talking of retrenchment, Sir, a word which is always odious to every one of us, and more especially to the victims, Sir George Rainy, the Honourable the Railway Member in the Assembly, the other day said that he admitted that a reduction of salaries will have to be effected "in order that the Railways may become

[Mr. Bijoy Kumar Basu.]

fully solvent and able to contribute to the extent the Legislature may consider proper to the general expenses of Government". But, he added, that the Railway Department would agree to the reduction of salaries only if such reduction should be general and applicable to all Departments of Government. May I venture to suggest, Sir, that this attitude of the Honourable the Railway Member, to put it very mildly, is not at all helpful? If each of the Government Departments should think on lines similar to this, who is going to take the initiative and who is going to begin? As the Honourable Member had the honour of bringing up the earlier Budget in the Legislature, I should have thought that he would have taken his courage in both hands and led and showed us the way. In my opinion immediate steps should be taken to reduce, first of all, all perquisites, allowances, emoluments and what not—there are lots of things there—to the barest minimum, and at the same time a sliding scale of reduction should be forthwith put into operation. If I may suggest a rough and ready method it should be quite feasible to adopt an arrangement whereby all wages and salaries up to, say, Rs. 100 are kept intact, salaries of from Rs. 100 to Rs. 500 reduced by 10 per cent., and all salaries above Rs. 500 by 20 per cent. At the time when the scales of salaries were settled, about, I think, eight years ago, the wholesale price index for India was in the vicinity of 175. It is to-day 100. That is to say, the pre-war level has been reached. Why should there be any objection or outcry if the scales of salaries are reduced to the pre-war scales, making of course allowance for such lag as there has been in the cost of living index? Before I leave this aspect of railway finance, I would beg to urge, with all the emphasis I am capable of, that the Government should give up their time-old policy of flirting with retrenchment proposals. They should here and now take full and drastic measures on the lines I have indicated or on similar lines.

Sir, I now wish to refer to a matter of more general importance. It will be recalled that at the time when the convention for separation of the railway finance from general finance was decided upon it was clearly understood that the whole thing was in the nature of an experiment, and that at the end of a specified number of years this convention should be reviewed in the light of the experience gathered and in reference to the way in which the separation has worked in practice. In pursuance of that understanding a Committee was appointed in the last Assembly to report on the convention. The Committee evidently did not take the work seriously and after a time sought to shirk its own responsibility by passing it on to a Sub-Committee. The Sub-Committee proved a chip of the old block. They also did nothing and so it went on till that Assembly ceased to exist. The Sub-Committee and Committee also ceased to exist, but one thing which has continued to exist is the convention, and the existence of that convention is thus due to a negative more than to a positive factor. May I ask why the Financial Commissioner for Railways, who was a member of that Committee, did not see that its work was finished expeditiously and properly? We have the instance of the Age of Consent Committee, which did its work in proper time and finished its labours. We have likewise the External Capital Committee which was responsible for a very fruitful report. It seems to me that the Committee appointed for examining the convention for separation of the railway finance from the general finance failed to achieve anything because it suited the Railway Board that it should achieve nothing. I am not alone in thinking, Sir, that the separation which was meant to make the railway administration autonomous resulted in autocracy rather than autonomy, and if the

undertaking given to the Legislature at the time when the convention was agreed upon be understood, not only in the letter but also in the spirit, I would not be considered as indulging in any exaggeration when I say that the continuance of the present position of the railway finance separated from the general finance is unconstitutional if not exactly illegal. I do hope that a more careful attempt, an earnest attempt, will be made now to have the convention properly and impartially examined and that the authorities will not seek to postpone it again on the plea of impending political reforms. Sir, it reminds me that a friend of mine once averred that if he had the choice of two alternatives, one of having political Swaraj and the other of being entrusted with power to run the railway administration in this country, he would unhesitatingly choose the latter. The main idea is that the Railways of India are by far the most valuable asset of the nation and if its management be conducted in the national interests it should render incalculable good to India in numberless directions. It is from this point of view that I have tried to study the Railway Budget and I urge that it is from this standpoint that everyone of us, be he official or non-official, should approach the question of the Indian railway problem. I only hope, Sir, that my remarks and criticisms will be taken in the spirit in which they are made. I did not want to make carping criticism, but the things I have pointed out occurred to me and I thought that the administration may take a sympathetic view of these criticisms and act up to them.

THE HONOURABLE MR. P. H. BROWNE (Bengal Chamber of Commerce) : Sir, in rising to make a few remarks on the Railway Budget I think I might state that probably most of us are very glad that we did not have to produce a Railway Budget under the present conditions. I think even my friend the Honourable Member who spoke last would probably have had considerable difficulty in producing a better one. At the same time I entirely agree with him on some of the points of economy which he raised. It is very satisfactory to learn that the working expenses for the current year show a reduction of 2 crores 12 lakhs on the original budget figures and I think the staffs of the various Railways should be heartily congratulated on this achievement. I observe that in the estimate of earnings for the year 1931-32 there is an increase of about 6 crores over the figures for the current year, of which  $1\frac{1}{2}$  to 2 crores only are accounted for in minor alterations in rates and fares. I am afraid, Sir, I agree with the last speaker that this is unduly optimistic. There are no indications of improvement in trade and I feel that after trade conditions have improved it will be a very considerable time before those many millions of passengers who have not travelled this year will begin to travel again. On the expenditure side the estimate for 1931-32 is 41 lakhs less than the current year. This will no doubt entail rigid economy on the part of the various Railways. I had personal evidence of one of these economies when I recently travelled from Calcutta to Delhi. In the carriage in which I travelled the bed would not pull out, the door fastening was broken, the glass in the bath room door was broken, the drain pipe of the basin leaked, and the whole woodwork badly needed varnish. In view of the fact that the Honourable Mr. Russell indicated in his speech that we must all bear part of the burden, he may be interested to hear that though I may have this carriage again, I am not writing to the Agent of the Railway to suggest that the carriage be scrapped or even repaired. After hearing how the Railways had loyally co-operated to cut down expenses and to effect economies, I searched through the mass of literature I received in connection with the Budget to ascertain what economies had been effected in the central administration of the Railway Board. I find that in the Demands for Grants on page Nos. 1 and 2 that the total expenditure for the Railway Board is estimated at over Rs. 16 lakhs but that

[Mr. P. H. Browne.]

a decrease of Rs. 65,000 is expected in the coming year. It is satisfactory to see in Item No. 1, that having spent Rs. 60,000 on furniture last year they would not be buying new furniture this year. The debit of Rs. 15,000 is transferred to another Department which of course is an economy of a kind, and a reduction of Rs. 20,000 is expected in the contingent expenditure of the Railway Board. These savings are counterbalanced by an increase of Rs. 30,000 on account of the annual increments of pay of officers and staff. In that connection I should like to mention that many business firms have had to make cuts in the salaries of their staff or have decided in some cases that no increases would be given until trade improves, and I would put this point before the Finance Department of the Railways.

Then, Sir, looking further into the statement of the accounts, I see that there are 25 officers in the Railway Board head office; five Directors, five Deputy Directors and a number of others. Then I see that in 1930-31 there were six Superintendents and in 1931-32 there is an increase of one, seven Superintendents being budgeted for. But going into the figures I find that increase of one came into 1930-31 judging by the figures of the revised estimates for that year. Also I see two officers are included on special duty. They were not in the original estimate for 1930-31, but they came into the revised estimate for the year which means that while the Railways were all being called upon to strain every effort to economise, there were three extra officers who came into the establishment, possibly temporarily, of the Railway Board headquarters in the year 1930-31. I notice that there are no temporary officers budgeted for in the year 1931-32; I trust none will come into the revised estimates. On the second page we have the subordinate establishment. The number of assistants and clerks has been increased to 109 for 1931-32 from 94 in 1930-31, presumably by taking into the permanent staff the 14 temporary clerks, employed in 1930-31. But I regret to see that for 1931-32 a further 14 temporary clerks are budgeted for, and I suppose in 1931-32 or rather in the Budget for 1932-33 they will be incorporated in the permanent staff. Again 18 servants who were shown as temporary in 1930-31 are apparently taken into the permanent staff for the coming year, with a total increase from 78 to 99, or three in addition to the 18 temporary men. The totals for 1931-32 seem to show a very large increase.

Then we come to the most serious heading of all budgets, "Contingencies". In the contingency budget for 1930-31 the amount was Rs. 2,86,000, but I regret to see that the revised estimates show Rs. 3,35,000—a very heavy increase. The Railway Board hope to make a saving in the contingency account this year and the budget is Rs. 2,52,000. I trust a similar increase will not be found when the revised estimates for 1931-32 are investigated.

Sir, I readily admit that many of these items that I have referred to are small, but I do feel that it is somewhat disheartening for the Railways who have been continually exhorted to practise economy to find the expenses of the Central Board steadily increasing, and I commend this point to the earnest consideration of the Board.

Sir, the members of my constituency look with some slight suspicion on any Government Department, and I regret to say that I have even heard it whispered that the personnel of the Railway Board with its wages bill of over Rs. 16 lakhs could be considerably reduced. I trust that in view of the urgent need for economy we shall find when we examine the revised estimates for 1931-32 that instead of the budget figures of headquarters being exceeded by Rs. 65,000 as in the present year they will be at least reduced by a similar

figure. One often hears it stated in connection with budget figures for expenditure that the cost of such and such item has been included in the budget and therefore that money must be spent in that year, otherwise that it must again come in for sanction in the following year. I would ask the Railway Board to impress on all Railways that even though expenditure has been budgeted for, it should not be incurred unless it is absolutely essential.

**THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN** (North-West Frontier Province: Nominated Non-Official): Sir, allow me first of all to congratulate the Honourable the Commerce Member and the Chief Commissioner of Railways and the Members of the Railway Board on their skilful handling of this year's Budget in the face of the acute trade depression and other causes affecting the railway returns. The economies they have resorted to, the improvements in the service conditions of lower paid employees and the reduction in the cost of repairs and maintenance are other matters for applause and thanks.

About the Budget, Sir, I wish to make a few remarks. To meet the necessary expenses it is felt a few alterations may be made in the wages in the fares and in the freight charges. About the wages problem, Sir, of course I do not claim to speak authoritatively, but it is obvious that apart from the lowest paid employees the upper grades and the gazetted officers' wages are considered to require adjustment with the depreciation of agricultural produce. Economies have to be observed in certain contingencies. Other Governments, especially the Labour Government in England, are now faced with the same problem in the matter of the General Budget. Reduction in wages, Sir, is one of the means usually adopted to bring down the working expenses. Whether this is feasible or not, or how much and what percentage is to be reduced rests with the authorities concerned to decide. And whether this formula is to be observed in other departments or not is a different though parallel question, which I do not feel called upon to enter. It is however not unreasonable, Sir, to hope that if in the presence of a phenomenal fall in food-stuff prices like the present the department enters upon a policy of discriminate reduction it may save them a round sum.

The other point I wish to speak about, Sir, is the enhancement of the railway fares. This is a method, Sir, which is very difficult to be dogmatic about, kaset as the Railways are with the motor competition, the trade depression and the consequent general shortage of money. I am not in a position, Sir, to direct the authorities concerned in this matter but I suppose the bus competition which has seriously affected the total of passengers and the inability of the bulk of the third class passengers to pay increased fares will be duly considered.

Then, Sir, is the question of the withdrawal of concessions for the carriage of agricultural produce. The cultivator has to contend these days with over-production, the import of foreign wheat and the fall in foreign demand. All these, Sir, have affected the prices which have well-nigh ruined the cultivators. It cannot be denied, of course, that the reduction in freight from the Punjab to Karachi and Calcutta has failed to give an impetus to the export of wheat and other produce. But even if this concession is withdrawn the ryot who has been very hard put to it to meet the revenue this year will be brought to the verge of starvation. The reduction, Sir, cannot solve all their difficulties, but it is a help anyway. But if concession for agriculturists for local carriage is granted or allowed to remain, it may save the ryot a pretty penny. I would therefore suggest, Sir, that the agriculturists should not be deprived of this help in the matter of freights.

[Major Nawab Sir Mahomed Akbar Khan.]

Sir, I have time and again put in a few suggestions before the Railway Board, but considering the heavy deficit of this year's Budget, on account of multifarious causes which have cut a deep gash in the purse of landlords too, I refrain from laying any more suggestions. Of course, the construction of a line from Mardan to Charsadda and Mardan to Swabi coupled with the linkage of the Baluchistan and Frontier lines, *i.e.*, Fort Sandeman to Pezu, would be of great importance, strategic and commercial, to the Department; but, Sir, as I see no scope for further construction this year, I do not wish to burden the department with further responsibilities.

To economise I make the following suggestions. The Publicity Department should be altogether abolished, but if the abolition is altogether impossible then expenditure under this head should be considerably reduced. Week-end return tickets must be revived because its stoppage would bring less income to the Railway Department and would be more helpful to the motor bus traffic. New posts in the Department must not be created and those made in recent years must be kept in abeyance until the railway finances improve.

THE HONOURABLE RAI BAHADUR PROMODE CHANDRA DUTTA (Assam : Non-Muhammadan) : Sir, it is usual at the commencement of a budget discussion to congratulate the Honourable Member who presents the Budget. If I depart from this time-honoured practice, it is not because I think that the Honourable Member in charge has not done his best in the extraordinary circumstances in which he finds himself but because the outlook is so depressing and the future so uncertain that one does not feel in that easy mood in which alone one's congratulations can be natural and sincere. Not very long ago, the Railway Budget showed a surplus of 9 crores of rupees; for the coming year the Honourable Member in charge has budgeted for a net gain of 1½ crores only. If our annual contribution to the general revenues is taken into account the Budget really shows a deficit of Rs. 4 crores. The year following we shall probably be told that there has been no gain on the year's working as the contributory causes are still at work. The main cause of trouble is said to be a world-wide trade depression which as far as we are concerned has been accentuated by the civil disobedience movement. Civil disobedience will, we hope, be a thing of the past before long. What frightens me is the main cause with all its disastrous implications. How it came about and how it can be ended are questions which baffle the ordinary mind. It is here that the layman expects light from the expert. That light has not been vouchsafed. Nothing worries people so much as the uncertainty about the future.

Perhaps, Sir, the depression has its root in causes beyond the control of any one nation. I have seen it ascribed to over-production, to manipulation of currency, to a combination of these and other causes—all in their ultimate analysis traceable to an unholy competition for the good things of the world. But is there any way out of this tangle? That is what we would like to be assured of—but the assurance is not forthcoming. The general feeling is one of despair about the immediate future.

The Honourable the Railway Member has rightly pleaded for retrenchment and economy and examined some possible directions in which they may be effected. One of them is the reduction of wages and salaries on the Railways. I do not know if there is any legal difficulty in the way. This point has doubtless been examined—for we hear talks of reduction in other departments as well. But apart from technicality, the question requires very careful

consideration. In the first place, whatever may be the views of the Governments, Central and Provincial the Government servants are not among the most loyal subjects of His Majesty and if you make the conditions of service more onerous for them, which a reduction in their salary necessarily involves, you will strain their loyalty almost to the breaking point. They have absolute faith in the security of their pay and a reduction will rudely shake their faith and create more discontent than would be good either for them or the Government they serve. Nor does the time seem particularly propitious for a measure like this in view of the political conditions in the country. It is true that there has been a sufficient drop in the commodity prices with a corresponding rise in the effective value of all salaries while professional classes, merchants, traders and others, have had their earnings considerably reduced. But it must not be forgotten that the officers in the lower ranks had never had enough in the best of times and that the drop in prices only affords them a much needed relief. If however a reduction in the salaries is imperative those drawing Rs. 200 or less a month should be exempted while a sliding scale should be adopted as in the case of the income-tax so that the percentage of reduction may rise with the size of the salary. The justice of this is obvious—those who can bear the burden best should be called upon to make the most sacrifice. I hope the reduction is not intended to be permanent and that with the emergence of better times the existing rates will be restored.

It is not clear from the Honourable Member's speech whether the amounts deducted from the salaries will be a gift to the nation or refunded when funds permit. If they were taken as a loan to be repaid without interest at a subsequent period or at the time of pension or upon death if earlier, it would go a great way to reconcile the officers to their lot.

Lastly, a great economy can be affected by modification of the leave rules and of rules relating to leave allowances and by stoppage for a time of periodic increments. Also the abolition of one post in the higher ranks will effect more saving than a 10 per cent. reduction in the salaries of a hundred or more officers in the lower ranks. In any scheme of reduction these views should receive adequate attention.

Sir, I do not pretend to be able to make any very useful contribution to the discussions about the rates and freights and other questions of high policy. For the present I am content to leave them in the hands of the Honourable the Railway Member. My ambition is rather provincial and I wish to bring to his notice and the notice of the House the treatment that we in Assam receive at the hands of the Railway Board. Assam is a far cry from Delhi and does not possess the lusty lungs which the older and the more fortunate provinces do. As a consequence, its wants do not receive a tenth part of the attention they deserve. The province is divided into two valleys separated by a range of hills on which its capital—the town of Shillong—stands. From my district, its straight line distance is only 72 miles. Would it be believed that to reach it we have to make a detour involving a railway journey of over three hundred miles and that with certain stops on the way it takes us no less than 40 hours to complete that part of the journey. The Government of Assam is now constructing a motor road from Shillong to the town of Sylhet on the north bank of the river Surma. Nine-tenths of the district, however, lies to the south of it and if the whole district is to be connected with Shillong a bridge over the Surma is essentially necessary. As the result of some correspondence between the Government of Assam and the Railway Board, we were told that the latter had undertaken to build a bridge and further extend the railway line, which has its terminus on the south bank, on to a few miles on the north bank along

[Rai Bahadur Promo de Chandra Dutta.]

the projected motor road. There is a very general demand for this extension and the Government of His Excellency Sir Laurie Hammond is very keen on it. But the Railway Board some time ago informed the Government of Assam that it cannot undertake the work for three years at any rate. An excuse for further postponing it will not be difficult in the present state of the Railway Budget. If the projected extension had been effected, not only would it make the journey to Shillong more comfortable but relief to the provincial exchequer would be considerable. It would also open out inaccessible areas and facilitate the transport of valuable hill products which for want of adequate facilities do not now find a market.

Another much-needed extension is the construction of a branch line from the sub-divisional town of Maulvibazar to connect it with the main line of the Assam Bengal Railway. It is only a matter of a few miles; I believe the survey was completed some time ago; as we were expecting the work to commence, there came the news that it had been postponed.

Sir, the Assam Bengal Railway which is the main line serving Assam, in its majestic career forces its way through a stretch of about 100 miles of bleak, barren hills which produce nothing and as far as one can see will never produce anything unless a miracle is to happen. As a feat of engineering it is a marvel, with its 33 tunnels and well worth a look; as a commercial proposition it is a permanent debit. If the huge amount spent in constructing these hundred miles had been spent in the plains all we could wish for in the way of a railway for years to come would have been achieved long ago.

Then, Sir, in June, 1930, the districts of Sylhet and Cachar, through which the Assam Bengal Railway passes, were visited by a disastrous flood the like of which had not happened in living memory. An idea of the havoc caused by it may be gathered from the fact that a non-official relief committee formed with myself as its President spent as much as one lakh forty thousand rupees in gratuitous relief—that the Government of Assam spent a like amount for the purpose and that in addition it granted *takavi* loan to the extent of about 26 lakhs for the reconstruction of houses and other purposes. There was a loud and insistent cry that the railways were to a great extent responsible for the unprecedented inundation that had taken place. They cut across natural streams and obstruct natural drainage without providing waterways sufficient in number and size. A demand was made for a thorough inquiry into this matter and the Government of Assam in pursuance of a Resolution passed by the Assam Legislative Council appointed a Flood Enquiry Committee on which the Railway Board was represented. As President of the Flood Relief Committee I had been invited to appear before the Enquiry Committee to give evidence. These experts made mincemeat of me. They talked jargon which I did not care to follow and would not be able to follow even if I tried to and they tried to impress on me that the flood was really due to excessive rainfall. Sir, if experts are bad witnesses, they are worse judges. The lawyer in me rebelled and I told them, "Look here, Sirs, there can be no flood without water and there can be no water without rain. But when you find a difference of two feet in the level of water on either side of a railway line, is that also due to excessive rain?" Let that pass however. Among the recommendations made by the Committee was the widening of a bridge costing rather a large sum—I speak from memory not having the report before me. The bridge has not yet been widened. I was told that there was some little trouble as to who should pay the piper, the Railway or the Government of Assam. The Railway fortified by a statutory provision that after



ten years, of the working of a line it has no responsibility for defects in construction or things of that sort repudiates the liability. Assam is the poorest province in India and is now practically bankrupt.

Another instance of this kind occurred when I was a member of the Government of Assam. A bridge had been made too narrow—a usual feature of all Assam Bengal Railway bridges—and it obstructed the natural drainage so effectively that a very large area around became water-logged. Apart from damage to crops malaria broke out in a virulent form, the people affected complained year after year, the place was visited by the Director of Public Health, Assam, more than once, who reported that the bridge must be widened so as to allow free drainage. The Railway Board would not accept his conclusions but when driven to a corner took its stand on the statutory safeguard and condescended to widen it provided somebody else found the cost. I made a demand for the necessary amount in Council. I was assailed with the cry “If the fault is the railway’s, why should it not pay?” It was with the greatest difficulty that I got the Council to give me the money. The bridge has since been widened. Will the Railway Board see the justice of our demand in the present instance and get the Assam Bengal Railway to widen the bridge at its own cost?

Then, Sir, the Assam Bengal Railway specializes in inconveniencing the public. I plead in advance for the indulgence of the House for referring to what may seem to them to be trivial matters. Let me give the House an account of my journey from the town of Sylhet, where I reside, to the station of Chandpur, where I get into touch with civilisation. To start with, the river has to be crossed. When it is low, both the banks are steep and involve an ascent and descent of some 20 yards. No steps are provided on either side and chances of accidents are not too few. To *pardanashin* ladies and old men the crossing of the river is a great trial. Then you have to walk a good two furlongs before you reach the station. But your trouble does not end here. If you have a lady with you you will have to improvise a sort of platform for her to get into the train—usually your trunk does duty for one. This difficulty is not peculiar to the Sylhet station. Very few stations on this line are provided with platforms. Then at 9 o’clock in the evening you have to get down to change into the train line when the same troubles await you. Finally, you are deposited in Chandpur, in the early dawn, when, if it should rain or be cold, coolies are not much in evidence and you have to carry your belongings on your shoulders over the over-bridge. The public have represented more than once that for the convenience of passengers from Sylhet, which is the most important station in the district, a through train or one or two through carriages may be run up to Chandpur, but to no effect. The Assam Council drew the attention of the Government of Assam to some of these public grievances but were told that Railways are a central charge and that they could do nothing but would forward the debates to the Railway Board for such action as they might think necessary. If they have been forwarded we have not yet heard. At any rate none of these public grievances has been removed. This is my only justification for referring to what may appear to Honourable Members to be trifling matters but which nevertheless affect the comforts and convenience of a very large number of the travelling public. Then, Sir, on my way here I have travelled on the Assam Bengal Railway and on the Eastern Bengal Railway and the East Indian Railway, and what a contrast between the first and the last two. Yet the Assam Bengal Railway charges much higher rates than either of the other two. To it we pay far more, from it we get far less and of the main lines in India the

[Rai Bahadur Promode Chandra Dutta.]

Assam Bengal Railway has the unique distinction of refusing to issue return tickets between two stations on its own line.

I hope, Sir, the Railway Board will please bring these complaints to the notice of the Assam Bengal Railway and put pressure on it to take the necessary action with a view to their removal.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces :

12 NOON.

Nominated Non-Official) : Sir, in offering a few observations on this year's Railway Budget I feel constrained at the outset to commiserate with the Honourable the Chief Commissioner for Railways in the anxious and arduous position in which he has found himself this year. I remember last year, when he delivered his maiden address in this Council, he asked the House with his usual modesty to treat him with indulgence, as he styled himself an inexperienced recruit to this Council. I find that within a short period of 18 months since he assumed the office of Chief Commissioner for Railways he has not only managed the affairs of a colossal Department like the Railways with great skill and ability but he has brought to bear on the execution of his duties the shrewdness and instincts of a commercial man. I find in the last two reports of the Railway Budget indications of a marked change in the policy of the railway administration, and the sole credit of that is due to Mr. Russell. The principal and very significant part of that policy is the desire and inclination to effect drastic economies in the administration of the Railway Department. It is a very cheerful sign of the times because the Railways have been considered in the past as one of the greatest spending departments that we have. Working under the shadow of his great chief, Sir George Rainy, whom I welcome here to-day—and I may parenthetically remark that he gives us pleasure once a year by honouring this House with his presence, and I hope that we will see him more frequently in this Council in the future—Mr. Russell has achieved wonderful results. Sir, this year's Railway Budget is rather discomfoting, but I do not share that despondency and that despair which I have noticed in the speeches made this morning by several Honourable Members who have preceded me. I am a great believer in the Railways. I am a great believer in the elasticity of our railway revenues and I do not at all despair of the future that is in store for our Indian Railways. A department in which we have invested 700 crores, or the equivalent of 500 million sterling, is bound in more prosperous times to yield results which will not only be satisfactory but very encouraging. This year's unfortunate position has been explained in great detail by the Railway Member and three causes have been assigned, firstly, the economic depression which this country is going through, secondly, the civil disobedience campaign, and thirdly, the great strike on the Great Indian Peninsula Railway last year. These three are the main causes undoubtedly, but I would to those add two more causes. One is the mischief which the Soviet Government has been doing in this country during the last two years and the rather inadequate manner in which the Government of India has dealt with that campaign. Secondly, as is always common in all industries in times of plenty, the policy of the railway administration has been one of extravagance. Happily, during the last two years, there has been a marvellous change for the better in that connection. However, Sir, without troubling the Council with any figures, I may say that there is no reason for despondency, because I have taken the trouble of checking the figures since the separation convention and I have found that before 1929-30 we made an average annual profit of a little over 10 crores of rupees in the past. No

other country in the world can show similar results in the matter of State Railways or in the efficient administration of this department. I am glad that the Railway Department has made up its mind to enforce drastic economy in the various departments under its control, and I agree entirely with the Honourable the Railway Member that this drastic economy ought not to be confined to a few main and important items, but ought to be extended to every detail and branch of railway activity. If such economy is effected in all the numerous directions we would be in a position to make extensive savings. The two or three illustrations which the Railway Member gives leads one to the conclusion that if this policy of retrenchment is vigorously enforced it will lead to very satisfactory and hopeful results.

Sir, in connection with this year's Budget I feel grave apprehensions about the prospective depletion of our reserves. Since the separation convention has operated I have religiously and most emphatically pressed upon Government the necessity of accumulating railway reserves as far as is humanly possible. I think that those reserves form our anchor sheet in times of stress, difficulty and anxiety. About a couple of years ago there was some talk of putting a limitation on these reserves. It was stated that we had built up reserves to the extent of about Rs. 18 crores and there was no necessity for piling crores upon crores of rupees in this connection. I then stated, and I am glad I am now in a position to repeat my argument again this year, that these reserves, however colossal they may appear, are a very small fraction when you come to consider the crores of rupees of expenditure which are involved in the running of our Railways, and the great market fluctuations which take place from time to time, and therefore it is essentially necessary that these reserves should be steadily built up to a colossal figure which would enable us to surmount all financial difficulties and difficulties of the character with which we are confronted to-day. It is a sad thing to contemplate that at the end of 1932 our Rs. 18 crores will have in the main disappeared. We have already drawn a little over Rs. 2 crores to settle and adjust the accounts of 1929-30. At the end of this year we shall find ourselves compelled to draw a further Rs. 10 crores and 86 lakhs from these reserves, leaving a small balance of Rs. 5 crores and 74 lakhs. This must set us thinking of the dilemma in which we would find ourselves unless we conserve our resources, practise and enforce drastic economy in our railway administration, and also effect such salutary changes which may lead generally to a better administration of the Railway Department. This year too we have drawn a large sum of money for our capital programme from the Depreciation Fund. Honourable Members are probably not aware that this Depreciation Fund, so far as the Railways are concerned, exists only in name. It is a sort of intangible figure on the books of railway accounts. There is no such money existing. This depreciation money exists in our books, on paper. Whatever money we carry to depreciation every year goes to the general revenue; it is absorbed in the general revenue. I would therefore like to see, for the maintenance of our solid position in the matter of Railways, in the maintenance of railway stability, I would like to see our Depreciation Fund put on some definite basis, perhaps some statutory basis. I would like our Depreciation Fund to be earmarked for the purpose of being used only for depreciation purposes, such as renewals and repairs and not to be utilised for capital expenditure. I know I shall be confronted with the objection that in all big commercial concerns where a depreciation account is opened the depreciation fund is utilised for general purposes and not limited to renewals of machinery, etc. This is perfectly correct. It is an unfortunate position in which we are now. I wish some statutory provision is made in the Indian Companies Act preventing commercial concerns and organisations, specially factories, from utilising

[Sir Maneckji Dadabhoy.]

their depreciation fund for extension of their works. Such funds ought to be strictly utilised for the purpose of renewals and repairs only. In England I see of late that there has been a tendency to move in that direction ; where new companies are formed I have noticed that in the powers given to Directors of new concerns they have made it obligatory that the sanction of the large body of shareholders should be first obtained before such depreciation funds could be diverted to any other purpose.

Sir, it is a matter of great pity that our capital expenditure is to be reduced this year. I am a great believer in Railways. In the last few years we have made a rapid progress in the construction of new railways. In India there are about 40,000 miles of open lines. I should like to see 100,000 miles in India ; I should like to see a network of railways all over India ; and if there is one thing which will really lead to the prosperity of the country, it will be cheap transport and construction of railways all over the country. In a vast continent like India 40,000 miles of open lines is apparently nothing. These railways have led to the prosperity of the country in the last few years. From 1923 to 1930 has marked the period of the greatest activity in our Railways. We have spent 214 crores of rupees in the construction of new lines since 1923. We have carried out the recommendations of the Acworth Committee practically. As you are aware, the Acworth Committee recommended heavy capital expenditure on rehabilitation and equipment to the extent of 30 crores of rupees being spent annually for five years on the construction of new lines. That Committee's Report was endorsed by the Finance Requirements Committee in 1922, and they suggested that we should spend without intermission 30 crores annually in the construction of new lines.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI (Punjab : Sikh) : Where is the money to be provided from ?

THE HONOURABLE SIR MANECKJI DADABHOY : As I just told the Council, between 1923 and 1930 we had spent 214 crores ; 214 crores in seven years. This year we are spending only 21 crores ; we are taking a sum of about 11 crores from our Depreciation Fund. We are spending 3 crores by utilising materials from our stock, and the rest will be new capital. My friend Mr. Uberoi asks where is the money to come from. My friend Mr. Uberoi who is a very old Member of this House ought to know that the Railways have been a very profitable investment to this country ; railways in the past have paid us handsomely ; railways in the future are going to pay us handsomely, and even if we have to borrow large sums of money for capital expenditure on Railways, I shall be one always here to support that policy.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI : Even by paying 33 per cent. of the income in interest ?

THE HONOURABLE SIR MANECKJI DADABHOY : Yes. You ought to know also that there is a margin between the interest paid and the profits earned.

Now, Sir, the only question which remains is what are we going to do to rehabilitate our present position. I quite agree with Sir George Rainy who has suggested the consideration of three methods. He says there are only three methods available, firstly, to make a cut in the wages of the employees, secondly, to raise rates and fares, and, thirdly, to consider the question

of relief to the general taxpayer in the matter of our financial contribution to the general revenues. My friend Sir George Rainy in an excellent speech made in the other House has dismissed the last point with a very few observations. I am not inclined to agree with my Honourable friend Sir George Rainy in this matter. I am of opinion that the time has now come when we must seriously consider whether we could keep up indefinitely the present financial contribution to the general revenues. I think before long the separation convention, as far as this part is concerned, must be carefully examined. I think railways are in the nature of general utility companies. They render a public service: they must be made self-dependent, they must be placed in a position to meet their full expenditure out of their earnings even if they have not to contribute anything towards the general revenues. The service rendered by the railways is of an exceptional character and you cannot possibly compare them with other services. I know there are some difficult and complex problems involved in this question and I really appreciate that position. In connection with it we shall have to consider the general question of finance. I have no time to refer to any of these matters here, but I do hope that at an early date this problem will be examined and carefully reconsidered. It is time now, in view of the exceptional circumstances prevailing in this country—I say it is obligatory now—to reconsider the details of the separation convention.

As regards wages, I am entirely in agreement with Sir George Rainy of the difficulties involved in it, but sooner or later, Sir, we will have to go in for a general cut in the wages of the Railway Department. Of course, as Sir George Rainy has pointed out in his speech in the other House, you cannot single out the Railway Department without making a similar cut in other departments of Government, as it would cause a great amount of discontent and would hardly be considered an act of justice. I entirely agree with that view, but it must be remembered at the same time that during the post-war period gradually the rates of all articles, of all commodities, have come down and the present scale of wages was fixed and enhancements were made immediately after the war to meet the special requirements of that time. There has now been a substantial reduction, and I firmly believe that this reduction is going to stay, we are not going to see high prices of commodities again in the future, at any rate for many many years. If that position is coming back I do not think it is fair to the general tax-payer that the high rates of wages should continue to exist. I do not think there is any question of emotion or sentiment, though there are many people who are guided by emotion or sentiment in this matter and say "Oh, no, we cannot possibly reduce the wages". I say "No, you will have to reduce wages if the present position is going to be permanent".

As regards rates and fares, I think it would be useless in my opinion to increase rates and fares in this period of economic depression, in these troublous times, because it is not going to yield to you more revenue. Sir, this Budget is of exceptional importance. I can only hope that with the valuable assistance of the Chief Commissioner for Railways and with the great experience of Sir George Rainy we will be fortunate enough to tide over this great trouble, and I do hope next year things may improve, conditions in the country may generally improve and we may have another spell of prosperity.

**THE HONOURABLE SIR DINSHAW WACHA** (Bombay: Nominated Non-Official): Sir, no doubt the revised estimates reveal a yawning deficit, but this was inevitable, for the full reasons stated by the Honourable the

[Sir Dinshaw Wacha.]

Railway Chief Commissioner. Having regard, however, to all the circumstances of the case, I think this Railway Budget on the whole must be deemed satisfactory. A good deal of healthy criticism has been made by previous speakers, especially by my Honourable friend who represents the Bengal Chamber of Commerce and my Honourable friend Sir Maneckji Dadabhoi. Sir Maneckji is also a practical man of business and has made several suggestions which I doubt not will of course be borne in mind by the Chief Commissioner. At the same time my Honourable friend Sir George Rainy, who is a great stalwart and a robust Railway Member, will, I am sure, be able to dispose of all these criticisms. I have full faith in his ability and believe that before he leaves this Chamber he will satisfy all the critics in this House.

(At this stage the Honourable the President vacated the Chair which was taken by the Honourable Sir Maneckji Dadabhoi.)

I do not want at the present moment to go into detailed figures. Figures in a popular assembly are rather tedious. Though I know a great deal on this subject I do not want to weary the House for any length of time by going into details. But I should like to detain the Council for a few minutes during which I would prefer to give a very brief retrospect of railway finance during the last half of the nineteenth century. The Railways were begun in 1853 or 1854, and for the next 50 years, owing, of course, to their novelty in the country their finances were not what one could have desired. Neither was popular confidence established. In those days the finances of the Government of India were also very, very poor. Between 1853 and 1900 or 1903, that is, for 50 years, there was an average net loss of one crore per year. It is no doubt true that some railways, like the East Indian Railway and the Rajputana-Malwa Railway, were working at a profit, but the net result, as just stated, was an average annual loss of one crore for half a century. That is *the* one signal broad fact which should be borne in mind. While considering the Budget Honourable Members should take into account what immense progress there has been and what assistance the Railways have given to the Government of India. After 1904 the tide turned in favour of the Railways. Almost all of them began to be paying, so much so that between 1904 and 1914, just before the war began, we were better off in point of finance, and the Railways were giving us a large surplus. And what was the purpose for which this surplus was used? For the benefit of the tax-payer. And why? In what respect? There was almost always a deficit more or less in the general revenues every year; and were it not for large surpluses from Railways in those years the Government of India would have been poorer and new or enhanced taxes would have been imposed; and naturally they would have been burdensome to a large extent. The Railways came to the help of the Government of India between 1904 and 1914 and even thereafter. But in the interval there continued to be a prolonged wail from successive Finance Members over deficits. As I pointed out several times at many a meeting and on various platforms how far Railways were a very important and most valuable asset in the whole administrative system of the Government of India. Honourable Members should bear in mind that when you have a colossal department of great complexity to manage, there must necessarily be here and there some leakages, some mistakes, and so on. All the same we have to be content and take a broader view, a wider view, of what the Railways have done. The Railways have produced wealth, that wealth which some of our extremist friends are going to destroy and create unspeakable havoc in the country. This is most deplorable and I consider it to be political suicide on the part of these short-sighted persons. Leaving that apart, I do say that the Railways are the most important and the mos

valuable asset in the Government of India. During the last three decades gigantic strides have been taken and incalculable improvements and developments have been witnessed. That being so, what may the future of the Railways be ought to be seriously considered. Of course, there is this cry of despair. Crises have come and gone before. Of course the one now prevailing is a most acute one, but I do entertain the hope, with my friend, Sir Maneckji Dadabhoy, that better days may follow next year and thereafter. We need not sit silent in utter despair saying, "We are going from bad to worse". I think after all we should hope for the best. Hope springs eternally in the human breast, and as an individual, I am inclined to be moderately optimistic about our Railways; and for the tax-payer also, because, the greater the surplus of the Railways, and the larger the reserves built, the more useful will it be for rainy days as well as for capital expenditure. As for capital expenditure, I may remind Honourable Members that in 1907 the Home Government appointed a Committee in London to enquire and report how far capital expenditure for Railways could be raised and in what manner. Lord Rothschild and Lord Inchcape were the two expert members of that Committee. Both of them strongly recommended that if whenever sterling loans were raised for Railways money was cheap, it would be prudent, always for the Government of India to raise a larger sum than what was immediately required for that particular year, in order that it may be reserved for another year when money had to be raised and that at a higher rate of interest. That money so kept in excess of immediate wants could be meanwhile put with some bank or other at interest. That is the policy which I wish every Railway Commissioner and every Railway Member might well bear in mind. Because, if the finances are not good, if we are not able to borrow money at a fairly cheap rate, there will be progress *backwards* or progress arrested. To avoid such a contingency this reserve of cheap money would prove highly beneficial. When you criticise the Railways you have to see how far they are in difficulties, how far our credit may go. You have to take a broad view before you criticise what has been actually done. Since 1920 we have been doing very well, specially since the separation of the general revenues from railway finance. The reserve built up during the past seven years has helped us greatly during the prevailing depression. Pray, consider what would have been the embarrassment if there had been no such reserves to fall back upon. The burden of taxation would have been greatly increased. Then the cry would have been raised, "We are already over-burdened; here is a cruel Government tyrannising us." If the Government is obliged to impose further taxation, Government do not put all the money raised by taxation into their own pocket. It is only for public use and to mitigate the burden of taxation. If the public have only commonsense enough to understand the question, I do not think they will blame the Government, as far as the Railways are concerned, in the way that they sometimes do. I would ask you to remember in retrospect that larger history of railway finance for the last three-quarters of a century before you say anything more on the subject. I am so very glad that the Chief Commissioner has in his budget statement said that economies are being made in every nook and corner. During the current year it may not be very much, but in the ensuing year I doubt not he will be able to save a considerable expenditure without impairing efficiency. Many a mickle makes a muckle. 10,000 here or a lakh or 50,000 there when put together would make a very large sum. I think the prospects of Railways are very good and I do believe, Sir, that next year we will be so far free from trade depression and internal difficulties as to enable the Railway Commissioner to bring before you a Budget as prosperous as before, which will go a great way

[Sir Dinshaw Wacha.]

to relieve the tax-payer from the very heavy burdens which might otherwise be imposed upon him. Please remember that the Railway surpluses in former years have always been used by the Government of India to meet their ever increasing civil expenditure. As a matter of fact there have been in the past many a time a deficit in the General Budget which was met out of surpluses of nett railway earnings. If these things are remembered and if Honourable Members implicitly confide in the railway administration as now administered by very able experts they may be sure that next year we shall all have to congratulate the Railways and the Government of India on what they shall have done to bring back former prosperity. (Applause.)

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, when going through the papers in connection with the Railway Budget, I have not been able to trace why there has been a comparative loss in earnings when the passengers carried have been more than in the years past. In the year 1929-30 there were 1,41,87,300 passengers carried on all the Railways in excess of the previous year and the average mileage of each passenger who travelled rose from 35·6 to 36·3, and the gross income from passengers rose by Rs. 33,94,000. When everything has been on the increase, Sir, I cannot understand how there has been a comparative loss. It seems that the reason for this is the very heavy increase in working expenses by Rs. 2,63,42,000 as compared with the previous year. I think, Sir, that in these working expenses there ought to be a heavy retrenchment. As the outlook is gloomy, I suggest the following retrenchments. In the first place, I would retrench the Publicity Department in India and overseas. That Department, as far as one can gather, has brought about no increase in traffic. From the reports I see that there has been a 6 to 8 per cent. fall in the upper class passenger traffic and one per cent. fall in the third class passenger traffic. The second retrenchment that I propose is that all the military concessions in passenger and goods service which Railways give to the Army Department ought to be withdrawn.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN :  
No.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Why not ? Thirdly, I propose that the Army Department ought to bear the loss on strategic railways. Our yearly contribution to the Army Department is 56 crores and with the fall in prices of raw material and foodstuffs, etc., I think the Army Department can afford to bear this legitimate expenditure. Fourthly, I want all the superior appointments which have recently sprung up on all the Railways to be abolished. One of those appointments is the appointment of Sports Officers. I think in bad times such appointments ought to be done away with. Fifthly, as my friend the Honourable Mr. Browne has pointed out there ought to be a decrease in the superior establishment of the Railway Board. Then I come to the Agents' offices. There ought to be a good deal of retrenchment in the establishment and staff of the Agents of the various State Railways. I find that on the Bengal Nagpur Railway and the Madras and Southern Mahratta, with a mileage of about 3,000 miles each, the expenditure on the Agent's office is three lakhs, while on the Great Indian Peninsula and the Bombay, Baroda and Central India, with a similar mileage, it is five lakhs, while on the East Indian Railway it is 10 lakhs. Why so ? Seventhly, I propose that there ought to be a general reduction in salaries and allowances of



superior establishment to the extent of 20 per cent. and in the case of upper subordinate staff drawing over Rs. 250 a month of 10 per cent. From the figures before us, which the Honourable the Commerce Member has given, I find that in the event of this proposal being adopted a saving will be effected of about one crore and 10 lakhs in the year. Eighthly, I propose that the Divisional system which was introduced on State Railways some time back ought to be done away with, because that has involved a greater expenditure and failed to give as much efficiency as was expected from the change. Then the new proposal to separate accounts and audit ought to be postponed to a later date, if it meant more expenditure. Some time back the Carriage and Loco. Departments were separated but after an experience of some time it was found that that was quite unnecessary and was a wrong step to take, with the result that both those departments were re-amalgamated. I propose that in like manner the Transportation and Commercial Departments of State Railways should be amalgamated. This could be very easily done by putting two senior Deputies in charge of each department under the General Traffic Manager. Eleventhly, I propose that in order to get more passenger traffic and to increase the railway earnings the running of restaurant cars of all sorts ought to be discontinued until better times come in. That could be done by adverting to the old practice of giving longer halts at refreshment room stations. I do not want to decrease amenities for passengers but as the times are difficult I think that for some time we ought to bear with this inconvenience. The junior and menial staff ought not to be decreased, because they are already at the minimum and the saving effected thereby will not be very much.

Now, Sir, I come to the question of Muslim representation in the railway services. Of course I wish that the legitimate share of every minority community in all the departments should be adjusted, but that adjustment must not be made entirely at the expense of the Hindus but should be made at the expense of all non-Muslims.

**THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN :**  
Including Christians ?

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :** Yes, including Europeans, Anglo-Indians and Christians. My friend the Honourable Nawab Sahib has drawn my attention to the European and Anglo-Indian element. I find that at present 62 per cent. of the existing appointments in the superior posts on railways are occupied by Europeans and Anglo-Indians. As regards Muslim recruitment, I wish to say that communal representation according to their population ought to be taken into consideration in every department of the Railways and not only in a few selected departments. I mean that in workshops, in the mechanical workshops and the running staffs, in the employment of luggage porters, and everywhere, let communal representation come in. Although I do not myself advocate communal representation, still as that is the established policy of the Government, let it come in for Muslim and other minorities, but let there be a definite rule and proportion fixed. The door to recruitment of Hindus and non-Muslims ought not to be totally prohibited. If members of a minority community have to be recruited to redress an existing disparity, a certain higher percentage ought to be fixed. I know of some cases in which non-Muslims have been totally excluded whenever any vacancies have had to be filled. That creates bitter feeling. I desire that a certain percentage should be fixed and that percentage should be observed in filling appointments by competitive examination. Of course with communal representation efficiency must always be kept in view, as I

[Rai Bahadur Lala Ram Saran Das.]

know of many cases in which competency has been altogether put aside in this matter, but I urge that efficiency should always be taken into consideration and ought never to be sacrificed.

(At this stage the Honourable Sir Maneckji Dadabhoy vacated the Chair, which was resumed by the Honourable the President.)

As regards fares and freights, I understand that owing to general depression on all the British and Continental railways facilities in passenger fares and goods freights have been given in order to get more traffic. But the Indian railways on the other hand have proposed increasing fares and freights, which I think will not be a proper step to take as it will not add very much to the revenues. There is a general opinion, Sir, that the cancellation of week-end return tickets on the North Western and East Indian Railways has not been a step in the right direction. I am also of the opinion that this instead of bringing in more revenue to the railways will add to their loss. I therefore urge that the issue of week-end return tickets be revived. The depression in the railway earnings is on a par with the general depression in trade as well as agriculture. I need not go into the reasons which have led to that depression ; but I must say, Sir, that when the buying power of the masses is increased and when there are prosperous times, the railways will also prosper along with other people who are engaged in trade or in agriculture. Therefore, Sir, I propose that there ought not to be any increase in fares or freights.

Then, I come, Sir, to the question of increased efficiency in the maintenance of track, etc. I find that in that a big reduction has been made. The other day when the question of running the mail train on the Southern Punjab portion of the North Western Railway was being discussed, I was told that as the track was too weak to run a mail fast enough it was decided to divert the mail from that route to another. For the safety of the travelling public, Sir, I think that in the maintenance of the track and in the maintenance of coaching stock only that much reduction ought to be made which does not adversely affect the safety of the travelling public.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI :  
Sir, I venture to make a few general observations about the Railway Budget. I need not assure my friends the Honourable the Commerce Member and the Honourable the Chief Commissioner for Railways that they have our sympathies in the present times of adversity as far as the revenue of the department under them is concerned. Two reasons have been adduced by the framers of the Budget regarding the fall in the revenue, firstly, the trade depression in the whole world, and consequently in India, and, secondly, the civil disobedience movement which was started last year. Perhaps they have not minded to consider a third reason for the reduction in revenue, which in my humble opinion is the keen competition of the motor buses and the lorries which are running in competition with the Railways. They afford much more facilities to the passengers than the Railways. I think a passenger can be sure of starting on his journey just within an hour after he makes up his mind to leave his home, whilst in the case of the Railways one has to wait for hours. I can say from my own experience of my province how keenly motor buses and lorries are not only offering competition in the passenger traffic but they have begun to take goods from many commercial places to the hills and to stations which are near by. I happened once to count the number of motors and motor lorries within a distance of 36 miles from the headquarters

of the North Western Railway to another very big commercial town, Amritsar, and I counted 30 lorries and motor cars crossed me within a distance of 36 miles. My own town is a military station and a station of very great commercial and industrial importance and there are only two or three trains leaving that place for Lahore, the headquarters of the North Western Railway, but the lorry traffic is so increasing that there are over 50 lorries plying between Wazirabad and Sialkot, Lahore and Sialkot and Sialkot and Jammu. I have heard in my travels many remarks, not from laymen but from the servants of the North Western Railway, that the timings have been so fixed as not to take into consideration the convenience of the travelling public and the competition which the lorries are offering to railway traffic. Allow me to give one instance. Sialkot is 86 miles from Lahore and the train takes more than five hours to reach from Sialkot to Lahore while a lorry can take passengers within three hours. Not only is the competition of the lorries responsible for the decrease in the traffic, but the timings fixed for the trains, at least in my part of the country, are responsible to a great extent for unpopularising the traffic by railway. There is no doubt an increase in the traffic of third class passengers, as has been remarked by my friend Rai Bahadur Lala Ram Saran Das, and there is a decrease in the traffic of the upper class passengers. It is due only to the depression in trade. It is not due only to the civil disobedience movement. It is due to the reduction in the power of the purse of the general public who travel by the upper class. When we go into the figures we find that there is a deficit in the income of the present year. There is also a reduction in the expenditure for which I think the Honourable the Chief Commissioner deserves credit. But the ratio of the reduction in the expenses is much less than the ratio of decrease in the income. The Honourable the Commerce Member while presenting his Budget in the other House remarked that the Railway Department should be considered a solvent department. No doubt it is and no doubt we wish this department prosperity every day. It has been remarked to-day on the floor of this House that the Railways are the greatest asset for the country. For this reason our hearty good wishes go to bring prosperity to this Department. What I wish is that the Railway Department should not only be able to form a reserve to meet adversity days, to meet the deficit budgets, as the present one is or the next one may be expected, but I also wish that the Railway Department may be able to make such a saving as to enable it to pay off some of the debts of the capital account. We find on looking at the figures that the Railways earn about 100 crores annually; about that sum, a few crores more or less, and for earning that amount they have to spend 65 crores for running the big commercial concern. Added to this 65, 33 goes in interest on the capital charges. Of course I am not an expert in finance, but I would certainly submit this question to my Honourable friend Sir Maneckji Dadabhoy, a concern which spends more than 50 per cent. on running it and earning the income and spends 33 per cent. on interest on capital charges, could it be safely said to be a profitable concern at all? This is of course the financial position from which I look at the

1 P.M.

Railway Budget. It is the general principle of economy that when we do not find means to raise our income we must try to cut down our expenses; in other words to cut our coat according to the cloth we have. Of course the Honourable the Commerce Member and the Chief Commissioner are very optimistic in making the estimate of income for the next year. I would submit with all the emphasis I can command that they should not be too optimistic in making the estimates for revenue but that it would be safe to be rather pessimistic in this regard. One cannot say with any amount of certainty how the circumstances of the country would be in the next year. We hear that Russia is trying to send to India

[Sardar Bahadur Shivdev Singh Uberoi.]

a large amount of wheat for the purpose of under-selling it. Is it certain that we will have the same amount of traffic as we had in the last year or in the current year? Can it be said with certainty that we will have the same amount of goods traffic as is expected to come off in the figures given by the Honourable the Railway Member in the budget estimate? I would rather be a pessimist in this respect with all the good wishes which every well-wisher of India has in his heart for the return of prosperity and peace in the country, all the future is hidden in darkness. So I would make a suggestion that when providing for the revenue they should not venture to provide five crores more than what they hope to get in the current year. I would like the figure to remain as it is in the revised budget.

Much has been said, Sir, by my Honourable friends as regards retrenchment in expenditure. Though I agree with the principle that under the circumstances this is the one very important remedy of meeting the deficit budget I cannot venture to make any suggestion whether the retrenchment should be made in this direction or the other. I am a layman and I cannot say whether the retrenchment in the number of services or the retrenchment in the pay of the services or retrenchment in any other direction would be suitable. But what I venture to suggest is this that a Committee should be formed immediately consisting of some experts of the department but having a majority of non-officials to go into this question with all the seriousness that it requires and then they should make recommendations whether it would be sound to make the cut in the salaries of the staff from the upper grade to the lower grade, whether it is necessary to make a reduction in the number of services in the railways, whether it is necessary to make a reduction in the contingent expenses or in what way a reduction could be made commensurate with keeping the efficiency of the Department and also commensurate with the needs of the services of the Department and bearing in mind the agreements which the employer has made with the employed at the time of employing him in the Railway Department. So this is my suggestion, Sir, which I would venture to make, to set up a Committee to go into this question and then to formulate its recommendations to bring about retrenchment in the Department.

I am much obliged to the Honourable Member for Commerce for providing these two very interesting documents to the Members. One is the Memorandum by the Railway Board on the elimination of racial distinction in railway services, and the other bears the heading "Muslim representation in the railway services". I would like to make a few observations on this. Reading through the first memorandum, that is, the elimination of racial distinction, I find that there is an increase of only 24 in the number of Europeans and Anglo-Indians from the year 1926-30 while there is an increase of Indians from 1,443 in 1926 to 2,339 in 1930. I think they deserve our thanks for this, and I wish that the speed of Indianisation is accelerated so as to bring the figures exactly in accordance with the recommendations of the Lee Commission. When I go to the second memorandum, Sir, I am a bit puzzled to see the title given to it. The reading of the first page of it, Sir, shows that in March, 1923, the Legislative Assembly adopted the following Resolution :

"That this Assembly recommends to the Governor General in Council that in making new recruitment for the services under the control of the Central Government steps be taken to secure that the services are not unduly overweighed with representatives of any one community or province and that as far as possible the claims of all communities and provinces are considered."

This Resolution was accepted by Government, and then the Home Member or the Member-in-charge on behalf of Government expressed the views of the Government in the following language :

“ In this matter, as explained by Sir Malcolm Hailey in the House, namely, that while the Government of India would not seek to represent the minority community in the services under their control they would attempt to prevent a preponderance of any one class or community in the service under their control.”

I beg you pardon, Sir. I will read it again.

THE HONOURABLE THE PRESIDENT : The House will excuse the Member from reading it again. Will the Honourable Member continue from where he left off ?

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI : Very well, Sir. This means that the Government accepted this Resolution of the Assembly so far as regards the over-weightage of any class or community was concerned. They did not seek to represent the minority community and the result was that the Government decided that two-thirds of the appointments will be filled by examinations and one-third by nomination to make up the inequalities of the minority communities. What I beg to say at this moment, Sir, is this that whilst the Government accepted the Resolution for the representation of the minority communities, may I ask how is this pamphlet entitled “ Representation of Muslims in the Railway Department ?”

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal : Muhammadan) : May I draw attention to the words “ Muslim minority ?”

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI : Thank you. May I ask, Sir, is there no other minority community of equal importance as the Muslim minority in India ?

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN : No.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI : There is. The Sikhs, though I have no wish to minimise that community.

THE HONOURABLE MR. ABU ABDULLAH SAIYID HUSSAIN IMAM (Bihar and Orissa : Muhammadan) : If Muslims get representation in all the Railway services in proportion to their population they will not complain and ask for more.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN : They (the Sikhs) are much inferior in numbers to the Muslims.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI : Is number to be considered ? Well, very good. If you are satisfied with numbers only, then take your firm stand on that and don't demand 33 per cent. in every branch of the Government. Like a bold man, take your stand on the numbers in every branch of the administration of the Government and do not demand more.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN : Do the Sikhs abide by the same ?

**THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI :**  
I will answer that later on.

**THE HONOURABLE THE PRESIDENT :** The Honourable Member will please address the Chair.

**THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI :** I beg your pardon, Sir. Let me say that I have no grudge at all to the Muhammadan community taking its due share in the services. I will be the last man to say a word. Let them come forward and have their due share but not at the sacrifice of the other minorities such as the Sikhs, etc., who are equal in importance to the Mussalman community. They are in their own province as important as the Mussalman community, and they have rendered to the Government such good services that the Government should not forget that community when taking into consideration the claims of the minority communities. I will not weary Honourable Members by giving figures of the representation of my community. I feel it my duty to bring to the notice of the Railway Department the claims of my community on this occasion. I would simply quote two instances to show how the members of my community are inadequately represented in that Department. In the Service of Railway Engineers, there are over 300 men on the cadre and out of that there are nine Sikhs. In the Transportation Department there are in all 125, and there are only three Sikhs and two of them are simply probationers. As I have said, I have no grudge in the least. Let my friends, the Muhammadans, have their due share, but I cannot let this opportunity slip without giving expression to the claims of the community to which I have the honour to belong and of which I am a representative in this House.

Just one or two words about what my friend Sir Maneckji Dadabhoy said. He wishes to see 100,000 miles of railway in India. He is quite right. Everybody would like to see that, because Railways have immensely contributed to the prosperity of the country. But the question is, "Where is the capital to be found?" If the capital is to be raised on loans at a high rate of interest, I would say that there should be no capital work on Railways in our country. We are under a killing burden of debt and the high rate of interest which is being paid nowadays on loans raised by Government is also very killing. I would venture to suggest with all the emphasis I can command to the Honourable the Commerce Member not to undertake any capital work in the next year if he has not got funds to carry it out. Let the schemes which are in hand be completed but do not take any capital work in hand, because I find, as I have just said, that out of the income 33 per cent. goes to interest, and I would leave it to financiers to say how far such a concern could be considered a profitable concern.

**THE HONOURABLE SIR GEORGE RAINY (Commerce and Railways Member) :** Sir, it was to be expected, of course, in view of the nature of the Budget statement which my Honourable friend Mr. Russell laid before this House, that the discussion to-day should concentrate itself to a very large extent upon the present financial position of the Railways, and the measures which, in the opinion of Honourable Members who have spoken, are best fitted to bring about an improvement, and such a financial state of affairs as we should all wish to see. Before I touch on these questions, perhaps I might say a word or two on some of the points taken by other Honourable Members, and it might be convenient, I think, to refer first to what fell from:

my Honourable friend Rai Bahadur Promode Chandra Dutta, about the condition of things in Assam, in the railway in which he is chiefly interested. Quite obviously, in his opinion, it left a very great deal to be desired. The three improvements about which he was most concerned were, in the first place, the construction of a railway and road bridge across the Surma between Sylhet Bazaar and Sylhet, in the second place, the enlargement of certain railway bridges in order to prevent damage from floods, and in the third place, the introduction of minor improvements on the Assam Bengal Railway such as raised platforms at the railway stations. I understand from my Honourable friend Mr. Russell that the first matter, the bridge over the Surma, is under consideration, and that at present no decision has been arrived at. I should imagine, however, that whatever the decision may be, it is not at all likely to be possible that we can spend any money on that bridge next year. As we have said very distinctly in the Budget statement, we do not propose to undertake any new construction in the course of the coming year and this bridge, which, if constructed, would be part of a new piece of line, comes under the ban like other projects, excellent in themselves, which we should like to undertake but which we cannot at present do. I had not previously heard the specific complaint made by my Honourable friend about flood damages which he attributes to the railway embankments, but I will ask the Railway Board to look into the matter and let me know about it. Finally, there was the question of the minor improvements such as raised platforms. I am afraid that so long as the financial position remains as it is, it is going to be very difficult on all Railways to find money for matters which I quite admit are of importance to the convenience and comfort of the travelling public, and which I should be very glad if we could see our way to undertake. I am afraid they will have to stand over like a good many other desirable things.

Perhaps, what I can most conveniently take next is what fell from my Honourable friend Sir Maneckji Dadabhoy, and I should like to thank him for the very cordial way he spoke of the attempts of the Railway Department to discharge the trust which has been placed upon it. The particular point in his speech on which I should like to say a word is about the Depreciation Fund. I know that there are differences of opinion as regards the proper method of dealing with depreciation funds. There is a school of thought that holds that the fund should be strictly reserved for purely depreciation purposes. On the other hand there is a good deal of support from professional accountants for the method by which the Depreciation Fund is invested in the business and is not actually separately invested until the time comes when it is wanted for replacing wasting assets. I have no doubt that when the separation convention comes under examination that matter will be considered. But I should like to point out exactly what the consequences would be if the plan favoured by my Honourable friend were adopted. For instance, in the current year I think the figures are that we propose to appropriate to the Depreciation Fund 13 crores of rupees and to spend from the Depreciation Fund 8 crores of rupees. Under the plan at present followed the Finance Department becomes responsible for the 5 crores which is the difference between the two sums, and what practically they do with it is to use it to meet the capital programme of the year, whatever that may be. In effect, therefore, the money is re-invested in the Railways. But if the other plan were followed, it would be necessary to invest that sum in securities, presumably in Great Britain or in America, and we should be short by 5 crores of the money for the capital programme. It would certainly mean I am afraid very much slower progress in railway development. That naturally leads me to say a word about the question of the separation convention and what fell from my Honourable friend Mr. Basu. He said it was his maiden speech but I observed

[Sir George Rainy.]

no traces of timidity or indeed of anything but great experience, and I should like to congratulate him, if I may, upon the temperate way in which his criticism was expressed, and also on the very clear way in which he put his points. Now about the separation convention and the Committee which was appointed to examine it, I should like to say this. I explained in another place last year that the conviction had been growing in my mind that it was impossible satisfactorily to settle that question apart from the big constitutional problems that were coming upon us, and I am more than ever convinced of that now. But what is quite certain is that the convention will have to come under examination in connection with the constitutional changes. It is absolutely inevitable. Apart from any particular proposals which might be made, obviously, at a time when as part of the constitutional settlement the whole question is raised of how far existing sources of central revenues might be assigned to the provinces, the question of the contribution of the Railways to central revenues must come under examination, as well as the whole future system of administration for the Railways under the new constitution. That, I think, is inevitable. I should like to add one other reason which, I think, afford some cause for satisfaction that the attempt was not made to revise the railway convention hurriedly two years ago. I think my Honourable friend Sir Maneckji Dadabhoy has referred to what was said at that time about the accumulation of reserves to an extent far beyond any real necessity. But, the experience of the last two years has shown that those reserves were not by any means excessive and indeed the doubt that now arises in one's mind is whether they were adequate. If we had revised the convention two years ago we should have revised it as the result of the years of prosperity, and if it is revised in the coming year we shall have not only the years of prosperity to guide us but also the years of adversity, and I think we shall be in a far better position now to estimate what the necessities of the case really demand.

I will try now, Sir, to deal with the various points that have been raised on the big question of economy. I think the principal criticism which has been made by various Members is this, that our estimate of earnings for the year 1931-32 is over-sanguine and that we shall not in fact get the amount of revenue that we hope to get. I should be the first to admit, that at a time like this, when we try to estimate what the coming year may have in store for us, we are all making shots in the dark and any estimate we make can be little better than guesswork. But I do feel that, gloomy as things look just now, there is a danger of over-pessimism and I do not think it is unreasonable to hope that there may be in the latter part of the coming year some improvement in the conditions. Look back on what happened in previous years. The year 1907-08 was one of those years I think which were bad years for the Railways, and if the past is any guide to the future it means that those depressions which badly affect railway earnings are not necessarily in their acutest form of very long duration. On the other hand, it is quite possible my Honourable friends may be right and that we in the Railway Department are not right. If that were so, then these big questions which I mentioned in another place would become extremely urgent and would have to be faced, namely, the question of a cut in wages and salaries, the question of possible increases in fares and freights, and the whole question of the contribution the Railways can reasonably make to general revenues. They would arise inevitably, and as I said in introducing the Budget in the Assembly, unless due weight is given to each of them, I doubt whether a satisfactory solution of our difficulties can be reached. I quite admit the truth



of what has been urged by several speakers that, with the existing depression in trade, it is not by any means certain that an increase in rates and fares would mean an increase in earnings. On the other hand, if the position became even more acute than it is now, I do not think we could put aside that possibility and we might have at any rate to make the attempt in order to see whether more revenue could not in fact be obtained. As regards reduction in salaries, I do not know that I have a great deal to add to what I said when I introduced the Budget in the Assembly, but I should like to repeat what I said in the Assembly in replying to the general discussion as regards one particular suggestion that has been put forward, namely, a very substantial reduction in the pay of gazetted officers and upper subordinates and no reduction at all in the pay of people drawing less than Rs. 250. What I said then and what I repeat is this, that I do not see how on any principles of justice and equity that proposal could be justified. There can be no doubt at all that the fall in prices has directly affected the cost of living of the lower paid employees to a much greater extent than it has of the higher classes of employees, and if and when a reduction in salaries and wages becomes necessary, it is quite true that there may be a point near the bottom of the scale where Government might feel—and the Legislature might feel—that it would not be desirable to go below that point—the figure I mentioned in my speech was Rs. 30 a month—but if the desire is to obtain some substantial saving in expenditure from a reduction in wages and salaries it is not possible to stop at the gazetted officers and the upper subordinates; it will be necessary to go a great deal further than that.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I would like the principle underlying the imposition of income-tax and super-tax to apply, namely, the higher the income, the higher the taxation.

THE HONOURABLE SIR GEORGE RAINY: My Honourable friend will forgive me if I do not on this occasion enlarge upon matters which are clearly not relevant in connection with the Railway Budget. Though I listened to what fell from my Honourable friend with attention on this subject of economy, I can only say that I found myself in disagreement with almost everything that he said. For instance, he suggested that as a measure of economy, the separation of accounts from audit should be postponed. Has he satisfied himself that that would in fact lead to any economy? Does he suggest that the separation is going to increase the aggregate expenditure? That is not my impression. I have always understood that it was accepted by the Standing Finance Committee on the basis that as a matter of fact, it did not involve an increase of expenditure. Then he said that it was quite unnecessary to make any reduction in the number of lower paid appointments, because they were already down to the minimum. How does my Honourable friend know that? It is a very large statement referring to all the Railways of India to say that there can be no occasion for any reduction of that sort, and in a speech which laid special stress on economy that particular statement struck me, I must confess, with a very considerable amount of surprise.

Let me turn now, Mr. President, for the time is getting on, to what fell from my Honourable friend, Mr. Browne on this same subject of economy. I am grateful to him for drawing my attention to the matter of the expenditure in the Railway Board's office, and perhaps he will be interested to know that, as a matter of fact, we think it will be quite possible to make some reduction in the number of officers employed at headquarters in particular

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branches, and I believe it is likely that two appointments, permanent appointments, will be held in abeyance. But there is a certain distinction to be drawn between a trading concern and an institution like the Railways which cannot in adverse times curtail its operations to the extent that a trading firm can do. Let me take, for instance, the staff department of the Railway Board's office. If that department is expected to carry out all the work that it actually has to do, and to deal with the recommendations which will no doubt reach us before very long now from the Royal Commission on Labour, the work is there and has to be done, and I doubt very much if there is any real economy in matters of that kind by reducing the staff and not getting the work done. Where the present depression of trade does affect the total volume of work in the Railway Board's office is rather on the Engineering side, because when we have a much smaller programme of construction and of open line works, it may be possible to carry on all that has to be done in the Railway Board's office with a smaller staff. But I should like to make it quite clear that I do not claim that the Railway Board's office is sacrosanct and that there can be no question of any reduction there. If there is unnecessary expenditure it ought to be cut down there just as much as anywhere else. I might refer to one other small suggestion made by him, namely, that we should issue instructions to Railways not to spend money just because there is provision in the Budget. The particular reason he gave for such instructions used to play a very large part in railway finance, but I am glad to say that since the separation it has largely disappeared, and it was one reason for desiring the separation, namely, that railway officers no longer feel that they must make a desperate attempt to spend the money before the end of March, because if they do not spend it, it will lapse and will not be available in the coming year. I think to a very large extent that most undesirable tendency has now been obviated, and in any case the instructions to the Agents which have already been issued are perfectly clear that all unnecessary expenditure is to be avoided. I do not think there is any danger of any Agent being under a misapprehension on that point.

I think, Sir, that very nearly covers all that I have to say except on one point, and that is what fell from my Honourable friend Mr. Shivdev Singh Uberoi on the subject of a Retrenchment Committee. I indicated in my speech in another place that such a Committee was a possibility if the measures that we have already taken and are trying to take do not prove to be sufficient. But I adhere to the opinion I then expressed that such a Committee should consist mainly, if not entirely, of experts; and in addition I should like to say this, that I consider it all important for the next few months that the Agents and their staff should get on with the economies they are already trying to undertake. If you appoint a Committee, one of the first things the Committee will do is to call for all sorts of reports and returns in order to get the necessary material to work on. I do not want for the next six months the Agents' offices to be busily occupied in preparing returns; I want them rather to be seeing what returns they can dispense with so as to diminish work and actually get economy.

Now, Mr. President, I think I have already trespassed sufficiently long upon the indulgence of the House. Before I sit down I should only like to thank Honourable Members for the valuable suggestions and criticisms which they have offered. Full weight will be given to all that has been said and I recognise frankly that in a number of speeches a point of view has been urged upon Government with which we must seriously reckon. On the other hand, I feel this, that perhaps we are apt to be a little unduly depressed by the gloomy

state of affairs which we see around us at the moment ; and at a time like this it is valuable and useful to hear, Sir, a veteran, whose experience goes back for 50 years at least, who has followed the course of railway development in India for many years—before I at least was born—to hear from him what his view of the situation is. He saw the bad times in which the Railways originated and also the periods of prosperity and his view is that there is no reason for undue pessimism and that in due time prosperity will again return to the Railways and they will again be able to contribute towards the prosperity of the country.

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**DATE FOR THE ELECTION OF A MEMBER TO THE GOVERNING BODY OF THE IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH.**

**THE HONOURABLE THE PRESIDENT :** In connection with the election to the Governing Body of the Imperial Council of Agricultural Research, four Honourable Members have been nominated, namely, the Honourable Sir C. P. Ramaswami Ayyar, the Honourable Khan Bahadur Chaudri Muhammad Din, the Honourable Rai Bahadur Lala Jagdish Prasad and the Honourable Mr. Mahmood Suhrawardy. Only one Member has to be elected. There will be an election therefore which will take place on the 24th February.

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**DATE FOR THE ELECTION TO THE STANDING COMMITTEE ON EMIGRATION.**

**THE HONOURABLE THE PRESIDENT :** For the election to the Standing Committee on Emigration, the following nominations have been received :

The Honourable Rai Bahadur Lala Ram Saran Das.

The Honourable Nawab Sahibzada Sir Sayad Mohamad Mehr Shah.

The Honourable Mr. A. Hamid.

The Honourable Sardar Bahadur Shivdev Singh Uberoi.

The Honourable Nawab Khawja Habibullah.

The Honourable Mr. G. A. Natesan.

The Honourable Mr. Mahmood Suhrawardy.

The Honourable Mr. B. K. Basu.

The election in that case also will take place on the 24th of February.

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**STATEMENT OF BUSINESS.**

**THE HONOURABLE SIR BROJENDRA MITTER (Leader of the House) :** Sir, the lists of business for Monday, the 23rd, and Tuesday, the 24th February, are already in the hands of Honourable Members. Wednesday, the 25th, will be devoted to non-official business ballotted for that day. On Thursday, the 26th, motions will be made for the consideration and passing of the Cantonments (Amendment) Bill, the Indian Ports (Amendment) Bill, the Indian Naval Armament (Amendment) Bill and the Vizagapatam Port Bill, which

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were laid on the table of this Chamber on the 10th February, 1931. A Resolution will then be moved in relation to the increased import duties on certain kinds of steel products. The Council will then proceed to elect, if necessary, Members to serve on the Standing Advisory Council for Railways. The Council will next meet on Saturday, the 28th February, at 5 p.m., when, as has already been announced, the General Budget will be presented. I hope to make a further statement on that day as to the probable course of business.

THE HONOURABLE THE PRESIDENT : I think it will probably be convenient to the Council if the Honourable the Leader of the House could make a statement as to the future course of business somewhat earlier than the 28th of February. That is, of course, if he is in a position to do so.

THE HONOURABLE SIR BROJENDRA MITTER : I will try, Sir.

The Council then adjourned till Eleven of the Clock on Monday, the 23rd February, 1931.

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