

COUNCIL OF STATE DEBATES

MONDAY, 28th SEPTEMBER, 1931

Vol. II—No. 7

OFFICIAL REPORT



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COUNCIL OF STATE.

Monday, 28th September, 1931.

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

MEMBER SWORN :

The Honourable Mr. Alexander Brebner, C.I.E. (Government of India : Nominated Official).

QUESTIONS AND ANSWERS.

COMMITTEES OF THE CENTRAL LEGISLATURE THAT ASSEMBLED FROM 1ST APRIL TO 4TH SEPTEMBER, 1931.

120. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : Will Government give the following information about the Committees of the Central Legislature that assembled from 1st April to 4th September, 1931 :

- (a) names of the Committees ;
- (b) number of members of each ;
- (c) the dates on which they were called and the number of sittings on each occasion ;
- (d) total expenses of each Committee ;
- (e) results : whether still going on, and whether *interim* reports or final reports submitted ;
- (f) what action Government has taken on their reports ;
- (g) when do Government propose to submit these reports to the Legislature ? If never, why ?

THE HONOURABLE MR. A. H. LLOYD : The information asked for by the Honourable Member is being collected and will be supplied as soon as it is complete.

ACTUAL RECEIPTS AND DISBURSEMENTS OF THE GOVERNMENT OF INDIA FOR 1930-31.

121. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : Will Government lay on the table the statement of actual receipts and disbursements of the Government of India for the year 1930-31 ?

THE HONOURABLE MR. A. H. LLOYD : The accounts of the year 1930-31 will not be ready before December next.

ACTUAL RECEIPTS AND EXPENDITURE OF THE GOVERNMENT OF INDIA FOR THE FIRST QUARTER OF THE LAST THREE YEARS, ETC.

122. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : (a) Will Government lay on the table the actual receipts and expenses of the Government of India for the first quarter of the last three years under each major head and the total ?

(171)

(b) Are the income and expenses of the first quarter of 1931-32 according to the Budget estimates ?

(c) Will Government explain what special steps they propose to take to balance the Budget of 1931-32 ?

THE HONOURABLE MR. A. H. LLOYD : (a) I would invite the attention of the Honourable Member to the statement of receipts and disbursements published monthly in the Gazette of India.

(b) The progress of actuals up to date indicates that the Budget expectations will not be realised.

(c) A statement will be made in this Council to-morrow evening.

ARTICLE IN THE *Indian Finance* REGARDING CONTRACTION.

123. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : (a) Has the attention of the Government of India been drawn to the article in the *Indian Finance*, dated 22nd August, 1931, on contraction apparent and real ?

(b) Are the statements in this article correct ?

THE HONOURABLE MR. A. H. LLOYD : (a) Yes.

(b) The article contains some assumptions and certain obvious mistakes. I would invite the attention of the Honourable Member to paragraph 105 of the Honourable Sir George Schuster's speech on the Budget for 1931-32 which gives the amount of contraction taking into account rupees as well as notes in circulation.

TOTAL AMOUNT OF SILVER BULLION IN THE PAPER CURRENCY RESERVE ON 31ST MARCH, 1921, ETC.

124. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : Will Government state :

(a) The total amounts of silver bullion in the Paper Currency Reserve on 31st March, 1921 ?

(b) The amount of yearly sales and purchases of silver by Government from 1st April, 1921 to 31st March, 1931, showing quantity and prices ?

(c) The yearly amounts of loss in these silver sales from book values from 1st April, 1921 to 31st March, 1931 ?

(d) The amount of silver rupees melted and coined from 1st April, 1921 to 31st March 1931 ?

(e) The estimated amount of silver rupees now in circulation ?

THE HONOURABLE MR. A. H. LLOYD : (a) 41.4 million tolas.

(b) There have been no purchases of silver during the period. As regards sales, the attention of the Honourable Member is invited to paragraph 18 of the Report of the Controller of the Currency for 1930-31 and the Honourable the Finance Member's speech in the Legislative Assembly on the 5th March, 1930. The Government of India consider that it is not in the public interest to disclose any further information at present.

(c) There were no sales of silver between 1st April, 1921 and 31st March, 1927. The losses on the sales from 1927-28 to 1929-30 are given in Account No. 93-A. of the Finance and Revenue Accounts of the Government of India for 1928-29 and 1929-30. The losses in subsequent years will also be published in the Finance and Revenue Accounts of the Government of India. The Accounts for 1930-31 will not be ready before December next.

(d) The amounts of silver rupees withdrawn from circulation and rupees coined are given in the annual reports of the Controller of the Currency. The amounts of silver rupees actually melted during each of the years are not readily available.

(e) It is not possible to make any accurate estimate of the amount of silver rupees now in circulation.

TOTAL NUMBER OF POST OFFICES IN INDIA, ETC.

125. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM: (a) What is the total number of Post Offices in India ?

(b) How many of these are authorised to (1) issue Post Office Cash Certificates, and (2) open Savings Bank accounts ?

(c) How many of these Post Offices referred to in (b) are in places where Imperial Banks, District Treasuries or Sub-Treasuries are not situated ?

(d) What was the total amount of (1) Savings Bank deposits, and (2) issue of Postal Certificates in Post Offices referred to in (b) and (c) ?

THE HONOURABLE MR. A. BREBNER: (a) 24,281 as on the 31st March, 1931.

(b) (1) and (2). 13,368.

(c) It is regretted that the information is not available and could not easily be collected.

(d) The total amount of Savings Bank deposits in offices referred to in (b) was Rs. 27,82,28,929 and the total amount of Cash Certificates in those offices was of the face value of Rs. 15,59,76,280. Information is not available so far as offices referred to in (c) are concerned.

LAST STERLING LOAN.

126. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM: Will Government give the following information about the last sterling loan :

(a) When and by whom was it decided to float the last sterling loan in England ?

(b) Were the Governors of the Imperial Bank consulted about the terms and dates of issue of the loan ?

(c) If the reply to (b) is in the negative, will Government explain their reasons for not consulting them ?

(d) If the reply to (b) is in the affirmative, will Government lay on the table their opinion ?

- (e) Will Government state the names of English bankers consulted about the terms and time of flotation and what were their opinions ?
- (f) Did the Secretary of State consider the time to be most suited and what were his reasons for this ?
- (g) Was the announcement of the Premier, about the Government of England backing the credits of India prompted by the Government of India or the Secretary of State ?
- (h) If the reply be in the affirmative, will Government lay on the table the copies of the communications ?

THE HONOURABLE MR. A. H. LLOYD : (a) By the Secretary of State for India in consultation with the Government of India.

(b), (c) and (d). It is not usual to consult the Governors of the Imperial Bank of India regarding sterling loans.

(e) The Government of India regret that they cannot furnish the information.

(f) Yes.

(g) and (h). The Government of India regret that they cannot furnish any information regarding the correspondence that passed between the Government of India and the Secretary of State.

REDRESS OF COMMUNAL INEQUALITIES IN THE CIVIL AUDIT AND ACCOUNTS DEPARTMENT.

127. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : Does the declaration of policy in the Home Department letter No. 176/25, dated the 5th February, 1926, regarding redressing communal inequality apply to the Civil Audit and Accounts Department ?

THE HONOURABLE MR. A. H. LLOYD : Yes.

REDRESS OF COMMUNAL INEQUALITIES IN THE CIVIL AUDIT AND ACCOUNTS DEPARTMENT.

128. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : If the reply to the preceding question be in the affirmative, will Government be pleased to state :

- (a) whether Government orders have been disregarded in this Department ?
- (b) If so, what steps do Government now propose to take ?

THE HONOURABLE MR. A. H. LLOYD : (a) No, and in order to see that the orders are observed the Government of India receive and scrutinize annual statements showing the communities to which personnel recruited during the year belong.

(b) Does not arise.

REPRESENTATION OF MUSLIMS ON THE ROUND TABLE CONFERENCE.

129. THE HONOURABLE MR. SYED ABDUL HAFEEZ : (i) Will Government be pleased to inform the House of the total number of Muslim members nominated to the Round Table Conference, Province by Province ?

(ii) What are the reasons for the proportion of representation assigned to Bengal, the United Provinces, the Punjab and Bihar ?

(iii) Were the Local Governments asked to submit recommendations for new additions to the Round Table Conference ?

(iv) If the reply be in the affirmative, will Government lay on the table the copies of the recommendations and if any recommendations were overridden explain its reasons for overriding them ?

THE HONOURABLE MR. H. W. EMERSON : (i) I would refer the Honourable Member to the statement which was placed on the table by the Honourable Sir Joseph Bhore in reply to question No. 93 of the Honourable Rai Bahadur P. C. Dutt on the 15th instant, since when two more delegates, namely, Messrs. G. D. Birla and Jamal Mohammed have been added to the list.

(ii) to (iv). The Honourable Member is referred to the reply given to the question mentioned above to which I regret I can add nothing.

REVISION OF THE RULES FOR THE ALLOTMENT OF CLERKS' QUARTERS IN NEW DELHI.

130. THE HONOURABLE RAI BAHADUR P. C. DUTT : (a) Is it a fact that Government are contemplating the revision of the rules for the allotment of clerks' quarters in New Delhi ?

(b) Is it a fact that the Imperial Secretariat Association whose opinion was invited on the draft rules, recommended that the limit for the allotment of 'C' type quarters should be raised to Rs. 350 and that the privilege now enjoyed by the non-migratory staff of New Delhi of retaining lien on their quarters although "out-of-class" until higher type quarters are allotted to them, should be extended to the migratory staff as well ?

(c) Is it a fact that some members of the Secretariat staff have represented to Government the hardship that would be caused to them in case no action on the lines suggested by the Imperial Secretariat Association were taken in connection with the allotment of quarters for the next Delhi season ?

(d) What action have Government taken so far in this matter and what action do they propose to take in future ?

(e) Has any reply been returned to representations referred to above ? If so, to what effect ? If not, why not ?

(f) Will Government please state the reason why it was found desirable to extend the concession referred to in (b) to the non-migratory staff of New Delhi ?

(g) Is there any reason why a similar concession cannot be made to the migratory staff with effect from the next Delhi season ?

THE HONOURABLE MR. A. BREBNER : (a), (b) and (c). Yes.

(d) The views of the Association are under consideration in connection with the revision of the rules for the allotment of clerks' quarters in New Delhi.

(e) The departments concerned have been informed that Government have not accepted the requests in the representations, at any rate for the present.

(f) It was represented to Government last year that the rule then in force in the matter of retention of liens applied very hardly in the case of non-migratory staff and after careful consideration of the matter the concession referred to was extended to them without affecting the total accommodation available to the migratory staff.

(g) The conditions are different in the case of the migratory and non-migratory staff.

PROVISIONAL COLLECTION OF TAXES BILL.

THE HONOURABLE MR. A. H. LLOYD (Government of India : Nominated Official) : Sir, I move that the Bill to amend the law providing for the immediate effect for a limited period of provisions in Bills relating to the imposition or increase of duties of customs or excise, as passed by the Legislative Assembly, be taken into consideration.

The object of this Bill is to repeal and replace the Provisional Collection of Taxes Act, 1918. Since that Act came into force there have been constitutional changes which have resulted in the substitution of a double-Chamber Legislature for a single-Chamber Legislature. The consequence is that experience shows that a period of 30 days as prescribed under the existing Act is not sufficiently long and I think this House will particularly feel the importance of that point because under existing circumstances they are always in a Budget Session faced with the risk of having to give what they may perhaps consider insufficient time to the consideration of a Finance Bill if they are not to expose the Government to the risk of losing all the duty that has been provisionally collected since the date of the Finance Bill's introduction in the Assembly. The main object of the present legislation is to extend the period to 60 days thus giving ample time for all proper discussions. Opportunity has also been taken to rectify certain minor imperfections in the existing Act which I do not think this Council will desire me to discuss in detail.

Sir, I move.

The motion was adopted.

Clauses 2, 3, 4, 5 and 6 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. A. H. LLOYD : Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

HEAVY CHEMICAL INDUSTRY (PROTECTION) BILL.

THE HONOURABLE MR. J. C. B. DRAKE (Commerce Secretary) : Sir, I move that the Bill to provide for the protection of the heavy chemical industry, as passed by the Legislative Assembly, be taken into consideration.

This Bill, Sir, is the result of two separate Reports by the Indian Tariff Board. On the application of certain firms manufacturing chemicals, the Government of India referred to the Tariff Board the question of protection to the manufacture of three acids and eight salts. But at the same time they authorised the Tariff Board to receive direct applications of a similar character from firms manufacturing chemicals, and in pursuance of that authorisation the Board also examined an application for protection made by the manufacturers of magnesium chloride. As magnesium chloride is a chemical differing basically from the three acids and eight salts originally referred to the Tariff Board, it was found more convenient by the Board to make a separate examination of that industry and to issue a separate report. They therefore issued two Reports, one of which is called the Heavy Chemical Industry Report and the other the Magnesium Chloride Industry Report. These Reports were both published on the 5th of September and in two Resolutions the Government of India announced what their decisions were on these two Reports. Now, taking first the larger of the two, the Heavy Chemical Industry Report, the position, as briefly as possible, is this, that the three acids and eight salts covered by that Report are all based upon the manufacture of sulphuric acid. The Board found this position that the acids enjoyed heavy natural protection owing to the fact that transport of acids by sea from foreign countries was a difficult and expensive business, and the manufacture of these acids in India therefore required no tariff protection at all. On the other hand, as regards the eight salts, owing to the comparatively high cost of the manufacture of sulphuric acid in India, the Indian manufacturer of the salts dependent on these acids found it difficult to compete with the foreign more highly organised industry, so that the final result of the Board's examination was that while the acids required no protection, the salts all required protection in varying amounts. The actual amount of protection required by these salts was calculated by the Board in the usual way, which is no doubt familiar to Honourable Members. They take the cost of production in India, estimate the fair selling price of that product and compare the result with the cost of the imported article. Those details are set out in the Board's Report and it is not necessary for me to trouble the House with them. But there is one important point which I must mention because it involves the main principle upon which the Board's recommendations and the Government's proposals are based, and it is this. Starting with sulphuric acid as the basis, the Board examined the cost of production of a firm in Bombay actually manufacturing this chemical and they found that the actual output of that firm was about 1,200 tons a year. They had to take a certain output upon which to base their estimate of overhead costs. But as there existed in Bombay several firms manufacturing sulphuric acid the smallness of the output was due partly to this internal competition, as well as to competition from abroad, so that, making allowance for that, the Board took an output of about 2,000 tons of sulphuric acid a year on which to base their estimate of overhead costs. They then found that with an output of only 2,000 tons a year the cost would be so high that the different salts would require protection ranging from about 20 per cent. to 200 per cent. and, as the Board rightly concluded, protection upon such a scale as that was out of the question. They went on accordingly to make further calculations based on an estimated annual production of 4,000 tons and again another calculation based on an estimated output of 8,000 tons a year in order to see whether if these

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chemical manufacturing firms attained that output, they would eventually be able to dispense with protection and so satisfy the principles laid down by the Indian Fiscal Commission. The result of that further examination was to satisfy the Board that on the basis of an annual production of 4,000 tons of sulphuric acid, the industry would be able to survive with only a moderate amount of protection, and that if they were able to reach an output of 8,000 tons they would be able to do practically without any protection at all and would be able to stand on their own legs. That is an important point. As the Board found, it is absolutely necessary if the chemical industry in India is to succeed, that a reasonable output should be attained by a single manufacturing unit. If a single unit cannot attain to 8,000 to 10,000 tons of sulphuric acid a year, there is no hope of its succeeding.

Now, the importance of this question of output explains the reason why the Board found it necessary to go on to two further matters which at first sight would appear to be not strictly relevant to the examination which they were conducting. The first of these is the manufacture of superphosphate fertiliser. The second is the reduction of railway freights. The argument is something like this. As the House will have realized from what I have already said, if a firm is to attain to an annual output of not less than 8,000 tons of sulphuric acid it has got to find a larger demand than exists in India to-day. Even if there were one firm alone in Bombay and one only in Calcutta, the two chief manufacturing centres, neither of those firms would be able to attain an output of 8,000 tons a year because the demand does not exist to that extent. So the Board then considered this question of increasing the demand for sulphuric acid. They took into consideration the fact that Indian soils require phosphatic manures for their improvement and they thought that if the manufacture of superphosphate could be successfully established in India—it has not yet been established—and the demand for superphosphate grew to reasonably large proportions, then they would kill two birds with one stone, the agriculturist would get the manure he required and the chemical industry would get a very largely increased demand for sulphuric acid. It would be possible then, the Board thought, to establish three centres of manufacture of the chemical industry, one in Bombay, one in Calcutta and perhaps also one in Madras, each of which would be enabled to attain to an output of 8,000 tons a year. But, as they went on to say, it would be still more economic if the whole of the chemical manufacture in India could be concentrated at one suitable centre, but, owing to the enormous distances in India, that would not be possible without very extensive reductions in railway freights. They therefore made that recommendation that railway freights should be heavily reduced on the raw materials of the industry and also on the finished product.

Now, Sir, the difficulty with which Government were confronted was this. It was quite evident that they could not treat the Board's different recommendations separately, that is to say, they could not give effect to one and leave the others alone. If they merely imposed the duties proposed by the Board, then the position would be that the present unsatisfactory organisation of the chemical industry would tend to be perpetuated, and on that point the Board

were very definite in their recommendations. This is what they said in paragraph 49 of their Report :

“ We wish to say definitely that in our opinion the chemical industry in India can have no future so long as the manufacture is carried on in small units with low production.”

So that their recommendations must obviously all hang together. At the same time Government were not satisfied on the information they had that the manufacture of superphosphate manure in India is a really practicable proposition. That particular form of fertiliser is in competition with others, and it has not been proved as yet that the manufacture in India of this fertiliser would result in its being obtainable by the cultivator at a lower price than he has to pay at present. Then, again, as regards railway rates, if the railway administrations were presented with a definite scheme for the manufacture of chemicals at some suitable centre and that scheme was shown to have good financial backing behind it and to have been properly worked out on good technical advice, there is no doubt that railway administrations would be quite prepared to consider that scheme very carefully and go into the question of rate reductions. But Government clearly could not initiate the system of reduction of railway freights, because the only thing that certainly would happen in those circumstances would be that the railways would lose revenue and it would not be certain that anybody would gain anything at all. In those circumstances, what the Government of India decided to do was to ask the Legislature to place on the three acids and the eight salts protective duties at the rates recommended by the Board but to limit the operation of those duties to a period of about a year and a half, that is, until the 31st March, 1933. During that period what Government propose to do is to conduct these further inquiries into the possibility of superphosphate manufacture and I may say that they have already started the machinery for making those inquiries. It is also hoped that during that period the firms now manufacturing chemicals will get together and consider what they can do in the matter of re-organising their production. At the end of that time it should be possible for Government to come to a final decision on the question of continuing protection.

Then, Sir, just one brief reference to the case of magnesium chloride. That chemical was examined in 1925 by the Tariff Board, but they found that the conditions did not satisfy the principles laid down by the Fiscal Commission and were unable to recommend protection. When the manufacturers applied again, the examination made by the Board showed that the firm manufacturing this chemical had been able to reduce its cost of production to such an extent that there was a reasonable hope of its eventually being able to survive without protection. Government accepted the Board's recommendation and they have included magnesium chloride in this Bill and placed on it the rate of duty recommended by the Board and for the period recommended by the Board.

Then, as regards the details of the Bill, I need only say that the operation of the protective duties which clause 2 seeks to impose is subject to a proviso the effect of which is that if the ordinary revenue duty to which these articles would have been subject if they were not placed in the protected part of the Tariff Schedule is at any time higher than the protective duty, then the revenue duty will apply to them. It is desirable to take that action to protect the Government against loss of revenue, and it would clearly be anomalous if in

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seeking to protect the industry part of the shelter already afforded to it by the revenue duty were withdrawn.

Then, Sir, there is only one other point and that is the provision made by clause 4 of the Bill. It has been represented to Government that the future course of prices of imported magnesium chloride is still uncertain. The foreign manufacture of this chemical constitutes a virtual monopoly and evidence is not wanting that in the past efforts have been made to reduce the price of the imported article in India so as to make its manufacture in India unremunerative. Government have therefore included a provision in the Bill which enables the Governor General in Council to increase the duty on magnesium chloride alone if that is found to be necessary after due inquiry. That, Sir, is I think all I need say on the provisions of the Bill.

Sir, I move.

The motion was adopted.

Clauses 2, 3 and 4 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. J. C. B. DRAKE: Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

RESOLUTION *RE* UTILISATION OF THE APPORTIONMENT MADE AMONG GOVERNORS' PROVINCES AND MINOR ADMINISTRATIONS IN THE ROAD DEVELOPMENT ACCOUNT.

THE HONOURABLE MR. A. BREBNER (Government of India : Nominated Official) : Sir, I move :

"That this Council recommends to the Governor General in Council that, in view of the present financial stringency, and notwithstanding anything contained in the Resolution on roads which was adopted by this Council on the 4th March, 1930, the apportionment made among Governors' Provinces and minor Administrations in the road development account may, in special circumstances and upon the advice of the Standing Committee on Roads of the Central Legislature, be made available, as a temporary measure, for expenditure on the ordinary maintenance of roads, on the condition that the Local Government or Administration undertakes when conditions render this possible, to provide any sums which may have been so applied to maintenance for expenditure upon schemes of development approved by the Governor General in Council on the advice of the Standing Committee on Roads of the Central Legislature."

Sir, I do not think that I need say much by way of commending this Resolution to the Council for acceptance. Honourable Members will recollect that after a consideration of the Indian Road Development Committee's Report, this Council passed a Resolution on the 4th March, 1930, which prescribed the manner in which the proceeds from the increase in import and excise duties on motor spirit should be distributed amongst the provinces. The Resolution further required that any schemes which Governors' Provinces intended to finance from the Central Road Development Account should receive the approval of the Standing Committee on Roads and the Finance

Sub-Committee, and I think there was no doubt that the intention was that the money from the account should be spent on constructing new roads and not on the maintenance of roads already in existence.

Amounts have been distributed to Local Governments in accordance with this Resolution, but certain Local Governments have approached the Government of India with a request that they might be permitted to spend the sums that had been allotted to them on maintenance instead of on schemes which had been approved by the Standing Committee on Roads.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI (Punjab : Sikh) : Will the Honourable Member name those Governments which have made such a request ?

THE HONOURABLE MR. A. BREBNER : The Governments of Bombay, the United Provinces and the Punjab.

The Standing Committee on Roads was consulted regarding one of these proposals, namely, that made by the Government of Bombay, and agreed to the proposed diversion as a temporary measure. The view which I think they held was that it was illogical to compel Local Governments to spend money on constructing new roads when the state of the finances of the province did not permit of existing roads being properly maintained. At first the Government of India were of the opinion that the wording of the Resolution passed by this Council in March, 1930, would permit of such a view being taken, but further examination of the Resolution has led to some doubts on the point, and we are now advised that general maintenance of roads cannot be said to come within the meaning of the word " schemes."

The Resolution which I now move is designed to enable the Government of India to take the action which the Standing Committee consider to be right and proper in the present difficult circumstances. You will see that it says that

" The apportionment made among Governors' Provinces and minor Administrations in the Road Development account may, in special circumstances, and upon the advice of the Standing Committee on Roads of the Central Legislature, be made available as a temporary measure for expenditure on the ordinary maintenance of roads."

I should like to emphasise that this action can only be taken in special circumstances on the advice of the Standing Committee and as a temporary measure. The need for such action is explained in the words at the beginning of the Resolution " in view of the present financial stringency " and requires, I think, Honourable Members will agree, little or no explanation. At a time such as the present, there seems to be little point in requiring Local Governments to spend money on constructing new roads when they cannot find funds to maintain in a proper state of repair even such roads as they now have. I should also like to emphasise that Local Governments will not be given an entirely free hand. The approval of the Governor General in Council will be required to specific proposals and the Governor General in Council may be expected, I think, to act on the advice of the Standing Committee on Roads of the Central Legislature.

There is a further condition added, namely, that the Local Government will undertake when conditions improve, and render such a course possible, to provide an amount equal to the sums so spent on maintenance for expenditure on schemes of development approved by the Governor General in

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Council. It has been suggested that this condition might be made more rigid and provide for repayment in time ; in other words, prescribe that the amount so allotted should be treated as a loan. I hardly think this is necessary. Apart from the difficulty that there would be in drafting conditions to apply at a future date in somewhat indeterminate circumstances, I think it will be generally agreed that Local Governments themselves are sufficiently alive to the need for the development of roads to be trusted not to abuse the position which it is now proposed to create, but to do what they can, as soon as circumstances permit, to refund from general revenues for expenditure on the construction of new roads, sums equivalent to what will have been diverted in the meantime for expenditure on maintenance.

Sir, I move.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI :
Sir, when this Road Development Fund was created as a consequence of the recommendation of the Road Development Committee, it was specifically laid down that every pie of this Fund should be spent on the development of roads. I am very glad that my Honourable friend has explained this point in his speech. This Fund is primarily meant for developing new roads, that is, making new roads where there are none and metalling those roads which are unmetalled ones, just to afford convenience for the carriage of agricultural products to the railway stations and places where there are markets for such products. This was the primary object for creating this Fund. I have no doubt that the maintenance of roads which are in a very bad condition would help the motorist also, but the primary object, as I have said, was not to afford relief to Provincial Governments in the matter of the maintenance of the existing roads whose condition is not satisfactory. As far as I am aware, Sir, there is only one Government, that of the United Provinces, which has so far applied to the Standing Committee for diversion of the Fund for maintenance, and that item is included in the agenda of the Standing Committee which is meeting to-morrow. I am not aware whether the Punjab or the Bombay Government has also made such a proposal to the Standing Committee, and the evident result of this Resolution, if passed and approved by the Governor General, would be that every Provincial Government would be persuaded to put in such an application. Honourable Members here are not in a position to know the financial stringency of every Provincial Government as to be able to vote in favour of this Resolution, while if it is put down for the Standing Committee that if any member wishes the representative of any Provincial Government to narrate the case of his Government for diversion of this fund to the maintenance of provincial roads he will do so, the Sub-Committee will be in a much better position to come to a judgment whether the financial position of that province does require diversion of this fund to the maintenance of roads in that province. My fear is this, Sir, that, if this Fund is diverted to the maintenance of roads, although my Honourable friend has put down in this Resolution the condition that the Provincial Government shall be made to make that amount good in subsequent years, but God knows when those subsequent years of prosperity will return—one cannot be certain at this stage—some of the roads where private motorists drive would have the benefit much more than the *kutch* roads or roads which are not developed and where the people of the villages are to be

benefited ; instead of those people the men of the city who have got very high standard cars would be benefited ; and so the primary object of this Fund would be frustrated. If I may say so, this would be a sort of misappropriation of one Fund for the purposes of benefiting another Fund. So I would just request my Honourable friend not to press this point because he has made conditions also, "if advised by the Standing Committee", and as the Standing Committee are to meet to-morrow and the application of the United Provinces would be there, the Chief Engineer of the United Provinces would be present there to satisfy the members of the Standing Committee that this should be diverted for the maintenance of their provincial roads, in my humble opinion this Resolution will not do very much good even with the existing condition, *i.e.*, "if advised by the Standing Committee". Supposing this Honourable House passes this Resolution, the Governor General gives his assent to it, but it is not advised by the Standing Committee, the members of which would have been in a much better position to find out which Government does require funds for the maintenance of their roads than the Honourable Members of this House. So I request my Honourable friend not to press this Resolution.

THE HONOURABLE MR. JYOTSNANATH GHOSAL (Bombay : Nominated Official) : Sir, I cannot quite understand why there should be any opposition to this proposal. The most important point is that this is only a loan. After all not a single pie of this money is being wasted. The Local Government has to refund the whole amount which is then to be reappropriated for the purpose for which the fund was originally initiated. Secondly, Sir, I do not think the Honourable Member has given sufficient credit to the Road Committee or to the Government of India, not to see that no Government is going to get any help in this way unless it has thoroughly proved its case ; and I think we can trust to the Road Committee and to the Government of India to see that no Government gets any amount unless it fully deserves it. As far as I know it has to be proved,—I know in the case of the Bombay Government they were asked to make out a case—that no part of the retrenchment was being specially put on to Roads in order to benefit any other Department, at the cost of this Road Fund. Every Government has to prove that they are spending, in spite of this concession, as much as they would have done had they not got this concession and if there be any retrenchment, that, from maintenance of the roads was proportionate to the state of the general funds. So any Government must ask for this concession simply on the ground that it is impossible otherwise to maintain the roads. I would also ask the Honourable Members to consider what would be the object in constructing new roads when it is impossible to keep up the ordinary roads to which these new roads are but additions and extensions. After all, the equitable object of this Fund is to give more benefit to those people who have subscribed to the Road Fund, or to those who have already got motors and buses. Surely, they deserve some consideration. If they have got to ply on roads now getting absolutely impassable I do not see how they can be said to benefit at all. I think they deserve some consideration. I strongly support the proposal.

THE HONOURABLE MR. A. BREBNER : Sir, I thought I had made it clear that the Standing Committee had already considered this matter. It was

[Mr. A. Brebner.]

referred to them for advice when the Bombay Government first wrote to the Government of India explaining their difficulties. The Standing Committee considered the question and said then quite definitely that they agreed that the proposal was desirable.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI : May I know the date of the Standing Committee's decision ?

THE HONOURABLE MR. A. BREBNER : I can give the Honourable Member the information later. The difficulty which the Government of India was faced with was that it was not possible to give effect to the Standing Committee's advice in view of the wording of the Resolution passed in 1930. All that we are seeking to do to-day is to have a fresh Resolution adopted which will enable the Government of India to accept the advice given by the Standing Committee. I think my Honourable friend may rest assured that the money will not be wasted. It is our intention that Local Governments should be required to let the Standing Committee know exactly how they propose to spend the money and after the Standing Committee have examined the proposals they will advise the Government of India, so that there is ample machinery to see that the money is not frittered away.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI : My point was not that it would be wasted but that it would be diverted to a less useful purpose.

THE HONOURABLE MR. A. BREBNER : But surely, Sir, it will be possible for the Advisory Committee to see to that also. It does not follow that any representation made by the Local Government will be accepted. They would be required, as my Honourable friend opposite has said, to prove their case.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI : Then this Resolution becomes useless if the Standing Committee has to decide.

THE HONOURABLE MR. A. BREBNER : The Standing Committee will only recommend to the Government of India. I fully sympathise with the views expressed by my Honourable friend but I think it will be agreed that at a time like the present it would really be somewhat absurd to spend large sums on constructing new roads when Local Governments have represented, and represented very strongly, that they cannot possibly, with such funds as they have at present, maintain even such roads as they have already in existence.

THE HONOURABLE SIR CHARLES WATSON (Political Secretary) : Sir, may I ask the Honourable Member a question before he sits down ?

THE HONOURABLE THE PRESIDENT : The Honourable Member can ask the question after the Honourable Member has sat down.

THE HONOURABLE SIR CHARLES WATSON : In describing the Fund to Indian States I was instructed to inform them that only arterial roads were to be considered in the new construction schemes and that the

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improvement of village roads from the villages to the railway station was not the kind of object for which the Fund was intended. The Honourable Sardar Bahadur Uberoi referred to that type of road and I wish to be certain whether I am right or wrong in holding the view that only arterial roads were intended.

THE HONOURABLE MR. A. BREBNER: I think that is so, Sir, but I may explain that proposals relating to roads in areas with which the Foreign and Political Department are concerned, are not treated in the same manner as proposals received from Governors' Provinces. The former are subject to scrutiny by the Standing Committee before being examined by the Government of India whereas the latter are not.

THE HONOURABLE THE PRESIDENT: The question is that the following Resolution be adopted, namely :

“ This Council recommends to the Governor General in Council that, in view of the present financial stringency, and notwithstanding anything contained in the Resolution on roads which was adopted by this Council on the 4th March, 1930, the apportionment made among Governors' Provinces and minor Administrations in the road development account may, in special circumstances and upon the advice of the Standing Committee on Roads of the Central Legislature, be made available, as a temporary measure, for expenditure on the ordinary maintenance of roads, on the condition that the Local Government or Administration undertakes when conditions render this possible, to provide any sums which may have been so applied to maintenance for expenditure upon schemes of development approved by the Governor General in Council on the advice of the Standing Committee on Roads of the Central Legislature.”

The motion was adopted.

ELECTION OF TWO MEMBERS TO THE ADVISORY COMMITTEE IN CONNECTION WITH THE PUBLICITY WORK OF THE GOVERNMENT OF INDIA.

THE HONOURABLE THE PRESIDENT: Last week the Council adopted a motion for the election of two Members to the Advisory Committee in connection with the publicity work of the Government of India. Two Honourable Members have been nominated, namely, the Honourable Mr. G. A. Natesan and the Honourable Khan Bahadur Chaudri Muhammad Din. I have to declare those two Honourable Members duly elected.

STATEMENT OF BUSINESS.

THE HONOURABLE SIR C. P. RAMASWAMI AYYAR (Law Member): Sir, Honourable Members will have seen from the paper which has been placed in their hands this morning, that the Honourable Mr. Lloyd proposes to present a financial statement to the Council at 5 P.M. to-morrow. I hope to make a further statement as to the course of business at the close of to-morrow's meeting.

The Council then adjourned till Five of the Clock on Tuesday, the 29th September, 1931.

Copies of the Debates of the Legislative Assembly and the Council of State are obtainable on sale from the Manager, Central Publication Branch, 3, Government Place, West, Calcutta.
