

Thursday, 20th February, 1936

THE  
COUNCIL OF STATE DEBATES

VOLUME I, 1936

*(15th February to 25th April, 1936)*

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ELEVENTH SESSION  
OF THE  
THIRD COUNCIL OF STATE, 1936



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# COUNCIL OF STATE.

Thursday, 20th February, 1936.

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

## QUESTIONS AND ANSWERS.

### NUMBER OF SUGAR FACTORIES ON THE BENGAL AND NORTH-WESTERN RAILWAY.

10. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : (a) Will Government be pleased to state the number of sugar factories on the Bengal and North-Western Railway ?

(b) Has any arrangement yet been made by the Bengal and North-Western Railway for molasses tank wagons to transport molasses ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a) The number of sugar factories on the Bengal and North-Western Railway is about 62.

(b) Yes, 150 wagons suitable for the transport of molasses were placed in service on the Bengal and North-Western Railway during 1935.

### INDIAN MOLASSES Co., LTD.

11. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Has a company named the Indian Molasses Co., Ltd., been formed in Calcutta to export molasses ?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : Yes.

### APPOINTMENT OF A LONDON JOURNALIST TO THE BUREAU OF PUBLIC INFORMATION.

12. THE HONOURABLE MR. P. N. SAPRU : (a) What is the total amount spent from central revenues over the Publicity Department, now known as the Office of the Director of Public Information ?

(b) Has the staff of that Bureau been strengthened by the addition of a London journalist ?

(c) What were the special qualifications of that London journalist for the position to which he has been appointed ?

(d) Was any effort made to secure a competent Indian for the job ?

THE HONOURABLE MR. M. G. HALLETT : (a) I would refer the Honourable Member to the details given under Demand No. 22—Home Department at page 149 of the Detailed Estimates and Demands for Grants as voted for the year 1935-36. The latest figures will be given in the "Demands for Grants for 1936-37" which will shortly be available.

(b), (c) and (d). The Government of India have been considering the question of improving their publicity arrangements at headquarters which they feel are very inadequate. Experience has shown that the Bureau as at present constituted cannot handle efficiently the publicity work of all Departments of the Central Government and that it is essential in order to enable the Government of India to discharge their obligation to the public, through the medium of the Press, to possess an efficient organisation for making known its policy and making available information regarding its work in all spheres of administration. It has been felt that under present conditions with two officers only, i.e., the Director and Deputy Director, the Bureau has not been able to keep sufficiently in touch with all the Departments of the Central Government and to enable the Bureau to do this effectively in future the Government of India consider it is essential that there should be four officers so that the publicity work of the Departments may be divided between them. They accordingly intended to appoint two more officers to assist the Director of Public Information in his ordinary duties ; one European and one Indian. A European journalist who has wide experience of the practical side of journalistic work has been recruited from England. The selection of a suitable Indian to fill the other appointment is under consideration.

THE HONOURABLE MR. P. N. SAPRU : Was the journalist who has been appointed connected with a die-hard paper in England ?

THE HONOURABLE MR. M. G. HALLETT : No, Sir ; he was working on the *Evening Standard*, which is not particularly a die-hard paper.

THE HONOURABLE MR. P. N. SAPRU : Is not the *Evening Standard* connected with the Rothermere group ?

THE HONOURABLE MR. M. G. HALLETT : I do not know very much about English journalism, but he was originally connected with a Liberal paper.

#### DISSATISFACTION IN CONNECTION WITH THE PUBLICATION OF *India* AND THE WORK OF THE BUREAU OF PUBLIC INFORMATION.

13. THE HONOURABLE MR. P. N. SAPRU : (a) Are Government aware of any dissatisfaction with the way in which the publication known as *India* is written ?

(b) Are Government aware of any dissatisfaction with the organisation and methods of the Publicity Department, known as the Office of the Director of Public Information ?

THE HONOURABLE MR. M. G. HALLETT : (a) Government have seen the criticisms which have appeared in the Press regarding *India* in 1933-34.

(b) No.

#### REPORT OF THE SECRETARIAT PROCEDURE COMMITTEE.

14. THE HONOURABLE MR. P. N. SAPRU : When is the report of Sir Henry Wheeler and his associates on the reorganisation of the Imperial Secretariat expected to be submitted to Government ?

THE HONOURABLE MR. M. G. HALLETT : It is expected that the report will be submitted to Government about the end of March.



**THE HONOURABLE MR. HOSSAIN IMAM :** Will it be published ?

**THE HONOURABLE MR. M. G. HALLETT :** The question of publication has not yet been discussed.

**NUMBER OF INDIAN OFFICERS IN THE GOVERNMENT OF INDIA SECRETARIAT AND THE NUMBER OF INDIAN OFFICERS SELECTED FOR TRAINING IN CURRENCY AND FINANCE.**

**15. THE HONOURABLE MR. P. N. SAPRU :** (a) What is the total strength of the Indian element in the higher staff of the Government of India Secretariat ?

(b) Are 40 Indian Civil Service officers to be given training in currency and finance ? How many of them will be Indians ?

(c) Is it intended that they should gradually replace the Audit and Accounts Service men ? If so, why ?

**THE HONOURABLE MR. M. G. HALLETT :** (a) There are at present in the Government of India Secretariat 84 officers holding the posts of Secretary, Joint Secretary, Deputy Secretary, Under Secretary and Assistant Secretary, or equivalent posts, of whom 42 are Indians. If further information is required regarding Attached Offices, the Honourable Member is referred to the latest issue of the *Government of India Directory*, a copy of which is in the Library.

(b) The answer to the first part is in the negative and the second does not arise.

(c) The same as (b).

**THE HONOURABLE MR. P. N. SAPRU :** Is the Honourable Home Secretary aware of a communication published by the Government of India on the 20th November ?

"A report has recently been published in the press that the Government of India are training, or propose to train 40 officers in finance, of whom two are Indians. This is incorrect. The facts are—"

**THE HONOURABLE THE PRESIDENT :** I cannot allow this as a supplementary question.

**THE HONOURABLE MR. HOSSAIN IMAM :** Are any of the appointments of higher officers in the Indian Civil Service made from the provincial services ?

**THE HONOURABLE MR. M. G. HALLETT :** I am not quite certain ; I cannot answer that off hand. As far as I am aware, there is no provincial service officer holding the post of Under Secretary, Deputy Secretary, Joint Secretary or Secretary.

**THE HONOURABLE MR. HOSSAIN IMAM :** Does it mean that no post has been listed in the Secretariat of the Government of India ?

**THE HONOURABLE MR. M. G. HALLETT :** No post has been listed.

**APPOINTMENT OF AN INDIAN AS DEPUTY SECRETARY IN THE FINANCE DEPARTMENT.**

**16. THE HONOURABLE MR. P. N. SAPRU :** (a) What is the number of Indians employed as officers in the Finance Department ?

(b) Has any Indian been appointed in the Finance Department as Deputy Secretary ? If not, why not ?

(c) Do Government propose to consider appointing an Indian as Deputy Secretary in the Finance Department ?

THE HONOURABLE MR. A. J. RAISMAN : (a) Ten.

(b) Indians have on several occasions in the past been appointed as Deputy Secretary.

(c) In view of the reply given to part (b), this does not arise.

THE HONOURABLE MR. P. N. SAPRU : Is there any Indian Deputy Secretary today in the Department ?

THE HONOURABLE MR. A. J. RAISMAN : There is at the moment no Indian officer actually of the designation of Deputy Secretary.

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#### DEATH OF SIR DINSHAW WACHA.

THE HONOURABLE SIR FRANK NOYCE (Industries and Labour Member): Siruet, Leader of the House has delegated to me the sad duty of paying a tribute—a very inadequate tribute I fear—to the memory of the great man who closed his long life in Bombay the day before yesterday. He has done so, because I am, I think, the only Member on the Government benches who had the privilege—the very great privilege—of the close friendship of Sir Dinshaw Wacha. I first met him in Bombay some 18 years ago, but it was not till several years later that I was brought into more intimate contact with him. When I was Chairman of the Tariff Board, he wrote me a kindly letter on some point arising out of my enquiry. I went to see him and thereafter every week during the remainder of my stay in Bombay I paid him a weekly visit. I was engaged in a very exacting task at the time, but I came away from those weekly meetings refreshed in body and mind. During those visits, he brought forth from the vast storehouse of his recollections things new and old, memories of Bombay in the days before the Mutiny when he was a school boy, memories of Bombay in the sixties, during and after the American Civil War, about which he wrote a most interesting book, memories of later days, of the early days of the Congress, of struggles in the Bombay Municipal Corporation, interspersed with shrewd and incisive comments on men and matters in 1926-27. Thus began the friendship which to my deep and lasting regret has now been broken by death. There was no one in India whom I held in greater affection and esteem than Sir Dinshaw Wacha. Of his public work, of his work for the Congress in its early days, of his work in the Bombay Municipality, for the Imperial Bank of India, for the Bombay Presidency Association, of his multifarious charitable and literary activities, this is not the time nor the place to speak. I can only express the hope that it will at no distant date be portrayed by a worthy hand. As so often happens with men who have taken a prominent part in public life—and perhaps it is as well for the world that young and old alike should not be advocates of rapid change—Sir Dinshaw's outlook became more and more conservative with his advancing years, but at no time during his long life could anyone who heard or read his views have failed to realise the sincerity and the strength of conviction with which they were held or to admire the force and fire with which they were presented.

Of his work in this House, for three terms of which he was a Nominated Member, there are many here,—especially yourself, Sir,—who are far more competent to speak than I am, but all of us who were with him here will never forget that vivid and arresting personality, that small spare figure, those eyes brimming over with intelligence and kindness, those rapid outpourings of the results of long study and an encyclopædic knowledge of financial, commercial and economic questions generally. I well remember his last speech delivered in this House in 1931 on the budget of that year. He spoke for half an hour. It was a wonderful effort for a man of 87 and would have been a wonderful effort for a man 30 years younger.

Sir Dinshaw has passed away full of years and honours but he has left behind him a shining example of inflexible integrity of purpose in the pursuit of the highest ideals of public service. If tributes of respect are any consolation to those he has left behind, they have had and will have them in the fullest measure. I would ask you, Sir, to add our wreath of laurel to those tributes and to convey to his relatives our deep sympathy in their great loss which is also ours and India's.

**THE HONOURABLE KUNWAR SIR JAGDISH PRASAD** (Leader of the House): Sir, I join myself fully in the eloquent and sincere tribute which has been paid to the memory of the late Sir Dinshaw Wacha by my friend Sir Frank Noyce. I had not the privilege of knowing Sir Dinshaw Wacha but we all know that he belonged to that illustrious band of Parsi public men who have done so much for the awakening, political and economic, of India. As pointed out by Sir Frank Noyce, Sir Dinshaw Wacha has left an example of devoted service to the country which we and those who follow us may well emulate.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS** (Punjab : Non-Muhammadan): Sir, I rise to associate myself with the remarks which have fallen from the Honourable Sir Frank Noyce and from the Honourable the Leader of the House. I had the pleasure of working with the Honourable Sir Dinshaw Wacha in this House ever since 1920 and I always had a very high regard for him. Although we differed on some points we held him in great esteem because he always had the good of the country at heart.

**THE HONOURABLE MR. P. N. SAPRU** (United Provinces Southern : Non-Muhammadan): Sir, I rise to join in the tribute which has been paid to the memory of Sir Dinshaw Wacha by the Honourable Sir Frank Noyce. We are mourning the loss of a truly great man—a man who was one of the builders of the national movement in India, who was one of the pioneers of the freedom movement in India. Dinshaw Wacha belonged to a generation that has disappeared altogether. When we think of Wacha we think of Dadabhoy Naoroji, of Allan Octavius Hume, of Phirozshah Mehta, of Surendranath Banerjee, of William Wedderburn. They were men who helped to build up the India of today. Their services will never be forgotten by the younger generation. If Indian nationalism is strong today it is because of the great service that they rendered in the early years of the national movement.

Wacha was an economist of high distinction. His *forte* was currency and finance. Along with Mr. Ranade he shares the distinction of having supplied us Indians with many of our economic ideas. He was at times a stern critic of the financial policy of the Government and he represented India as one of the witnesses before the Welby Commission on Indian expenditure.

[Mr. P. N. Saprū.]

For many years he was General Secretary of the Indian National Congress and he presided over the Calcutta session of the Congress in 1901. In 1918 he severed his connection with the Congress organisation and helped to found the Liberal Federation. It must have been a difficult decision for him to take. He was severing his connection with an institution which he had helped to found but in public life we have often to take difficult decisions and in what he did he must have been actuated by the highest and noblest motives. Sir, in all that he did he was actuated by a high patriotic purpose, by a noble purpose. Mr. Gokhale described him as one of the honestest men in Indian public life. He certainly was one of the clearest men in Indian public life. He was one of the founders of the Indian Liberal Federation but in 1924 he resigned from that body as his politics after that day became more conservative. In all that he did he was inspired by a powerful sense of duty, by a great patriotic purpose, a noble impulse to serve his fellowmen. He had great sympathy with the poor and struggling in this country. He was a Member of the Bombay Legislative Council for a long time and also a Member of this distinguished body for three successive terms. He was very hard-working and it was a marvel to see him work. Those who knew him tell us that he was one of the most hard-working men that they had ever come across and he was one of the purest men in public life. His life was simple, austere, puritanic, and he was in everything that he did actuated by a high purpose and a noble impulse. He has died full of years, rich in experience, and has left the memory behind him of a great life nobly lived in the service of the country.

Sir, he belonged to a community which shows how, given a proper social structure, even in present-day India Indians can achieve great things in the world of industry, commerce and philanthropy. A community which has given to this country such distinguished men as Jamshedjee Tata, Phirozshah Mehta, Dadabhoy Naoroji and Dinshaw Wacha, no one can help admiring. Death cannot be escaped by any one of us. Sir Dinshaw Wacha lived to the ripe old age of 92 but he has left a great memory behind him. He has left a great example behind—an example which we of the younger generation may well emulate. Sir, it was a noble life, nobly lived in the service of the country. We wish you, Sir, to communicate our sorrow to the members of the bereaved family.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR (Madras: Muhammadan): Sir, I desire to associate myself with all that has been said by the Honourable the Industries Member and by the Honourable the Leader of the House and other Honourable speakers in expressing our sense of deep regret and loss at the death of Sir Dinshaw Wacha. Even though for some time Sir Dinshaw was hovering between life and death, yet his death comes to us as a great shock. He was one of those great men in India who was gifted with such versatile genius and such tremendous energy that until the very end of his life he was able to serve his country in various capacities. Sir, in the field of politics, in the world of commerce and trade, in the realm of finance and banking and in various other activities, Sir Dinshaw Wacha distinguished himself equally remarkably and earned an everlasting reputation. Sir, he was so thorough in what he did and was so full of facts and figures and had such wealth of knowledge and experience that he was always listened to in this House and outside with great respect, and people who differed from him did so with a certain amount of diffidence. Sir, having had the privilege of working with him in this Honourable House for some years,

I can testify to the great contribution which Sir Dinshaw Wacha's speeches always made to the debates in this House. His honesty of purpose, his sincerity and simplicity always endeared him to the people in this country and made his friends admire him greatly. How his friends loved him and admired him and how they valued his advice is illustrated by what the Honourable the Industries Member has just told us of his recent visit to Bombay—how he used to pay him weekly visits. Sir Dinshaw Wacha's qualities of head and heart were so great and his catalogue of achievements and activities so copious that it is impossible in the brief space of a short speech on this occasion to make even a brief reference to a few of them. I would therefore conclude my observations by saying that Sir Dinshaw Wacha's death has caused a void in the public life of this country which it will take long years to fill. In the words of the Honourable the Industries Member, there was no other Indian who was held in greater respect and esteem than Sir Dinshaw Wacha. Sir, I request you kindly to convey our heartfelt and sincerest sympathy to the members of his bereaved family.

**THE HONOURABLE KHAN BAHADUR DR. SIR NASARVANJI CHOKSY** (Bombay : Nominated Non-Official) : Sir, I rise to pay my humble tribute to the memory of Sir Dinshaw Wacha, a life long friend, whom I succeeded in this House on his retirement. His was a personality that was unique and outstanding. This country has lost in him a worthy champion who did his best for the interests of India and of her teeming millions. He was one of those men who hated falsehood, who hated shady concerns, who hated fraud and dishonesty, and fearlessly exposed these. What led to his eminence in various walks of life was his sterling honesty and thus he came to be one who was always confided in and relied upon in commercial ventures of great magnitude. I came in contact with him in the early days of the present century when plague was ravaging Bombay, and when as a member of the Municipal Corporation he rendered me considerable help in the various measures that I desired to be adopted for the benefit of the poor and afflicted. I will not dilate upon his public activities which have been already described. But I would say that he was a vigorous and trenchant writer ; his contributions to the public press on finance, commerce, economics, etc., were innumerable. Had he any inclination to amass money he would have left a fortune. But he never did care for personal profit. I believe he was one of those Members of this House who initiated the policy of the separation of the railway accounts between strategic and commercial railways and of the contribution from the latter to the general revenues of India. He was a student of politics up to the very last. He had extensive correspondence with his old friends and former officials on this side of India and even Europe. He had studied with painstaking exactitude and discussed with me the White Paper as also the Constitution Act of 1935, and held very sound views upon the great issues involved therein. His advice was sought and followed by the highest in the land. He was a fearless critic of Government. His writings were very vehement at times but he never hit below the belt. He was always vigorous in his denunciations but there was no vindictiveness or malice. India has lost in him a noble son, one who was selfless, who was steadfast and, above all, true to his life long principles.

With these words, Sir, I associate myself with the remarks that have fallen from the Honourable Sir Frank Noyce and Honourable Members of this House.

**THE HONOURABLE MR. G. S. KHAPARDE** (Berar Representative) : Sir, I beg leave to speak of the late Sir Dinshaw Wacha, not so much as a person

[Mr. G. S. Khaparde.]

connected with politics or this House. I knew him when I was a boy of 18 and went to the Elphinstone College. Now I am 82. In those days, our heroes were Sir Dinshaw Wacha, Sir Phirozshah Mehta, Mr. Justice Tilang and Mr. Justice Ranade. Those were our college elders and we looked upon them as our aristocracy. We derived all our lessons from them. I had peculiar ideas. I liked Sir Dinshaw Wacha first, because, I always gave him a wrong answer and made him angry, and the best in the man came out at once. Give him a hint and you will draw the whole thing out of him. Another trick I used to play on him was this. When he got up to speak, I just interjected a word, and that would upset him, and when he was upset, the best in the man came out, and memories which probably would not have occurred to him otherwise would rush to his mind, and then he would tell you more than he ever intended to do. The third thing about him is this. I would not use any digests or books. He was a sort of living dictionary or encyclopædia. I could get from him any information I wanted about any subject I pleased. I had to go and irritate him and then he would tell me the whole thing. He had a wonderful memory for figures. On one occasion when we used to sit in another place, I wanted to get some figures relating to the budget of 1858, and nobody could give those figures except Sir Dinshaw Wacha. He said the figures used to dance before him. No matter what question you put to him, he would give you the answer straightaway. Another great thing about him was that he never spared himself. No matter what it was, however difficult and tiresome, you could ask him to help you. He might then become angry and say: Why don't you look it up; why don't you do this, or do that, but ultimately he would help you from the store of his memory. I cannot imagine how a person could carry so many figures in his head. He did and he could give them to you pat without a single mistake. I remember particularly one occasion when we were talking of cantonments and I was making a proposal as to how cantonments should be managed, and then he came out with information which was peculiar because it was unknown to anybody. He pointed out that most of these cantonments were not purchased by Government from anybody. They did not even come to them by escheat. Sir Dinshaw brought out figures and arguments which were simply unanswerable and we had to give up the whole case we were trying to make out. And so I take the opportunity of speaking of him as a person whom I knew from the age of 18 to the age of 82. I often consulted him and always he was able to provide the information out of the wonderful store of his memory. His tenacity of friendship was such that he would stick to you through thick and thin. Lastly, when I came first to the Council there was my old friend Sir Dinshaw Wacha. And he said to me: Look here, you make a noise and you should not talk! I said: But that is contradictory, how can I make a noise without talking! He replied: In that contradiction there is wisdom. I asked: Is the wisdom in talking or not talking? He said: Wisdom is to read and find out everything and remember everything and keep it. I said: Keep it for whom? He said: Keep it for somebody who asks for it. I said: But the Council asks me to give my opinion. He said: You are one of those nasty people who always contradict, and then he came out with the whole of his wisdom. I learnt a great deal more from him than I did from books. He was one of those few people who are mines of information, with a great deal of very valuable material stored within them. But they require to be cultivated, you had to irritate him to come at his store, just as you have to irritate the earth to pick out its gems and minerals. Sir Dinshaw Wacha's speciality was his accuracy as to details. I have met many who were good at figures and clever, but there was none his equal in that

respect. This is the last occasion I shall be able to speak about him in this House, and I pay this humble tribute to his memory, to the memory of a great man and a great politician in all things the best adviser that one could seek.

**THE HONOURABLE MR. R. H. PARKER** (Bombay Chamber of Commerce) : Sir, the great work which this exceptional gentleman did for Bombay is well known to every inhabitant of it. Every one in my constituency would, I know, wish to be associated with this Resolution.

**THE HONOURABLE THE PRESIDENT** : Honourable Members, we are all very grateful to the Honourable Sir Frank Noyce for coming here this morning to pay his tribute of respect and admiration to the memory of an old and esteemed friend of his. I endorse everything that the Honourable Sir Frank Noyce has so ably said and which has been supported by many of the Honourable Members of this House. I myself had the privilege of knowing the late Sir Dinshaw Wacha for a period of 35 years and I have been associated with him in many spheres of activity for a period nearing a quarter of a century. I can testify to the great ability, the personal knowledge, the kindness of temperament, the courtesy and affability of the late Sir Dinshaw Wacha. His was a unique figure in the political history of this country. He started his public activities nearly 50 years ago. He distinguished himself first in the Bombay Presidency where he had the privilege of fighting many a battle in the Bombay Corporation, of which afterwards he became a very well known and illustrious President. He was not only loved, respected and esteemed in the Bombay Presidency alone ; he was respected and admired all over India. He was an all-India man, and I may say that in the political firmament at least he had no equal for judiciousness, caution and profound knowledge. Sir Dinshaw Wacha particularly excelled in the science of finance. I have seldom come across a greater man—I am speaking of Indians here—an Indian so well versed in the domain of finance as was Sir Dinshaw Wacha. I can testify to this fact from my personal knowledge of his financial knowledge, as I was associated with him as Governor of the Imperial Bank of India for a period of 12 years. He had rendered very useful service in the preliminary years of the establishment of the Imperial Bank and his knowledge was always sought for and he was thanked by many members and many Governors of that body for the excellent advice which he used to render from time to time. As regards the depth of his financial knowledge some of you here who were then present in the old Imperial Council can remember the many battles which he had with that great and consummate Finance Member of India, Sir William Meyer. Sir William Meyer had to mould his policy and make alterations in the budget on account of the continuous criticism which Sir Dinshaw Wacha levelled against his budgets and the policy of Government had to be often modified. In the domain of economics there has never been a keener student and a better read man than Sir Dinshaw Wacha. He laid the foundations in India of the economic policy which is now being pursued and the results of which we are able to see at present in all directions. He was a most voracious and omnivorous reader. He kept himself informed and kept himself abreast of all that was going on not only in this country, but in England. He was a continuous and indefatigable correspondent with many eminent men with whom he constantly exchanged views on many important matters. He was continuously writing to the ex-Viceroy of India and even during the last two or three years when he was not able to move about, I know that he was in constant communication and correspondence with His Excellency the Viceroy,

[Mr. President.]

always giving out frankly his expression of views on many matters of considerable importance. I will not trouble you by going into his manifold activities, but I will say this that he was not only a fearless critic of Government, but he was a fearless critic of public men and public bodies ; and what he said was usually very sound, profoundly interesting and he was a man of strong convictions and an absolutely frank, candid and outspoken critic. His place in India will remain vacant for many many years. But I know his example of public service and his devotion for India will be a great stimulus to many and a beacon light to the succeeding generations that will follow and I am expressing the sentiments of all here today when I say that we have lost a great man, a great patriot and a distinguished son of this country. As desired by you, I shall convey the sense of sorrow of this Council to his bereaved family. I have nothing more to add, but as a mark of respect to his revered memory, I shall adjourn the House till a quarter past twelve.

The Council then adjourned till a Quarter Past Twelve of the Clock.

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The Council re-assembled at a Quarter Past Twelve of the Clock, the Honourable the President in the Chair.

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#### STANDING COMMITTEE FOR THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

THE HONOURABLE THE PRESIDENT : I have to announce the names of Members nominated for election to the Standing Committee to advise on subjects other than " Indians Overseas—Emigration " and " Haj Pilgrimage " dealt with in the Department of Education, Health and Lands. They are (1) the Honourable Rai Bahadur Lala Jagdish Prasad and (2) the Honourable Sir David Devadoss. As there are two vacancies and only two candidates, I declare them duly elected.

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#### GENERAL DISCUSSION OF THE RAILWAY BUDGET FOR 1936-37.

The debate will now proceed on the Budget, Part I.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Mr. President, before I commence my remarks on the Budget,  
12-15 P.M. I wish to congratulate the Honourable the Commerce Member on the tactful and humane speech which he delivered yesterday evening. I had the privilege, Sir, of being present in the gallery and listening to this oration of an hour and ten minutes and I can say, as has been said by the papers already this morning that, in spite of the fact that he did not make any grand eloquent promises, he succeeded in winning the hearts of even so critical a House as the Assembly. That was due, Sir, primarily to the fact that he spoke not as a bureaucrat but as an Indian who felt that he was an Indian and was proud of being one.

Sir, this Budget has been described by some people as disappointing and depressing. It may be this or it may not. But what we have to see is whether the defects of the Budget are due to any defective working of the Department or to causes beyond the control of the Railway Administration. I for one,



Sir, feel that the causes over which the Government have no control have depressed the income and we are now reaping at leisure the harvest of our expensive and optimistic programme of former years. I am thankful, Sir, to the Railway Administration for having reduced the working expenditure to a certain extent to meet the fall in earnings. Although the contribution of retrenchment has been smaller than the fall in the income, but we could not expect anything better in view of the fact that we had already reduced the working expenditure as far as we could during these years.

We also appreciate, Sir, the services of the Finance Department in having reduced the interest rate appreciably due to wise conversions. While I am on this subject, Sir, I could not understand the Finance Department charges and the Railway Administration agreeing to pay such a high rate at 5·04 per cent. on the borrowings that have been taken since 1916 up to date. As is well known to you, Sir, and the House, our average rate at the moment comes to less than 4 per cent. and that is the rate payable on the whole capital invested in the railways. But this part of the latter-day loans of the last 20 years which come to about Rs. 100 crores is charged at a higher rate of interest due to the fact that we are paying higher rates for the provident fund because the enormous amount of Rs. 80 crores involved in the provident fund account receives interest at a rate not in keeping with the long-term borrowings rate of the Government but on an arbitrarily fixed rate that should not, I venture to suggest, influence the Finance Department in charging a higher rate from a commercial department like the railways. By a wrong policy of filling the pockets of its employees it is making a commercial department seemingly run at a loss. A reduction of one per cent. would mean a saving of nearly one crore of rupees which would materially help to wipe out the deficit at least on the commercial lines of the Government of India. My authority for saying that the rate is 5·04 per cent. is the Honourable the Chief Commissioner and Mr. P. R. Rau. While on this question of finance, I would like to say a few words about a very sane suggestion which was made yesterday by Sir Leslie Hudson. He advocated that as there had been overcapitalisation our separation convention of 1924 ought to be revised. I was very glad, Sir, to hear these remarks fall from the lips of a responsible gentleman and leader because I, in my humble way, have been advocating this cause for many years and even last year I had occasion to say a few words about it :

“As a matter of fact, if we follow strict commercial principles only the purchases of old lines or the building of new lines and unforeseen expenditure like the expenditure due to the calamity of the earthquake can be financed from capital; all the rest should be financed from revenue account. If we had followed this salutary principle the amount of money set apart for depreciation would have to be increased. At the present moment Government have adopted the principle of one-sixtieth of the capital at charge as the contribution to the depreciation fund. That, Sir, ought to be augmented if they are not going to make any provision for the sinking fund”.

I advocate, Sir, that the former arrangement of the Government of India of setting aside one-eightieth for sinking fund operations should be taken up by the railways themselves in addition to this one-sixtieth for depreciation. But as long as we are not in a position to lay by all this amount of money, the least we can do is to increase the depreciation fund to at least 2 per cent. instead of 1·75 per cent. as at the present moment and thereby lay down half the money in replacement of stock and for reduction of the capital. Until and unless we write off the Rs. 100 crores which have been spent during the last 14 years on amenities and on the strengthening of bridges and all that sort of thing, which do not give any direct return on investment, we cannot have the day of prosperity.

**THE HONOURABLE THE PRESIDENT :** You do not contend that it was unnecessary expenditure ?

**THE HONOURABLE MR. HOSSAIN IMAM :** It is not a question of unnecessary expenditure. The question is where it should be financed from. If we were in prosperous times, we would be perfectly justified, and we would be failing in our duty if we did not increase the amenities of the passengers. But to borrow money at a high rate of interest for purposes of works which will yield nothing is from the strict commercial point of view most unforgivable.

A suggestion was made in the other House that the strategic lines should be handed over to the military and that the Railway Budget should be eased of this drag. The Honourable the Commerce Member very pertinently remarked that it will not help the taxpayers ; rather it would put them in difficulties because now this deficit is made up by the railway accounts, whereas in the other case it will have to be made good by the taxpayers of the country. I quite agree with him. But there is another possibility. The running and management of the strategic lines may be handed over to the military personnel. The army has got a surplus of men in engineering—sappers and miners and various other formations. These reservists or active service men are liable to serve, and if they serve in the railway, there will be a little saving for the two. I would be the last person to saddle the poor taxpayer of India with any further burden, but if any method can be found by which you can get your men at a cheaper rate, I think that method should be tried.

Sir, I am very glad that adversity has made the Railway Board a little bit wiser. For the last three years I have been severely criticising the wagon policy of the Railway Board. They had an ambitious programme, by which they were adding and replacing their stock every year. During the last five years of the depression they were adding at the rate of 3,100 wagons per year. During the previous 12 years—from 1924 up to 1935—they were adding at the rate of 5,300 wagons per year. In all they had added from 1924 to 1935, 63,700 wagons, which gives the figure of 5,300 per year. This ambitious programme had nothing at its back but support for British interests, interested in wagon construction, either in India or in England. In order to pamper to that interest, a deliberate policy was laid down of expenditure on the railways. Last year, when I criticised this attitude, a nominated non-official Member volunteered the statement that it was due to the fact that during the war years we had not been able to replace our stocks. That is perfectly correct. But ever since the war, from 1920 onwards for the last 15 years, we have been adding and adding without any regard for utility or necessity. I make this statement, Sir, because I can prove to the hilt from the reports of the Railway Board itself that both from the standpoint of ton-mileage and usage, full use and utility has not been taken of these wagons already in stock. The ton-mileage in 1924-25 was 21,269 millions, while for the last completed year, 1934-35, it was 20,352 millions. That shows that the increase in stock was more than was required. From Statement 26-A we find that the proportion of unserviceable wagons per day was 9·13 in 1933-34 and 7·92 in 1934-35. That also shows that our stock is in a better condition than before, and yet we go on adding to the stock in order to find employment. Last year, I asked the Honourable the Chief Commissioner to incorporate in his Administration Reports a statement of the number of wagons scrapped by each railway. That would be a very useful and necessary statement, but I am sorry that this has not been incorporated. I asked a question as to the amount of money which the Government derived from the sale of the scraps of these stocks and Government had no accounts. There is no head showing these accounts although

there are 56 statements published in the Administration Report. But as regards scrap materials costing crores and crores—there is no statement showing how they are utilised and for what they are being sold. I will just cite one instance. One of the State Railways sold a few locomotives to a private concern and those very locomotives were bought after a few months by another State Railway at double or treble the price for which they were sold to the private concern. The railways concerned are the Great Indian Peninsula and North Western Railways. Such things are allowed to happen because there is no co-ordinated policy. The railway Board cannot have economy in crores and lakhs. It can have lakhs of places where it can save a rupee, millions of places where it can save Rs. 5, but the places where it can save thousands are to be found only in units. The best policy is to look to the savings in the aggregate. Small savings effected in many places would give more money to the Railway Board than great savings effected at small places.

I now come to the question of Muslim representation. The Muslim interests have always been promised looking into by the Commerce Members and by the Chief Commissioner for the last five years, but my story is a sad story. I took my first year as from 1st April, 1925 and the last ending on the 31st March, 1935. In that period the Muslims instead of gaining anything or advancing their position have lost ground. In these 11 years we have lost 14,100 men in the number of men employed and our percentage in all services has come down from 22·6 in the year 1925 to 21·7 in the year ending 31st March, 1935. This is the long-term view of the Muslim position in the railway services. I now come to the last completed year 1934-35. Even there in the aggregate we have not fared any better. We have lost ground there too. The total Indians employed amounting to 663,553 on the 1st April, 1934 rose to 666,658 on the 31st March, 1935, or an increase of 3,105. Out of this increase of 3,105, the poor Muslims got a quota of 466 only, or 15 per cent. although it is loudly trumpeted that the Muslims have been given 25 per cent. in the railway services. The Railway Board itself started these inquiries and on Mr. Hassan's report set the ball rolling, and yet if even in that Department our condition is so sad, God help us in other departments; our total percentage fell from 22·16 to 22·13 of all Indian employment. This is due to the fact that the Hallett circular on communal appointment was defective and its defects have not been cured by the Railway Board. As long as you have the quota fixed in the initial appointments, percolations will go on. To the last grade appointments will be made from the inferior grades and that will be classed as a promotion and you can never check it in a huge department like the railways. It is impossible unless you make stringent rules to enforce the observance of the principle. They will follow the letter of the rules and not the spirit. I know the spirit is there but the rules are not in conformity with the spirit and they are liable to be interpreted in the ways in which they are interpreted. I have given the figures of last year simply to show that in spite of care we have fared badly without any left-handed treatment from the Railway Board. They have been anxious to help and have tried to help us, but they have proved helpless. In this connection, Sir, I should like to draw the attention of the Chief Commissioner especially to the fact that since 1931 we have been demanding—when a deputation went to Sir George Rainy—that more Muslims should be appointed in Establishment branches, that there should be a Muslim Deputy Agent on some of the railways concerned and that Directors in the Railway Board should be drawn from the ranks of Muslims too. Sir, when Government wants to make an appointment, it can find the man and it can find the reasons. I know of one Indian, a non-Muslim, who was appointed as Secretary though he had only 10 years service. We have men

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of 18 and 20 years service and still they are not thought fit to be given any responsible post. Where there is a will there is a way. If the Government are anxious really to do justice to Muslims, they can do it. I would also request that Agents should be instructed to appoint Muslims as special officers to look after minority representation, at least on two or three big railways. Unless you have some one to look after this matter you cannot have justice. I do not wish to injure the sister community in any way, but since the principle has been settled, there should be equity and justice and the rules should be observed.

Sir, I now come to some smaller matters about which I should have preferred to elicit information without speaking about them from here, but I have not been able to do so. On page 17 of this year's Administration Report I find that the capital at charge with the Burma Railways has been reduced by Rs. 1 crore, due to the difference between the actual amount of rupees required for repayment of the share capital when the Burma Railways were purchased and the capital set out in the books of the Railway Company. That is a strange way of showing a thing which was done on the 1st April, 1929 in 1936. It does not seem above-board and there is a strong suspicion that there is something underhand about this. I have no knowledge why this was done, but what I could find out was that sterling capital was only £3 million, and that could not by any stretch of the imagination be responsible for a crore of difference. Even the difference between 1s. 4d. and 1s. 6d. does not arise, because in 1929 there was no question of a 1s. 4d. ratio. Everything was on the basis of 1s. 6d. If you proceed on this principle the whole £120 million invested in the railways is liable to be cut down and the general taxpayer burdened with the difference between the conversion value of the sterling from 1s. 6d. to 1s. 4d. What is the intention? If this has not been done for the general railway finances why should it be done for the Burma Railways—to present a better picture for the future separation of Burma? Whatever the reasons, I hope the Honourable the Chief Commissioner will enlighten us.

Now, Sir, when we ask for amenities for passengers, we are told, and rightly, that the present is not the time to think of doing elaborate things when income is falling. But in the case of the Hardwar-Dehra Railway even in these depressing times you are drawing 10·93, 10·41 and 10·64 per cent. return on the capital invested in 1930 to 1933. Is there any reason why this railway should charge double the fares charged on other sections? In view of the high dividends that this section is paying I think it is high time that the fares were reduced more in accord with fare levels on other parts of the East Indian Railway.

Then, Sir, there is the possibility of acquiring branch lines where the parent company who were given the concession are no longer working them. The State Railways are working them and we are paying interest or profits at high rates; for instance on this Hardwar-Dehra Railway we are paying at the rate of 7½ per cent. a year.

These are the small things which, if they are looked into, will give a material saving to the Railway Board. The only thing it requires is that the mind should be clear of any political influence from England.

Sir, there is one real hope for me in the whole of the Railway Budget and that is the realisation by the Railway Board and by the Commerce Member that good times are not yet coming. When one realises his inability, or his defects, one can succeed; but those who do not realise their difficulties, their

mistakes and their defects are doomed to remain in difficulty ; and that, Sir, gives me hope that next time we will have a better budget.

THE HONOURABLE MR. V. V. KALIKAR (Central Provinces : General) : Sir, I also rise to congratulate the Honourable the Commerce Member not for presenting a deficit budget, but for having stated frankly the facts and having told us that things are not well in the railways. Sir, my Honourable friend Sir Guthrie Russell has attacked the outcry raised in certain quarters that the Indian Railways are becoming insolvent. I prefer to join issue with him on this point. I certainly agree with that remark and, as a layman, I want to explain further. If a man is not able to discharge his liabilities, then one begins to think that he is on the verge of insolvency. The railways have stopped paying their contribution to the general revenues for the last five years. The railways have wiped away their reserve fund which, I understand, was about Rs. 15 crores. They have made inroads on the depreciation fund and, but for this inroad, our depreciation fund would have been about Rs. 41 crores by now. If, taking into consideration the commercial basis on which a concern is run we find that the concern is not able to meet the liabilities, then certainly we are entitled to say that it is on the verge of insolvency. My Honourable friend the Chief Commissioner for Railways cited the cases of European railways and other railways in the world, but conditions differ here in India from those of other railways. So far as the question of insolvency is concerned, I quite admit that the assets have not been placed in the court so that there may be a rateable distribution among the creditors, but I must submit that the position as disclosed by the Budget and as has been disclosed for the last four or five years clearly shows that the finances of the railways are not in a sound condition and therefore it is a matter for urgent and serious examination by the authorities concerned to see that the railways are worked on a commercial basis.

Sir, the Honourable the Railway Member has given out four causes prominently in his Budget speech in the other House and those are the world depression and collapse in commodity prices, the second is the road-motor and rail competition, the third labour legislation and improvement in the economic conditions of staff and the fourth the striving after self-sufficiency by every country in the world including India. Well, Sir, I agree with him that there are certain causes which the railways cannot control and therefore I submit that the world depression and the collapse in commodity prices are things beyond the control of railways and therefore they cannot under any circumstances bring about a state of things which will change the aspect of the world. But so far as other causes are concerned, I beg to disagree with him in the reasons which he has given. Sir, it should be a matter of pride to any national Government that India is becoming or is trying to become self-sufficient. If Indian industries are developed and if the agricultural resources of the country are explored and developed, the country will naturally be prosperous and ultimately the railways also will gain something.

Now, the question of motor transport has been engaging the attention of the authorities of the railways for the last four years and I agree with him that there ought to be a co-ordinated policy between rail and road competition. That is true. But then I submit that the railways should never desire to put obstacles in the way of bus competition. If the passenger traffic is attracted more by bus, it is because they offer more facilities which the railways did not up till now to the travelling public. Some time before the railways held a monopoly practically in this matter, but I may be allowed to say that they abused their power. They have been all along illtreating the

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third class passengers. So many complaints have been made against them, that the ordinary amenities of life have not been given to these third class passengers from whom the railways derive a major portion of their revenue. Sir, they complain about the competitive rates introduced by the bus competition, but I want to submit that they did the same thing, though not exactly the same thing, but practically the same thing, in quoting low rates while competing with shipping companies. In this connection, Sir, I would just read a sentence from the speech of Sir Joseph Bhore, the ex-Railway Member, where he says :

“ It is perfectly legitimate to quote low rates in a business concern to attract more trade ”.

He says further :

“ I now turn to another very important question, and that is the competition between railways and shipping companies. The railways in India, like railways all over the world, have always attempted to draw to themselves as much traffic, for their own route, as they possibly could. In doing this they have in many cases quoted the minimum permissible rates. This I contend is perfectly legitimate. It is a pure business proposition so far as we are concerned and I think that it is in the interests of the trade and commerce of this country ”.

If, Sir, that is the position when they quoted low rates so far as the shipping companies are concerned, I should like to say, Sir, that they should not complain about the low rates of these bus people because they attract more traffic but the railways should try to offer more facilities to the travelling public and then they will be able to attract more traffic. I think, Sir, that over some causes the railways of India have control and if they set their house in order they will be able to meet the deficiency. I mean the top-heavy administration of the railways. It is complained that they had to spend something more because the cut was restored. So far as the cut is concerned—not only in railways but in other departments—a hue and cry was raised in the country against the restoration of the cut. Government paid no heed to this agitation and the cut was restored. Sir, it was not in the interests of the railways—if they really wanted to run the concern on business lines—to restore the cut if they had not sufficient funds to meet the situation.

Then, Sir, another point was made about strategic lines. My Honourable friend Mr. Hossain Imam said that it did not matter much if railways incur this loss of Rs. 2 crores but he thinks that if the railways hand over the running of these strategic lines to the Defence Department, the sappers and miners who are already there may manage the running of these lines and the taxpayers would not be further burdened. I should like to appeal to the railways to take into consideration seriously the suggestion of my Honourable friend Mr. Hossain Imam. But, Sir, I go further than this and say that it is not only a book entry but it is an entry of very great importance, because, Sir, if the railways are freed from the burden of these Rs. 2 crores they will not come before us and present us with a deficit budget every year as they have been doing for the last four or five years. Sir, I think it is not my concern but it is the concern of the financial *pandits* of the railways to decide whether the burden of these Rs. 2 crores should be on the railways or on the Defence Department but my point is, that if the strategic lines are run really in the interests of the Defence Department and not in the interests of the general public, then, Sir, this burden must go to the Defence Department and not to the Railway Department.

Then, Sir, about the Indianisation of services. My Honourable friend Mr. Hossain Imam has said something about the representation of a particular community. Well, Sir, on that point I do not see eye to eye with him. My views are quite different and I think, Sir, that we do want Indianisation but we do not want a representation of a particular community. We want the services to be run only by persons who are competent to run them. I want, Sir, that the point of merit be considered, whether he be a Parsi or a Hindu or a Muhammadan. (*An Honourable Member* : "Or an Englishman?") My Honourable friend says, "Or an Englishman?" It depends on what an Englishman means according to him. If an Englishman means one who resides in India, makes India his home and is not a bird of passage, then I would call him an Indian and I would be extremely glad, if he is a competent man, if he be given the job. That is my idea. I differ from the Honourable Mr. Hossain Imam on this question. He may be perfectly right. But after careful thought I have come to the conclusion that all this heart-burning might be stopped if all this talk about communal representation is given a decent burial in the various departments of Government. (*An Honourable Member* : "Let us wait for the millennium!") My point is that Indians ought to be provided with more jobs in the railways and if this policy is followed, Sir, there will be some decrease in the expenses of administration on the railways. Sir, I find from the report of 1934-35 that the percentages of Europeans and Indians in regard to the superior gazetted services were Indians 61.9 and Europeans 38.1. My Honourable friend Sir Guthrie Russell will correct me if I am wrong. I understand, Sir, that even the Lee Commission recommended 75 per cent. Indians to 25 per cent. Europeans. The country did not appreciate the recommendations of the Lee Commission but it is a matter of surprise that Government do not give effect to the recommendation of even the Lee Commission which they had themselves appointed. Then, Sir, in the lower gazetted services, I find that out of 38 appointments 23 went to Europeans and 15 to Indians. It is said, Sir, that Government are not considering the interest of Indians in Indianising the railway services. If this sort of thing goes on I do not know how long it will take railway services to be fully Indianised. Sir, if such is the case with the railways which are State-managed one may not be at all surprised at the attitude of Company-managed railways. I therefore submit, Sir, that if the Government take into consideration the wishes of the general public so far as Indianisation of the services is concerned, they will be able to save much because in India they will be able to get competent men for low salaries and thereby they will be able to retrench much of their expenditure.

THE HONOURABLE THE PRESIDENT: You have already taken more than 20 minutes.

THE HONOURABLE MR. V. V. KALIKAR: I will take only four minutes more, Sir.

I have to lodge a complaint about the manufacture of equipment for railways. I will bring to the notice of the House, Sir, a sentence from a communiqué issued by the Government of India in 1921. That communiqué was quoted *in extenso* by the late Pandit Motilal Nehru and I will read only one sentence from it. It said :

"In pursuance of their expressed policy of making India as far as possible independent of outside sources in the supply of materials, the Government of India have had under consideration the question of the construction of locomotive engines in India, and they are now in a position to give a general undertaking that tenders will be invited annually in India for all the railway locomotives and locomotive boilers required by Government during the 12 years commencing with 1923".

[Mr. V. V. Kalikar.]

Sir, in reply to a question which I asked in the Simla session, I was told that some locomotives were purchased in Germany. It is really surprising, when we are being ruled by a very civilised race in the world that we are not taught the art of manufacturing locomotives in India and that we have to pay a very large amount to foreign countries for purchasing the materials for our railways. Government gave a definite undertaking in this communiqué that steps will be taken to manufacture locomotives in India. I want to know what serious attempts have been made in the last 14 or 15 years by Government to manufacture locomotives in India and if not why no attempts were made ?

THE HONOURABLE THE PRESIDENT : What is there to prevent you starting companies here ?

THE HONOURABLE MR. V. V. KALIKAR : Sir, when a private individual like Sir M. Visweswaraya thinks that there is large scope for manufacturing motors in India, there is no reason why the State should not have their workshops organised in such a way that locomotives can be manufactured here. I want State encouragement and therefore I submit that if this is done, much of the money that is spent in foreign countries will be spared and will be utilised for Indian purposes.

THE HONOURABLE THE PRESIDENT : Thank you. You have already taken a long time.

THE HONOURABLE MR. R. H. PARKER (Bombay Chamber of Commerce) : Sir, I would like to preface my remarks by saying that I realise how easy it is to misunderstand figures in a case of this kind where one is not acquainted in detail with the basis upon which they have been prepared, and I hope that my Honourable friend Sir Guthrie Russell will be kind enough to correct me if I make mistakes in that way.

There is one point which I would like to make. The Honourable Mr. Hossain Imam has already referred to it. At the foot of page 9 of the Explanatory Memorandum there is a reference to a fall from 5·2 per cent. to 5·04 per cent. in the rate of interest but according to my calculations the average rate of interest now being paid by the Government of India on borrowings is about 4 per cent. and this seems to be more in accord with the figures I find on page 45 where on a capital at charge of Rs. 800 crores interest is estimated at Rs. 29 crores 90 lakhs, which I calculate to be about 3·737 per cent.

As regards the actual results attained and the immediate prospects there seem to be two distinct points of view : results which show that interest charges cannot be paid out of revenue and that depreciation cannot be found from the same source must always be regarded as highly unsatisfactory in any undertaking. On the other hand in the particular circumstances through which we have been passing and are experiencing now, I think that a return of about 3 per cent. on the capital invested in an undertaking of this kind must be regarded as rather good.

Government have in the past received considerable sums as profits earned by the railways over and above the amount required for interest and other necessary outgoings including depreciation and this being so it seems to me from the ordinary business standpoint to be perfectly reasonable that they, as the holders of the equity, should bear the losses incurred during bad times.



I wish I could be satisfied that what I have said gives a true picture of the real position. I cannot help sharing the doubts of the Honourable the Finance Member as to whether proper principles are being followed as regards the amounts charged to capital from year to year.

This brings me to a question which is almost part and parcel of the question of what should or what should not be charged to capital account, and that is, how is depreciation calculated? There are a number of alternative methods but it is my considered opinion that in a case of this kind the soundest by far is to estimate as closely as possible the equated period during which it is expected that the assets in question will be in use and to contribute to a sinking fund a sum which, together with compound interest added from time to time and the residual value, will provide the amount expended upon each asset at the time when it ceases to be used.

I understand from the speech of the Honourable Member for Commerce in another place on the Railway Budget that the method adopted by the Railway Department is what is known as the "straight line method". If infinity is the period under consideration this is a comparatively harmless mode of procedure, but as I will try to demonstrate there are good reasons why it should not be followed. It is very apt to lead an ordinary business into difficult situations: the mere fact that these difficulties are such as a Government can more easily overcome than the ordinary trader can, seems to me to make it more essential that Government should keep their accounts on the correct basis.

The main difficulty I have in mind is this. The time comes when a very large amount of plant has to be taken out of use and replaced at the expense of the funds previously put aside to meet depreciation. These funds to that extent immediately cease to earn interest and a serious drop in revenue can be experienced in this way. To take a perfectly simple example: the railways buy a locomotive at a cost of say £4,000. At the end of its life there is in the depreciation fund a sum of £4,000 accumulated from contributions made from time to time which in the last year of its life is bringing in an income of say £120. Now when that £4,000 is required to buy another locomotive in the place of the one that has to be scrapped your revenue from traffic remains the same but you have lost your revenue from the £4,000 you had invested.

This is a practical consideration which I submit is even more important than the theoretical necessity of taking into account the fundamental fact that if you borrow money you must pay interest for it and that if you invest money you will receive interest for it.

I see from the accounts that the method at present adopted is to provide 1/60th of the amount "of capital at charge" as depreciation in respect of each year. If this is meant to indicate that it is the considered opinion of the expert advisers of Government that the equated life of the assets in use is 60 years I would be disposed to accept the figure, but I still wish to point out that in that case the proper sum to contribute to the depreciation fund is not 1/60th, but is the sinking fund necessary to produce after 60 years 60/60ths of the amount originally debited to capital in respect of the assets to be depreciated, which is generally something less than the capital at charge, as there are assets, such as land, which need not be written down.

Obviously if I want to have Rs. 60 crores in 60 years' time it is quite unnecessary for me to put aside Rs. 1 crore every year. I need only put aside that sum which together with interest accumulating from time to time will amount to Rs. 60 crores at the end of 60 years.

[Mr. R. H. Parker.]

Personally I would like to see Government have an expert enquiry into their methods of costing and their methods of providing depreciation in the absence of which I fear that the country may suffer from all sorts of unnecessary errors. On the one hand you, as owners of the railways, may be charging too little for the services rendered and throwing an unfair burden on the community as a whole. On the other hand you may be charging unnecessarily high amounts for the services rendered and if this is so I suggest that you must be damaging the interests of the community as a whole, dependent as they must be to a very large extent on cheap transport facilities.

Broadly speaking my view is that Government should be satisfied that all outgoings including depreciation are being properly provided for out of revenue from the railways and that subject to placing to reserve some reasonable sums to meet contingencies, in particular obsolescence and temporary decreases in revenue, any further revenue available should be applied in reducing rates of freight. That I believe to be sound national economy.

1-15 P.M.

I would like to welcome the proposal to amend the Railway Act to provide deterrent penalties for those travelling without railway tickets. There is no doubt whatever that this is a very common occurrence and I appreciate that it is a very difficult matter to tackle. I would like equally severe punishment to be meted out to members of the railway staff who demand or accept bribes. I remember nearly 30 years ago the Midland Railway in England suddenly adopted a plan of putting on what they called the "flying squad" of ticket inspectors who were permitted to go wherever they liked and who in a very short time brought in an astoundingly large sum from persons who were found to be travelling, not so often without tickets, as in the wrong class. If that was the case then in England I have no doubt that provided suitable employees can be found to do the work, a similar result could be obtained in India today. It is of course not only a question of what sum inspectors of this kind can collect but of the deterrent effect also.

I entirely agree with my Honourable friend Sir Guthrie Russell, that railway transport and motor transport should be on a fair competitive basis and to this end I hope that the Government of India will take the necessary steps at the earliest opportunity to obtain, so far as may be possible, uniform legislation throughout India in respect of the conditions under which motor transport is carried on. I do not think he was quite fair when he said in his speech "His roads are provided for him". I suggest that motor transport contributes far more than a fair share of the cost of roads in the form of customs duty on cars, lorries, buses, petrol duty, and taxes paid to Local Governments and Authorities.

Both classes of transport are essential to the future of the country and each of them should have equal opportunities. The country is so vast and there are so many places where communications are lacking that there should be no necessity for uneconomic competition between the two.

I think the chances of the matter being dealt with properly on these lines will be greatly enhanced when Government carry out their stated intention to have one Minister in charge of Communications which I hope they will do at a very early date.

**THE HONOURABLE KHAN BAHADUR NAWAB CHAUDRI MUHAMMAD DIN** (East Punjab : Muhammadan) : Sir, this is the sixth deficit Railway Budget since 1930. There is no doubt that the continued fall in railway

receipts is due to the world-wide depression and to the unwholesome increase of motor competition. World conditions will take time to improve, but immediate steps should be taken by the Government to regulate motor transport on a fair competitive basis. I would also like to bring to the notice of my friend the Honourable Sir Guthrie Russell that there is an impression that the railway station staffs are generally in league with the motor lorry owners. Tickets are not issued in time. The issuing clerk refuses to give a ticket on the excuse that he has got no change. I have often seen that passengers who could not get tickets in time to catch the train had to travel in a lorry which was kept ready at the station in anticipation. The time table section also often fails to consider the needs of the travelling public. Coming from Lahore the other day I was told that in Serai Banjara and Sodho Chak no train stops in the day time between 7-30 in the morning and 2 o'clock in the afternoon, and passengers from Ambala, Sirhind, and other places, have to travel by lorry. I was also told that frequent changes in the time table on the North Western Railway were helpful to the motor transport and a nuisance to the public. Again, the chronic disease of discourtesy on the part of the subordinate railway staff is also a cause of scaring away passengers. Some years ago my friend the Honourable Raja Ghazanfar Ali Khan speaking in the other House remarked that it was easy to see His Excellency the Viceroy but it was often impossible to get access to the Agent of a railway. There may have been some improvement in this direction but my own experience is that a few years ago I went to see a railway officer at a long distance in a place where I had served as Collector and Magistrate previously. An officer of the Punjab Provincial Service who was still in service in that district was also with me by courtesy. We tried our best but failed to get access to the gentleman. In this connection I would bring to the notice of the railway authorities that, as everybody knows, an officer who is not accessible to the public fails to find out the weak points in the system. And I would request the Honourable the Railway Member and the Honourable the Chief Commissioner to rub it into the minds of the heads of departments to be more accessible, more polite and more patient with the public. That will certainly improve things to a great extent. I would also point out that where, previous to 1924, a district traffic superintendent with two assistants used to carry on, under the costly reorganisation schemes adumbrated in the years of prosperity probably now 20 officers on high salaries are doing the same work. If it is so, the matter requires the serious consideration of the Railway Board.

More vigilance is required to eradicate the evil of corruption which is also responsible for considerable leakage in railway revenues. It is said that there are stations which are in the habit of issuing invoices and railway receipts without filling in the weight and freight column, with the result that fraud is practised upon the railway in collusion with the staff at the delivery station. This and many other similar defects require the special attention of the railway authorities. Reform of these abuses would certainly go a long way to stop the existing leakage in railway revenue.

I would also support the proposal made by my friend the Honourable Mr. Hossain Imam that on the strategic railways the services of sappers and miners may be availed of with advantage to all parties.

THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ (East Bengal : Muhammadan) : Sir, the Railway Budget lying before us for discussion today presents to us no doubt a very gloomy view of railway finance, but still a closer view of the real state of things will reveal that beyond this gloom there is some glimmering of hopes which assures us that the worst still

[Khan Bahadur Syed Abdul Hafeez.]

cannot happen. Easily, one can question why we are having these figures year after year which in the long run do not turn out to be true but, Sir, is it not impossible to get a true forecast of all coming events with provisions for all emergencies that may or are likely to crop up in the course of a very long period of one year? In the teeth of severe competition now-a-days, with motor and other transports, especially when the prices of commodities have fallen to the lowest, the coming down of the deficit by Rs. 1 crore than the last year is not at all unsatisfactory; and I should say it is much to the credit of the Railway Member and the Chief Commissioner of Railways, who have tried with untiring energy to increase the income of the Railways that we are not going to have in these hard days of world-wide economic depression and deficits that we had, for instance, in 1934-35. Sir, only a year ago we were full of optimism when the Honourable Sir Joseph Bore went to restore the 5 per cent. cut in the salaries, to reduce the freight rate and even to reduce the surcharge in coal freight with a fervent hope that railway finance was gradually clearing out of the danger zone and a very bright future lay ahead. But things took quite a different turn and the deficit was not Rs. 2 crores as was expected but much above that. So we have seen that sufficient allowances were not made for all the emergencies that might develop in the course of a very long period of one year. Sir, we have had bitter experience of "counting our chickens before the eggs were hatched". Sir, even I could not blame the Honourable Member had he presented the Budget with a greater deficit than he has done now. Sir, the reasons that have been attributed as the cause of this depression, I think, would speak for themselves, and require no modification in my hands and we cannot blame the Honourable Member if his views, in the face of these derogatory factors, such as self-sufficiency in every country, including India, the competition of motor, river and other services and, above all, the downfall in the prices of commodities and so on are not so very optimistic.

Sir, one thing which I would like to point out in this connection is that in order that the entire system of railways, including its finance, can be stable, it should be based on the goodwill of the people. Goodwill and confidence will arise only when the reasonable respective claims of each community have been admitted by the Department. Sir, I am sorry to find that instead of the Government of India circular giving an adequate share of appointments to the minority communities, some minority communities are still to a great extent unrepresented in the railway services. I appeal to the Honourable Member and the Chief Commissioner of Railways to give their utmost consideration to a question of such vital importance as I have just mentioned.

Sir, the Honourable Member intends to bring some alteration in the charges and freight rates which may increase the income of railways, but I am really of opinion that in these days of hard depression, and facing such hard competition, the alteration in freight rates would not be of much help. But in case the Honourable Member can guarantee a better prospect of finance by such means as he is proposing to act upon, I have then nothing to say. Lastly, I must make reference to the appeal that has been made for checking the two most detestable practices, namely, undercharging of the freight and ticketless travelling, which have caused a considerable leakage in the purse of the railways coming up to an amount which goes to form one-seventh of the total deficit of the year 1936-37. Of these two evil practices, the latter, I should say, is more or less of a moral character, while the former is the outcome of the negligence of duty on the part of railway servants, and it certainly speaks of, if I am allowed to say so, lack of proper administration of railway servants. If the Honourable Member wants some further legislation to remove the former

practice (ticketless travelling) I think I can give him my ready support, but regarding the removal of the other practice, I think proper vigilance on the part of railway servants who happen to deal with charging freights would improve the situation to a great extent.

Sir, in conclusion, I again thank the Honourable Member and the Chief Commissioner of Railways for preparing a Budget which is so just and so reasonable, considering the present economic depression and hard competition with other transport.

With these words, Sir, I support the Budget.

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

The Council re-assembled after Lunch at Half Past Two of the Clock, the Honourable the President in the Chair.

**THE HONOURABLE THE PRESIDENT:** The debate on the Railway Budget will now be resumed.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan):** Sir, I rise to congratulate the Honourable Sir Muhammad Zafrullah Khan on his appointment as the first non-official Member for Commerce. He is a gifted person and is not used to official red-tapism so we expect a lot from him. It is rather unfortunate that in his first year of the assumption of that office he has not been able to give us a better budget as compared with the years beginning from 1923-24. Sir, railways are divided into two heads—commercial and strategic. Strategic, as we all know, is always a deficit head and as I have from time to time every year been pressing on this Council, this loss should be borne by the Army or Defence Department. This year the loss on the working of the strategic railways has been about Rs. 2 crores and a similar sum is budgetted for next year. As regards commercial railways, it is always said that they are run on commercial and business lines. I am sorry, Sir, that is not the case in practice. The railways are run not only on non-business lines but politics come in there and political considerations carry the day. As we shall see in a business department efficiency is the key to success but when you introduce political considerations into the recruitment of the services and fixation of freights efficiency is lost. As the Government have adopted a certain communal policy, I think it is not proper for me to discuss that policy now. But the sooner it is changed the better. I agree with my friends who have spoken before me that in all commercial departments, such as railways, posts and telegraphs, and others, efficiency should be the first consideration in matters of recruitment. My friend the Honourable Mr. Hossain Imam has observed that on railways Muslims are not being given their due share. As communal policy is now the adopted policy of the Government I do not object to Muslims having their due share in these services. But in the branch of services where they are even now in a very heavy majority, one rule should not be applied in every branch of service, because that will not be equitable and just and it will add to the discontent among the services.

I might, Sir, for the information of this House illustrate my point by citing a few facts from the statistics which I have collected from railway books. I did not like to bring communal proportions here but I had to do so to show to this House how communities other than the Muslim community are represented in services in various branches of railways. I will take, Sir, the case of drivers, firemen and shunters on the North Western Railway.

[Rai Bahadur Lala Ram Saran Das.]

In the Rawalpindi Division, Sir, the number of Muslim drivers is 114 to 13 Hindus. Similarly, Sir, in case of firemen, there are 444 Muslim firemen as compared with 53 Hindus. In case, Sir, we take the case of shunters, there are 117 Muslim shunters as compared with 4 Hindus; so is the case in workshops. Sir, in services where Muslims are in a very heavy majority their new recruitment ought to be such as to give also a due share to the other communities. I do not say that there should be a cent. per cent. recruitment of Hindus although I find to my sorrow that recently the North Western Railway in their advertisements for various posts have practically excluded Hindus altogether. Sir, if you look at the *Tribune* of Lahore bearing the date of 19th June, 1935, you will see an advertisement which invites applications for seven appointments for welfare assistants to assistant staff wardens, out of which four are reserved for Muslims, and one for other minority communities, that is practically Indian Christians, Parsis and Sikhs. The *Tribune* bearing date 7th July, 1935, again contains an advertisement for 10 vacancies of permanent way apprentices, out of which six are reserved for Muslims, one for Anglo-Indians and Europeans, one for other minority communities, viz., Indian Christians, Parsis and Sikhs. Then, Sir, in the *Tribune*, dated 18th July, 1935, there is an advertisement for 27 vacancies of station masters and 25 vacancies of commercial group students. There too, Sir, there are 17 vacancies of station masters and 15 vacancies of commercial group students reserved for Muslims, and one each of both these classes reserved for Anglo-Indians and Europeans and two each for other minority communities, viz., Indian Christians, Parsis and Sikhs. Then, Sir, again the *Tribune* bearing date 11th October, 1935, contains an advertisement for 19 vacancies of guards class I, out of which 15 are reserved for Muslims, one for Anglo-Indians and Europeans, two for other minority communities, viz., Parsis, Indian Christians and Sikhs. Similarly, the *Tribune* bearing date 27th December, 1935, contains an advertisement for 50 vacancies of station master students out of which 31 are reserved for Muslims, three for Anglo-Indians and Europeans and six for other minority communities, viz., Indian Christians, Parsis and Sikhs.

From these, Sir, it is clear that Hindus are practically excluded altogether. Then, Sir, I find on the North Western Railway that the deficiencies in Muslim recruitment are to be carried forward and then they are to be made up on the recruitment which will follow. I have no grouse, Sir, in case 60 per cent. Muslims are recruited in those branches of the service where they are under-represented. But where there is over-representation already, the recruitment ought to be changed so as to give other communities their due share. I am against cent. per cent. recruitment for making up the deficiencies of certain classes, but I do not mind if they are given more than their ordinary share so as to make up the deficiency within a reasonable time.

Railways have now to face competition. The times when they could dictate have passed away. Lorry competition is now a standing fact which they cannot ignore. It is said that the passenger traffic is gradually decreasing. I ask the Honourable the Chief Commissioner whether they are giving more amenities to passengers which they have all along been promising to give. This year they have provided the meagre sum of about Rs. 28 lakhs. In such a big undertaking, unless you give more amenities and facilities to passengers, you cannot attract them. The policy of increasing the railway fares and freights is a blunder. You will never get more income by adopting this practice. The result will be that once you lose your customer, it will be very difficult to get him back. As regards expenses, your establishment

charges amount to 54 per cent. of your working expenses. That is quite abnormal and that will not be allowed in any business concern of any magnitude. Then there is a charge which you have to pay every year for the Lee concessions, and that charge—I speak subject to correction—is about a crore of rupees. When railways are not paying their way, there is no justification for bearing that charge. In case you want to treat all the Government services alike, then do not call this department a commercial department. I would, in order to give equity and justice to the employees in the railways, introduce a bonus system in this way that whenever there are bigger profits the officers will get bigger salaries, and whenever there is a loss, they will suffer accordingly. In that way, if we take the average, for a couple of years they will be drawing their usual salary. In business, Sir, we frame our budget according to our income. Here, in the Government of India, both our budgets, the General Budget and the Railway Budget, are framed in a different way. We estimate our expenses first and then try to make up the income by extra taxation, *i.e.*, increase in freights and fares. I am sorry to find, Sir, that in the case of such extra taxation in the railways the Central Legislature has no voice. The Railway Department of itself increase and revise the rates. That is not right. Railways, Sir, in every country in the world are meant to develop the country's industries, trade and agriculture, but in India efforts are not being made to encourage industry to the extent that it deserves. The surcharge on the freight on coal which is a basic material for other industries and for agriculture which still continues illustrates this. I know that in the carriage of coal there is no lorry competition but, at the same time, in case you give encouragement to the industry, you will indirectly gain more in the carriage of manufactured goods or produce. An observation has been made by the Chief Commissioner in his note that owing to the existence of sugar factories in India, the railways have lost their long lead traffic. That is so. But, Sir, what about the long lead traffic in the matter of exports? The existing ratio of 18*d.* which is now adopted by the Government, is detrimental to the interests of trade and agriculture, and that ratio stands in the way of our competing in other markets and of our getting parity with world prices. If that is not put right, the export trade will not develop. There are other reasons also which tend to the diminution of traffic. Some time back, Sir, special rates were offered for special articles wherever there was lorry competition or other competition. But now, although a new department has been formed on the commercial side to secure more traffic from the lorries, I find that that department is not working so well. I can tell this House that full pressed cotton bales are being carried from Iyallpur to Gwalior by lorries. Another public company has been floated, I understand, in Cawnpore to carry American cotton from the Punjab to Cawnpore and various other industrial centres. I cannot understand why the railways cannot reduce these rates. By increasing their terminal charges they are making another mistake for which later on they will repent. The Honourable Sir Guthrie Russell has referred to English railways. In England, at the time of the depression, passenger fares and freights were reduced. Here you are going to increase them and next year you will find that you are in a worse plight.

Then, Sir, as regards interest on railway loans, I should like to know from the Honourable the Chief Commissioner whether they have tried to convert their loans to a lower rate of interest, and in case they have not done so, the reason for it. If they adopt such a policy, they will make a big saving on their interest charges. Then, Sir, when the divisional system was introduced on the railways, we were told that we shall get economy and more efficiency out of it. As far as efficiency is concerned, I do not want to say much, but

[Rai Bahadur Lala Ram Saran Das.]

so far as economy is concerned, I find no economy effected. If I am wrong the Honourable Sir Guthrie Russell will put me right.

Then I come to ticketless travelling. I totally disagree with the proposal to allow the police to harass your honest clients. If the railway managements are unfit to carry out their duties they ought not to ask for that protection which is bound to be misused. Suppose a gentleman drops his ticket or loses it, will he be prosecuted? Will you get more passengers with such a possibility before them? I hold most people would prefer to travel by lorries rather than risk prosecution and harassment by rail travel.

Then I come to the case of travelling ticket collectors whose duty it is to discover dishonest ticketless travellers. I can tell you those people are discontented. You do not treat them on a par with other running staff; you do not give them the same allowances as guards and drivers get, and from a discontented staff you cannot expect much. It is time that the travelling ticket collectors were placed on the same footing as other running staff in pay and allowances.

Then as regards the expenditure side I find that the policy of using foreign sleepers is still being pursued although the capital expenditure involved is three times or more. Until your finances improve I think it is not wise to import foreign sleepers. It is true that a steel sleeper has a longer life than a timber sleeper, but if you take the compound interest into consideration the saving does not amount to much.

**THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN:** When he says foreign sleepers does the Honourable Member mean steel sleepers? If so, those are purchased in India.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** Yes, but are they not cast in England?

**THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN:** Oh, no.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** That is my information. But even if they are cast in India—

**THE HONOURABLE SIR MUHAMMADZAFRULLAH KHAN:** I have seen them being manufactured at Jamshedpur.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** My point is, that they cost much more than the ordinary timber sleeper.

**THE HONOURABLE SIR GUTHRIE RUSSELL:** Timber sleepers cost about Rs. 4-12-0, the cast-iron sleepers Rs. 6-12-0 and steel sleepers between Rs. 6-8-0 and Rs. 7 without fittings.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** Even then it is almost double the price and in these times of depression any amount that can be saved is worth while.

Then, Sir, as regards corruption on railways. As a business man and an industrialist I find that corruption on railways is diminishing. But in the case of employees who are reported to be corrupt the inquiries held in such cases have invariably supported those offenders. I refrain from going into personalities but as an illustration I may quote the case of a loco. foreman in



Lahore against whom a lot of reports of corruption were made, and even now, after the inquiry, the public impression is that that man was to blame, and what I understand the railway did in that case was to promote him from a subordinate to an officer. Well, Sir, if you do act like this you yourself encourage corruption.

Then, Sir, while I am against the owing of railways by companies, if the State cannot administer and manage railways cheaply it would be much better to employ responsible companies for the working of State railways. Of course the Railway Board will be there to supervise, and just as the Bombay, Baroda and Central India which is a State railway is being run by a company, so other railways should also be run by companies.

Then I come to the manufacture of locomotives. The Honourable the President put a question to the Honourable Mr. Kalikar as to why he did not start a public company for the manufacture of locomotives. I may state that such a company was started as a subsidiary company to the Tata Iron and Steel Works and I think the name of that company was the Peninsula Locomotive Works. The Railway Board I understand promised that company patronage, but when the actual company was formed and they wanted orders, the patronage was refused. So the whole thing is a matter of policy, and it is with great regret that we find that even now no patronage is being extended in this direction. Even now that old company can be revived.

**THE HONOURABLE THE PRESIDENT :** Did that company manufacture locomotives actually before asking for orders ?

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :** They had a competent staff, and because they had a competent staff and a large capital I understand Sir Clement Hindley promised them an order for locomotive engines.

**THE HONOURABLE THE PRESIDENT :** But how do you expect a railway to buy an engine unless they can see whether it is efficient for their purposes ?

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :** Well, Sir, on that point I simply say that Sir Clement Hindley was a very smart officer and he would not have committed himself before satisfying himself in regard to details and quality of manufacture.

Then, Sir, the Honourable the Chief Commissioner has been kind enough to give me a list of revised scales of salaries and allowances of the senior and junior services in railways. I should like to ask him what will be the saving per year by adopting these new scales of salaries and allowances ?

**THE HONOURABLE SIR GUTHRIE RUSSELL :** Over all the railways, for superior and subordinate services, Rs. 3 crores.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :** Now, Sir, I come to the question of the Bengal and North-Western and Rohilkund and Kumaon Railways. As money is very cheap now I would urge that these lines be acquired by the Government and as money is cheap further railway constructions which are reported to be paying concerns ought to be taken in hand.

With these remarks, I resume my seat.

**THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) :** Sir, the Railway Budget as usual has once more been presented with the usual self-complacency and without caring even to redress the grievances of the public before demanding supplies. Here in India the Government wants, at the point of the bayonet, supplies, whether grievances are redressed or not ! The grievances of the travelling public and business men are innumerable and too numerous to detail. There cannot be a bigger surprise to an outsider than to see the enumeration of thousands and thousands of grievances against the railway administrations in the country year after year in both the Houses of the Legislature yet the Government irresponsible and unresponsive as they are, never even cares to see whether the grievances are real and genuine. The top-heavy railway administration is as callous about the taxpayers as the other branches of administration in this country. The chief grievances that are brought forward in this House or the other are (1) meagre Indianisation, (2) manipulation of goods freights to the detriment of the Indian industries, (3) manipulation in the calling of tenders for the supply of railway stores to the detriment of Indian manufacturers as against European manufacturers and firms and want of control of the railway staff and the consequent result of the rude behaviour of railway officials towards the travelling public and business men.

I take the first item of grievance, that is, Indianisation. I will not say much except to quote certain figures as published in the Railway Administration Report of 1934-35 which speaks for itself. Sir, the posts under railway administrations have been classed under the heads gazetted officers and subordinates. If we go through the statements of total percentage concerning the gazetted officers as published in Volume I of the Railway Administration Reports we find that the percentage of European gazetted officers were 63·9 in 1933, 62·2 in 1934 and 60·3 in 1935. Virtually speaking there is a decrease in the number of European officers by 1 per cent. annually and if Indianisation proceeds at this rate, it will take at least another 60 years, if not more, to Indianise all the gazetted posts in Indian Railways, if ever that can be done under the present foreign domination.

**THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN :** Even on your calculation it would not take 60 years !

**THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :** This is not my calculation ! This is taken from the report !

When we scrutinise the figures of the subordinates drawing a pay of Rs. 250 and above we find another tale. At the first glance we find that the percentage of Europeans was 21 per cent. in 1933, 19·6 per cent. in 1934 and 16·8 per cent. in 1935. The figures apparently are very encouraging and the public will at first sight be very much satisfied that the subordinate services can reasonably be expected to be completely Indianised in about 10 years. But unfortunately, Sir, these figures have been put in deliberately to beguile the Indian public. Actually there is no decrease in the number of Europeans. What the Railway Board have done is simply to transfer the figures year after year from the head of Europeans to the head of Anglo-Indians. Here I quote the number of posts held by Indians during the last three years which will conclusively prove the truth of my statement. The percentage of Anglo-Indian subordinates was 41·8 per cent. in 1933, 42 per cent. in 1934 and 43·8 per cent. in 1935. Therefore, virtually speaking, the total percentage of Anglo-Indian and European subordinates taken together is kept more or less at the same figures as it was in 1933. Here I think a pertinent question may be put

as to why these figures are manipulated and whether it is done deliberately by railway administrations. The reply to the question is very simple. The decision of the present Government to give the Anglo-Indians all the facilities of Indians in the matter of employment and all the privileges of Europeans in the matter of bearing arms, is mainly responsible why many Anglo-Indians and Eurasians, who used to style themselves as Europeans before, are now styling themselves as Anglo-Indians. I put it to the House and through it to the public in India to say whether by their demand for Indianisation, they mean Anglo-Indianisation or Eurasianisation of the Railway services. Sir, if this be the sample of Indianisation, I would request the present railway administrations to spare themselves the trouble. In this connection, Sir, I cannot help quoting the percentage of Hindus employed in the gazetted ranks and also in the subordinate services. We find that the Hindus who form 75 per cent. of the total population of India and who are foremost in education amongst all other communities in this country are holding only 23 per cent. of gazetted posts and 26 per cent. of subordinate posts. In this connection I must say that so far as railway employment is concerned the position of my Muslim friends are also not enviable. Their community which forms about 25 per cent. of the total population are holding only 5 per cent. of subordinate posts. It is a pity that we Hindus, Muslims, Sikhs and other Indian communities fight amongst ourselves for snatching away a number of posts from amongst our own communities, without making common cause against the employment of as large as 67 per cent. of Anglo-Indians and Europeans in the gazetted ranks and about 60 per cent. in the subordinate ranks. I would even now appeal to my friends of other communities to make common cause against the employment of such a large number of Anglo-Indians and Europeans in the railway administrations of the country. There is no doubt that even if we can snatch away as much as half the number of total posts at present held by Europeans and Anglo-Indians, the unemployment of a large number of men belonging to all the other Indian communities will be solved to a large extent. I think only in India is it possible to reduce a majority community, an educated and cultured community like that of the Hindus to a minority community in the matter of employment under the railway administrations. I am warning the Government that unless they take immediate steps in this matter, the cult of socialism will go deeper and deeper into the soil of this country amongst all communities in the near future which is neither desired by this side of the House nor by the opposite benches.

The next point I would like to bring before the House is the manipulation of freights to the detriment of Indian mines and industries. I need not dilate on this point except to quote one or two instances. The freight on Bengal coal up to Ahmedabad and Bombay mill areas are such that it cannot compete with the imported South African coal. Had the railway administrations been run on national lines or rational lines, the freights on coal would have been reduced to such an extent as to stop the dumping of South African coal in Indian markets. The reduction of surcharge on coal effected last year is so small that it did not produce the desired result. I would suggest the abolition of the surcharge on coal even temporarily for a period of six months and request the railway administration to watch whether the traffic in Indian coal both for short distance and long distance increases or not and whether the receipts from such coal freights counterbalance the loss of revenue from the abolition of the surcharge.

The next point I bring before the House is none the less important. Sir, the Indian Stores Department was created for centralising the purchase of all stores required by the different Departments of the Government including the

[Mr. Jagadish Chandra Banerjee.]

State Railways. Here I will quote one example which will conclusively prove how the Stores Department is flouted by the railways and how particular stores materials manufactured by European firms are demanded from the Stores Department by different railways. Here I take only one item of purchase, viz., the purchase of paints. The stores purchase policy of the railways is very defective. Sir, it is a matter of great surprise that there is no co-ordination in the different sections of the State Railways in the matter of the purchase of stores required for all railways. Sometimes one particular section of the State Railways tests a particular material required for their use. After a severe test for several years they find that the material is good and economical. But in spite of obtaining this result, that material will not be purchased if it happens to be manufactured by Indian firms. It is not my assertion only. I have gone into the papers of one or two of the Indian paint manufacturers. I am more or less convinced that fair treatment has not been meted out to them. Sir, paint is a substance which is purchased mainly by the railways. In India there are only two Indian paint manufacturers, viz., the Murarkas and the Napiers. These two firms are run with Indian capital and Indian management. There are on the other hand several paint factories the capital of which is purely European and is run with European management and establishment. I have seen papers from which I feel that in order to deprive the two Indian firms of their legitimate dues the Railway Board and the Indian Stores Department go out of their way to cancel the original tenders as the rates quoted by the European firms were higher. They then call supplementary tenders within one week from the date of the opening of the original tender and the two European firms of Jenson Nicholson and the Shalimar Paint Works quote a lower rate within one week for the same materials, with the result that the paints required for wagons are purchased from those two European firms depriving the two Indian firms. If this is not undue preference for Europeans, I do not know what unfair treatment can there be for Indian industries ?

Then, Sir, I come to the question of the Railway Watch and Ward Department. A vast sum of money is being spent on this department. The Watch and Ward Department was originally created with the idea of stopping thefts both from the station platforms, goods sheds and also from running trains. Sir, to my utter surprise I find every day in the newspapers that passengers are being robbed right and left from running trains and as far as I am aware in most of the cases the culprits are not traceable. Only the other day when I was coming to attend the present session, I was robbed of a good deal of my belongings from a first class coupe compartment between the stations of Barrackpore to Dum Dum on the Eastern Bengal Railway and I am positive that the culprit in this case will also not be traceable. I have a shrewd suspicion that such running train thefts always take place in connivance with the railway staff and therefore a vigorous enquiry to bring the culprits to book are necessary in all cases of such thefts irrespective of the status of the passengers concerned.

Only one other point, Sir, and I have done. As I come from East Bengal I am very much interested in the construction of the Dacca-Aricha Railway. It is a matter of great surprise to the people of the locality as to why the Government after surveying the route and finding the project to be a paying one have gone back on their promise to construct the railway. Sir, the reason that the Bengal Government is against the proposal is as unconvincing as ever. The original survey was made in consultation with the Government of Bengal. They never objected to the proposed scheme at that stage. It is understood

that only after representation was made to the Government by certain European steam navigation companies, to the effect that such a construction will effect adversely their trade, the Governments, both Provincial and Central, found out one fine morning that the scheme will affect the health of the people. Sir, I make bold to say that this lame excuse of the Government is not believed by the masses who are adversely affected by the non-construction of this Dacca-Aricha and Tangi-Tangail-Singjani Railways. The agriculturists in these localities find it very difficult to market and get a good return for their produce. The locality is interspersed by rivers and canals and as such it is not possible to have proper road communication for motor transport. To my mind these are the localities where railways should be extended as there is no chance of any road motor competition.

I hope, Sir, Government will take notice of these points and give due consideration to them.

**THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal: Muhammadan):** Mr. President, I should like first of all to congratulate the Honourable Railway Member and the Chief Commissioner of Railways for the very frank and clear statement of their financial position, dark and gloomy as it is. They are thoroughly entitled to our thanks for their strenuous efforts in keeping down working expenditure as low as possible; further for not launching out further programmes of expansion.

In its present state of depressed and decreasing revenue and expenditure, there is not much to say by way of criticism. Sir, I may however make one or two observations regarding their proposals to secure increased earnings during the coming years.

Sir, their first objective in this direction seems to be (1) to put down the motor transport by road by some sort of restrictive legislation and (2) by increasing freights and fares. Sir, at a time when the whole country is crying for rural reconstruction, rural uplift and amelioration of the economic condition of the agriculturists and the masses, it is a pity that the railway administration is hard upon the motor transport by roads, under the specious plea of co-ordinating the rail and road transport. Motor transport by road is still in its infancy, it has no such elaborate organisation throughout the country; it is largely confined to the middle class rich people and they operate between short distances at a stretch. At any rate, Sir, we are not aware of any data justifying the alarming conclusion that the administration has come to.

The Honourable Member for Railways has taken great pains to find out the causes of such a continuous fall in railway earnings for the last few years. The chief factor contributing to this is no doubt the world depression. And as this is Providential we cannot sit in judgment on it.

Again, Sir, the doctrine of self-sufficiency rightly or wrongly threatens to become universal and doubtless is a phase in economic nationalism every where. I think the authorities may well put forth great energies in stimulating inter-provincial trade to our advantage.

I feel, Sir, that in addition to the causes set by the Honourable Members, there is a shrinkage of currency in the country, more production and less currency.

Lastly, Sir, I wish to draw the special attention of the Railway Member and the Chief Commissioner of Railways to the universal dissatisfaction among Muslims at the very low proportion they hold in the different branches of railway service and administration. Sir, assurances were no doubt given from

[Mr. Mahmood Suhrawardy.]

time to time that an adequate proportion of Muslims will be employed in all departments of Government, but the fact remains that those assurances have not been put into action. Recently, Sir, I have received representations from young and educated Muslims about the manner in which they have for one reason or another, been kept out of service by the appointing authorities. The principle of efficiency, I fear, has been strained too far. For example, recently in the Eastern Bengal Railway, four commercial inspectors were to be recruited, of whom two Muslims were selected but the Railway Board, I understand, Sir, instructed the railway administration not to appoint them by direct recruitment but the posts should be filled in by promotion and these as a natural consequence went to the Hindus. I do not know, Sir, why no Muslims were appointed to these posts. Formerly these posts were filled in by direct recruitment. I hope my Honourable friends, Rai Bahadur Lala Ram Saran Das, Mr. Kaliker and Mr. Banerjee, will not mind if I speak out the truth that my community has always been neglected in the subordinate and superior services.

With these words, Sir, I draw the attention of the Honourable Sir Guthrie Russell to the necessity of safeguarding the interests of the minority communities as far as possible.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan) : Sir, I desire first to congratulate the Honourable Sir Guthrie Russell on the clarity of his statement. The statement that he has presented is short, businesslike, and discusses practical problems in a practical manner. In presenting the Railway Budget last year, Sir Guthrie Russell had struck a note of optimism. It was felt last year that in India we had, to use the words of Sir Joseph Bhore, turned the corner, and that we were well on the road to recovery. The forecast that the budgetary position would be better than it was in 1933-34 has not turned out to be true, and it is probable now that our traffic receipts will not exceed Rs. 90 crores and that our actual receipts will be Rs. 3½ crores below our budget estimate. Sir Guthrie Russell and the Honourable the Commerce Member, Sir Muhammad Zafrullah Khan, whom we are glad to see here in the House today for the first time—

THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN : No, no. I have been a Member of this House !

THE HONOURABLE MR. P. N. SAPRU—in this session, and whom we know is acquainted with the main currents of thought in this country as he comes from public life. Sir Guthrie Russell and the Commerce Member are right therefore in framing their estimates of earning for the year 1936-37 in a conservative spirit. I do not propose to examine the causes which are responsible for this fall in our earnings. They have been stated by Sir Guthrie Russell and Sir Zafrullah Khan. But what I propose to comment on is the comparatively high working cost of our railways. Both Sir Zafrullah Khan and Sir Guthrie Russell attributed it in part to the labour legislation which has been introduced in India in recent years. Sir Zafrullah Khan said that one result of the application of the Geneva and Washington Conventions has been to increase the working cost of the railways by about half a crore. This is what he says in his speech. It is a little difficult for me to accept this analysis as correct. The argument presumably is that as the introduction of hours of employment regulations in 1931 has resulted in reducing hours of employment, the working

costs have gone up. Now, it has not been shown that as a result of the enforcement of these regulations and the introduction of shorter hours, the staff has had in fact to be strengthened. I do not think there has been any strengthening of the staff.

**THE HONOURABLE MR. HOSSAIN IMAM :** It has been reduced.

**THE HONOURABLE MR. P. N. SAPRU :** On the other hand, there has been considerable retrenchment in the railways. How have these hours increased the working costs? I do not, therefore, understand how labour legislation has anything to do whatever with the increase in working costs? We often hear it said that railways ought to be run as a commercial concern. That is not exactly my point of view. I think there are certain human values which ought to be respected, and these human values over-ride mere commercial considerations. I am always for labour legislation and I should be sorry if this talk of retrenchment were to result in any general apathy towards labour legislation. What then is the real explanation of this increase in the working costs? I will venture two. Firstly, there has been some increase in the staff of gazetted officers. I find that in the East Indian Railway alone, in 1925 there were 206 gazetted officers, while in 1934 these 206 had risen to 307, or there was an increase during this period of 101 gazetted officers—more than 50 per cent. Then, Sir, take the stores purchase policy of the railway administrations. Articles are lying idle for years and yet they are being purchased every day. Fresh orders are being placed for refrigerators, electric implements, tools and plant. We on this side would like the Honourable Member to place on the table of the House the annual survey of tools, plant and implements and the stores list of the East Indian Railway for information. Perhaps these lists may throw some light on the stores purchase policy.

I shall pass on to the question of the future control of Indian Railways. Indian opinion has always been in favour of State control and management of Indian Railways. The majority report of the Acworth Committee accepted this principle of State management in 1921, and in 1931 there was a Committee of the other House to go into this question and they suggested that the leases of the Bengal and North-Western and Rohilkund and Kumaon should be only extended by five years. Now I think these leases will be expiring in 1937 and the question that has to be considered is, are you going to renew these leases or are you going to take over the management and control of these railways in your own hands? Money is cheap. In the money market today you can borrow large sums at very easy rates of interest. You will be helping the money market also to some extent if you float a loan for the purpose of purchasing these railways, and there is therefore no reason why the Rohilkund and Kumaon Railway, the Bengal and North-Western Railway and the Madras and Southern Mahratta Railway should not be owned hereafter by the State. There is no doubt that State management is better than company management and I find that in the Annual Report of the Railway Board of 1925-26 the benefits of State management were stated in this manner :

“ As a result of territorial adjustments referred to above, termination of contract with the Great Indian Peninsula and amalgamation of the East Indian Railway and Oudh and Rohilkund Railway, there has been a large reduction in the number of junctions between the railway administrations in the north of India with corresponding economies of time and money in the matter of transfer of traffic and rolling stock from one administration to another. The number of junctions where two or more State-managed railway administrations meet has in fact been reduced from 18 to seven by these adjustments ”.

Therefore my suggestion would be that we should purchase these railways. State management will help us to get rid of the London Board charges. The

[Mr. P. N. Saprū.]

Pope Committee made certain recommendations regarding economies on the Madras and Southern Mahratta Railway and the Eastern Bengal Railway and when a question was put in the other House Mr. Rau stated that economies could not be effected unless the State took over the management of the Madras and Southern Mahratta Railway. We shall need probably about Rs. 8 crores to purchase the Madras and Southern Mahratta Railway and about Rs. 13 crores to purchase the Bengal and North-Western Railway. Why should we not float loans and purchase these railways? When, for example, the Reserve-Bank shares were floated in the market, they were over subscribed, and it will be easy for you therefore to raise the necessary funds. We should not like you to have sterling loans. If you float these loans in India, you will be able to get an adequate response from the public.

Then, Sir, there is a certain amount of dissatisfaction with the stores-purchase policy of company-managed railways. Reference was made, I think, to that policy by my leader Lala Ram Saran Das, and we find that goods which could be purchased in India are sometimes purchased by these company-managed railways from foreign countries. In 1933-34 company-managed railways imported Rs. 66·36 lakhs of foreign goods.

Then, Sir, there is no reason why we should not build our locomotives in India. In 1935 the Assembly passed a Resolution that in Ajmer, where we have workshops, locomotives should also be manufactured. If we manufacture locomotives we will also be encouraging the automobile industry. They can be manufactured along with locomotives.

I should just like to say a few words on rail-road competition. The country has yet to be opened up. There are parts where the only method of transport is the motor bus. These are considerations which we must bear in mind in examining this question in a dispassionate spirit. Why are motor buses popular with the ordinary people? Why do they prefer them to railway trains? We must seek reasons for this preference. Not only are the fares on these buses low but people get certain amenities on these buses which they do not get on railway trains. Our third class passengers have to suffer very great hardships. The ventilation in these compartments is very bad; the sanitary arrangements are perfectly disgraceful—I think I am not using a very harsh word. I have travelled by a bus myself and I can assure the Honourable Sir Muhammad Zafrullah Khan that a bus is much more comfortable than a third class railway compartment, and as one who has had some experience of bus-travelling I can say that one has the feeling that one is one's own master in a bus. There is that feeling; if you are going in a bus or motor car you feel in some ways happier. The third class passengers have very legitimate grievances. They contribute a great deal to our railway exchequer. We think of the first class passenger; we think of the second class passenger; I do not know that we think very much of the intermediate class, but we never think of the third class passenger. Therefore I think that if we improve the condition of third class travel in this country, then railway travelling would become more popular and railways would be in a better position to compete with the motor bus. If you want to improve railway revenues, you must make railway travelling more attractive. By increasing fares we are not going to make railway travelling more attractive. The poor man, the cultivator has been hit hard by the world economic depression, he is being hit hard by the monetary policy of the Government of India, and if you add to all this increased fares you will hit him harder still. I think that it is not fair and we, Sir, should be opposed



to any increase in railway fares. We have no right to increase railway fares until the conditions of travel also improve.

**THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN :** How can you have it both ways ?

**THE HONOURABLE MR. P. N. SAPRU :** I think you can have it both ways. If you provide more amenities then more people would travel because they would be attracted by your trains. They hesitate to use your trains today because they are not satisfied with the treatment they get as third class passengers. I have observed how the railway staffs behave towards these people. I think it is only these people who can tolerate the way they are sometimes treated, and I think it is not right that human beings in the 20th Century should be treated as they are treated on some occasions by our railway staffs. I do not say that a policy of co-ordination between the railways and the motor bus interests is not desirable. As a matter of fact my own inclination is always in favour of greater State control, and I should be prepared to support some co-ordinated policy on the lines suggested by the Mitchell-Kirkness Committee's Report. I have got that passage, Sir, here. I quoted it last year.

"The evils from which public service motor transport is suffering are largely due to excessive competition, unemployment among buses, and their concentration on the more populous routes. The number of licenses for buses on any route might be restricted; the issue of time-tables, publication of schedules of fares and compulsory insurance might be prescribed. Such control would raise the business to a better and more economic condition".

Then, Sir, there is just one other observation and that is in regard to the recommendations of the Whitley Commission about the joint standing committee. I was going through the very valuable report on the action taken by the Government of India in regard to the recommendations of the Royal Commission on Labour in India and I find it is stated there that no action has been taken yet to set up the machinery indicated by the Whitley Commission. I am one of those who believe in industrial peace and I think the Whitley Commission rendered great services to this country and one of the valuable recommendations they made was in connection with the joint standing committee, and I would like the railway authorities—I think there have been some discussions between railway men and the railway authorities—I would like the railway authorities to take up this question at an early date and implement the recommendations of the Whitley Commission in regard to these joint standing committees. These are all the observations that I have got to make on this Budget.

**THE HONOURABLE THE PRESIDENT** (to the Honourable Saiyed Mohamed Padshah Sahib Bahadur) : I would like you to be as brief as possible, because I intend calling the Railway Member at 4-15 to reply to the debate. There are other speakers also.

**THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR** (Madras : Muhammadan) : Sir, whatever may be our disappointment at finding that railway finances are still in the grip of depression, we cannot but congratulate the Honourable the Railway Member and the Honourable the Chief Commissioner for the courage and candour which they have displayed in preparing the budget for this year and for presenting a true picture of the real state of affairs. Sir, if the press of the country is any index of the public

[Saiyed Mohamed Padshah Sahib Bahadur.]

opinion, the Honourable the Railway Member has already succeeded in winning the confidence, the sympathy and appreciation of the people. It is said, Sir, that by the simple candour which he displayed in his speech yesterday in the other House and by the readiness with which he took the whole House into confidence, he was able to disarm all criticism and proved himself to be a consummate statesman who knew well how to handle a difficult and delicate situation. Sir, I feel that it is a happy augury—a clear and strong assurance of the way in which the Honourable Member has set about his work.

(At this stage the Honourable the President vacated the Chair which was taken by the Honourable Rai Bahadur Lala Ram Saran Das.)

I feel, Sir, that the note of restrained optimism and cautious hope which he has expressed when he concluded his speech in the other House on the Budget will ultimately bring results which would be more happy, more substantial and more permanent than has been the case hitherto. Nevertheless, Sir, I feel that we would be failing in our duty if we did not sound a note of warning. In trying to improve railway finance the Honourable the Railway Member should have to make up his mind for a complete and thorough overhaul of the present railway system. Mere tinkering will not be of any avail. Just about this time last year it was thought that we had emerged from the slump of depression and high hopes were entertained of our being set on the road to recovery, but just then a downward tendency had set in which has persisted since and has resulted in belying all those high expectations and hopes. This calls for a close examination of the present system. Again, Sir, I would refer to another aspect which has been commented upon by some of my Honourable friends who have taken part in this debate today. It is in regard to the inability of the railway services to cope successfully with the competition that comes from the road transport. Sir, it is a matter of common knowledge that in Western countries the road transport is very much more highly developed and organised than in this country, but in spite of all that the railways there are perfectly in a position to hold their own against the challenge from this rival means of transport.

THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN : Are you quite sure ?

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR : I have got my own personal experience of the fact.

THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN : I am afraid I am not quite sure of that ; I am rather inclined to think it is the other way.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR : I feel that it is due to the fact that our railways are not quite so attractive to the travelling public as they ought to be. We know that the traffic which is diverted to the motor lorries and buses is the third class passenger traffic and this traffic is diverted because of the want of amenities in the third class journey on Indian railways which have been so much commented upon by some of my Honourable friends here.

Sir, in this connection I would state that it would be highly inadvisable for the railway authorities to try to put any obstacles in the way of this motor transport. In view of the fact that every effort is needed at present to open

up the countryside, there should be no handicap upon any means of transport which would go to open up the country. In my opinion the better course and the saner course for the railways would be not to try and get any undue restrictions imposed on motor traffic, but to improve its own condition and to provide some amenities for the travelling public in the third class. They must make an effort at least to provide them with something like human comfort and human accommodation.

Again, Sir, we are all aware that about the middle of the year before last a Crop Planning Conference was held. As a result of this conference railway authorities were placed in closer touch with the officers of the Provincial Governments who were endeavouring to help the agriculturist to find a market for his crop. I should like to know what the railway authorities have done in order to encourage this home market and I would submit that in any modification that might be effected of the rate, they might have this objective in view and see that every modification is so designed that it would go to stimulate the home market.

Now, Sir, just one more point and I have done, and that is about the long standing grievance of my community which has been ventilated already by so many of my Honourable friends who have taken part in the debate. Sir, it is very discouraging to see that in spite of all that is done to adjust communal inequality, the position of the Muslim community has gone from bad to worse.

As my Honourable friend Mr. Hossain Imam quoted figures this morning to show that the percentage of Muslims in the services has come down from 22·6 in 1925 to 21·7 in the year ending 31st March, 1935. It looks as if we are progressing just the other way. I realise, Sir, that this is not due to any negligence on the part of the Railway Board and the railway authorities here but to the way in which their instructions are acted upon by the railway agents in various parts of the country. It looks as if every device is resorted to to keep out Muslims from the railway administration. The other day I am told there was a vacancy in the commercial branch of the South Indian Railway. This was given to a non-Muslim. But when another vacancy occurred in a technical branch—the Engineering branch of the service, that vacancy was regarded as a specifically Muslim vacancy. The authorities there should have been aware that in trying to help a community which is so poorly represented in the service they ought not to throw open to the community only such posts as carry technical qualifications. These are the devices by which Muslims are kept out of railway service. In my province, Sir, there are two railway companies working, the South Indian Railway and the Madras and Southern Mahratta Railway. In each of these companies there are about 150 officers and in one company, that is, in the South Indian Railway, out of 150 officers there are only two Muslims and the Madras and Southern Mahratta Railway seems to have taken care to keep out Muslims altogether from the officers grade. I wonder, Sir, how in spite of the instructions that were issued to these companies from the Government of India they have been able to go on as they have been doing for so long?

Sir, I would just say one word about the talk of efficiency that was indulged in by some of my Honourable friends here. Sir, I deprecate with all the emphasis at my command any insinuation that efficiency is likely to suffer if an attempt is made to adjust communal inequalities. I know, Sir, there is a sufficient number of qualified and competent men in every class and community in India who would be quite enough to take up all the positions of responsibility in the administration of the country. Railways, Sir, are utilised by every class and community in India. Railways is a branch o

[Saiyed Mohamed Padshah Sahib Bahadur.]

service which caters for the needs of all classes and communities in the country and it is but fair that every attempt should be made to see that every important community is represented properly in the administration of railways. Sir, to secure this kind of communal representation in this particular branch of service I feel, Sir, will appeal to every just-minded person and anybody who is a nationalist and who demands that the right of Indians should be admitted to their share in the administration of the country cannot take any reasonable objection to this most reasonable demand that every class and community in the country should have their due share in the administration of the railways. I do not want to dilate upon this point and I would conclude by saying that my Honourable friend who is now adorning the Chair made a suggestion that in cases where Muslims are found to be more than 60 per cent. in service there should be no further recruitment of Muslims and in services where they are less than that there might be recruitment. Proceeding on this basis, I feel that in places like mine where Muslims are so few and in some branches of service they are not represented at all, they might be recruited now so that they might reach their 25 per cent. and I would gladly accept their being shut out from services where they are in excess of this percentage.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern : Non-Muhammadan) : Sir, once more, in the words of the Chief Commissioner of Railways, the picture of the Railway Budget that has been presented this year is a gloomy one—far gloomier than any of Government's reasonable hopes led them to expect. The Honourable Sir Guthrie Russell in this House as well as the Honourable the Railway Member in another place dwelt at some length on the causes which have contributed to the unsatisfactory state of railway finances, and the Chief Commissioner was optimistic about the future. But in my opinion there is little hope of a number of these causes being removed in the near future and so the financial position of the railways must continue to be unsatisfactory for several years to come. The Government anticipate increased earnings of a crore as a result of alterations in rates and fares which the railways have introduced or intend to introduce during the current year. But I am doubtful if in this way the earnings will be increased. While, to my mind, increased earnings, in view of the unsatisfactory economic conditions, are problematical, the working expenses will be increased by Rs. 28½ lakhs : I will urge on the railway authorities that the question of increasing rates and fares should be carefully considered before effect is given to it because in my opinion in this matter the authorities should proceed with caution. The other method proposed to increase earnings is to stop the loss of revenue due to ticketless travel by enacting legislation to enable Government to cope with the evil. This is a matter in which all reasonable proposals should I think receive our support, provided of course they are reasonable.

But in my opinion the deficits in future can be reduced if the cuts in salary are re-imposed and further economies are introduced. The main reason for the deterioration in the financial position of the railways, to which no reference has been made either by the Railway Member or the Chief Commissioner of Railways, is the enormous increase in interest charges since 1924-25. In that year they amounted to Rs. 23,90 lakhs and in 1936-37 they are estimated to amount to Rs. 31,11 lakhs. Reckless and extravagant capital expenditure, if I may say so, in the past is largely responsible for the present plight of the railways. It has not been justified by results. The

deficits for the six years 1931-32 to 1936-37 would if I mistake not total Rs. 46 crores. If the interest charges had stood at the figure of 1924-25, there would have been a substantial surplus in spite of the fall in earnings. It is high time that the Government considered how far it is advisable to incur capital expenditure out of borrowed money in future if the position is not to get worse further.

Now, I wish to deal with one or two specific points of grievance. Firstly,

4 P.M. I wish to bring to the notice of Government the fact that the North Western Railway section between Meerut and Saharanpur is sadly neglected in the matter of running of through railway carriages. Formerly, through carriages used to run on this section for Hardwar which is a great Hindu pilgrim centre. But since the introduction of a through train between Delhi and Dehra Dun on the Gajraula-Chandpur Siau section of the East Indian Railway, all through carriages on the North Western Railway section between Meerut and Saharanpur have been discontinued. Consequently, passengers going to Hardwar from stations lying between Meerut and Saharanpur have to change trains invariably at Saharanpur and at times at Lhaksar also. On the other hand, passengers going from this section in the other direction, *viz.*, to Moradabad have similarly to change at two places, namely, at Meerut and Hapur. I would request the railway authorities to re-introduce the running of through carriages over this section in either direction, namely, for Hardwar, and Moradabad, for the convenience of the travelling public.

The other point that I wish to emphasise in connection with this railway section is the lack of sense of proportion in the matter of train timings. While in some cases trains run in the same direction within an hour or two of each other, in other cases there is an interval of as many as 10 hours between one train and another. I wish that a better sense of proportion should be observed in fixing train timings on this section in future.

Lastly, Sir, I would request the railway authorities to examine the question of introducing servants' tickets for inter class passengers. I hope Government will consider this proposal in the interest of the railways themselves.

THE HONOURABLE SRIJUT HERAMBA PROSAD BARUA (Assam : Non-Muhammadan) : Sir, I would like to make a few observations in connection with the Railway Budget. We have carefully listened to the speech of the Honourable the Chief Commissioner at the time of the introduction of the Budget and to the doleful tale of the losses. But we are very thankful to him for the frank way in which he has presented the Budget. Sir, we are in a very unenviable position with regard to railway finances, and the main reason adduced for this unenviable position are the world depression and general collapse of commodity prices, the striving after self-sufficiency by almost every country in the world including India and the increase in competition, or in other words, the rail-road competition.

As regards world depression, we have no hand over it and we must wait till times improve. As regards the striving after self-sufficiency or the tariff policy of the nations of the world, we are told that this striving after self-sufficiency is replacing the long lead traffic by short lead internal traffic. Sir, all that I understand by the long lead traffic is that it is mainly meant for traffic to and from ports and I am glad that this traffic is being replaced by the short lead internal traffic. As a matter of fact, we really do not want that the foreign importer should dump his goods in the country and export the raw materials out of it, and I think that the railway system, which is a national asset, ought to be glad that the internal traffic is increasing and that the

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internal trade is on the way to rise. If the material prosperity of the country improves, I am sure it will go a great deal to contribute towards the general prosperity of the country and of the railways as well. The last factor, we are told, which is contributing to this unenviable position is the rail-road competition. Sir, I entirely agree that there should be co-ordination between the railway and motor transport and that each should be complementary to the other. But, Sir, if there be any desire on the part of the railways to handicap the motor traffic, we cannot countenance such an idea. If the railways feel that there has been some competition going on, and the competition is serious, it certainly does not go to the credit of the railways very much. If the railways mend their ways, I am sure that the traffic would not be diverted to the roads. In this connection, last year, when I had the privilege of addressing the House, I suggested that lower class railway compartments, particularly third class compartments, should be made more attractive and that electric fans and other amenities, more sleeping accommodation for night journeys and better water supply and latrine arrangements should be provided for.

(At this stage the Honourable the President resumed the Chair.)

As a matter of fact, the third class passengers are the best customers of the railways. They are the best paymasters, and if they feel that they do not get amenities as they ought to, it is but natural that they should give up travelling by railways and take to motor buses. In this connection I would like to refer to an extract from a speech of the Honourable the Railway Member, delivered at the annual meeting of the Indian Railway Conference in Simla in October, 1934. It reads thus :

" Whatever may be the strictly narrow view of such competition, present and prospective, we must all admit that in the larger interests of the country it is good that it should exist, for only through such rivalry can the public be assured of the maximum efficiency in service at a minimum cost. Apart from everything else, such competition is inevitable, and there is only one sound method of meeting it. So long as railways do not live in the past, so long as they endeavour strenuously to meet fully, efficiently and effectively the ever varying demands of the present and yet keep their eyes searchingly on the future and its possibilities, so long and no longer will they endure successfully ".

Sir, India is a country of villages. The Royal Commission on Agriculture, the Linlithgow Commission, also recommended that the roadways of India linking up the countryside with the towns should be improved. That was one of the main recommendations of the Linlithgow Commission, and if the roads are improved, I am sure, the revenue-yielding power of the country will improve and also the purchasing power of the people and the village ryots improve along with it. If we are to stifle motor transport it will be ruinous to the country. There are vast tracts of country in India which are still unexplored, and this particularly applies to my Province of Assam, where the roadways are inadequate and very poor. Give us more railways and roadways and I am sure, a province like Assam, full of precious resources, will develop and will not disappoint you.

Now, Sir, if we are to make the railways more attractive I would suggest that instead of increasing the rates and freights, we should rather lower them. There might be some loss in fares presently but I think in the long run it would be attracting more passengers and traffic make the railways profitable. I look with alarm on the prospect of the rates and freights being enhanced, particularly in my part of the country. Rates of third class fares are already too high. At present the rate obtaining in the Assam Bengal Railway is four

pies per mile, for both long and short distances, and any increase on that will be the last straw on the camel's back. Of course I have learnt that some concession in the fares on the Assam Bengal Railway is going to be made in the Bengal section running between Chittagong, Mymensingh and Badarpur. But in the section that runs in Assam between Tinsukia and Pandu the rates remain as high as ever. This railway has been paid well by the traffic from my part of the country and Assam has contributed sumptuously to the receipts of this railway. But what is the share of the Assamese people in the administration and services of this railway and also of the Eastern Bengal Railway? I do not want to repeat what I said last year. Suffice it to say that the Assamese element in the service of these railways is almost nil. The Honourable Mr. Hossain Imam today referred to the percentage of Muslims employed in railway services. Sir, although I come from a non-Muslim constituency, I am the only member from my province and I feel that I also morally represent the Muslims of my province. I do not want to quarrel over percentages. I will be satisfied if the Assamese are given their due share in the employment on these railways, no matter whether they are Muslims or Hindus. I would be satisfied if Muslims alone are employed provided they are Assamese. I am rather in a happy position that we have no real communal problem.

Sir, I will refer to one more grievance in connection with a certain railway in my province, the Dibru-Saidya Railway. In the last Simla session I asked the Government if they knew that this railway has coaching stock which is not equipped with communication cords or alarm signals and if they were going to direct the authorities of this railway to fit their coaching stock with such signals. Sir, I am disappointed to find that in a statement laid before the House the other day I am given to understand that this is a fact but as the railway runs only short distances between stations, the greatest being  $7\frac{1}{2}$  miles, these cords are not necessary. This is a metre gauge railway. I wonder if accidents might not take place in a distance covering  $7\frac{1}{2}$  miles. We have heard from the Honourable Mr. Banerjee that when he was travelling to Delhi the other day he was robbed of his box with valuables, in spite of the vigilance of the watch and ward staff. And it is with some concern that I read in a newspaper the other day that the brother of our Honourable the Railway Member had a very alarming experience of finding a dagger plunged into the mattress of his sleeping berth occupied by him in the railway compartment while he was travelling; and all that taking place in spite of the vigilance of the watch and ward. If such things take place in places where there is sufficient vigilance, I wonder whether there is any safety in places like Assam, where there is absolutely no vigilance of the watch and ward. Sir, I bring this matter to the notice of the Railway Board.

With these few words, Sir, I resume my seat.

THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN (Member for Commerce and Railways): Sir, it has been a great pleasure to me to come back to this House and to meet so many of my friends with whom I had the honour to serve as a Member of this House almost four years ago. While I have been listening to the debate on the Railway Budget, I have been struck by the fact that although this is a much smaller House than the other House, the range of criticism and suggestion that I have to deal with at the end of the debate is very much wider than I had to deal with yesterday. That of course is primarily due to the superior wisdom of this House, but partly also perhaps to the fact that Honourable Members have had one day longer to consider the Railway Budget and also I think to some extent to the habit which Honourable Members in this House have of reducing their thoughts into writing in

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advance, a habit which certainly conduces towards precision and the compression of a great deal of matter into a comparatively short space; but however salutary that habit, it has increased my responsibility inasmuch as within almost the same space of time that I took yesterday in the other House I have to deal with a much larger number of suggestions that have been put forward.

Sir, I am extremely grateful to Honourable Members for all the help, and the very kindly help I must say, that they have offered to the Chief Commissioner and myself in their criticism of the Railway Budget and the very sympathetic attitude that they have displayed towards those upon whom rests the responsibility for the administration of the Indian system of railways. In dealing with that criticism, I propose to follow this method. I shall first try to clear up one or two matters with regard to which Honourable Members have said that they did not get as clear an explanation from the documents supplied to them as they expected. I shall then deal with some of the matters upon which several Honourable Members have touched, which are of a general nature, and I shall finally try within the limits of the time then left to me to deal with such individual criticisms of a comparatively important character, with which it might be possible for me to deal at that stage.

Now, the first matter with regard to which an Honourable Member complained that they were not quite clear as to what was meant was the matter referred to by the Honourable Mr. Hossain Imam with regard to the rate of interest. He pointed out that at the bottom of page 9 of the Explanatory Memorandum of the Railway Budget it was said that a reduction in the interest charges was

“ due to a fall from 5·20 per cent. to 5·04 per cent. in the rate of interest charged on railway capital expenditure after 1916-17 ”.

The criticism was that the interest charges provided for in the Budget indicated a rate of interest of close upon 4 per cent., to be exact 3·9 per cent., and the Honourable Member was not able to understand why the rate was mentioned in this particular sentence as standing at 5·04 per cent. The explanation is that up to 1916-17 there was a fixed rate of interest, a fairly low rate of interest, and since then the rate of interest upon the capital that has been added to the capital at charge after 1916-17 has been comparatively high. This 5·04 per cent. is not the rate at which interest is being paid during the current year, but the average rate spread over all the years between 1916-17 and 1934-35. The present rate of interest actually is, as I have said, 3·9 per cent. and as the rate of interest continues to be reduced, railway revenues will continue to get the benefit of it. As has been explained in my speech and as a matter of fact explained in the Memorandum itself, we expect that a further reduction ranging from about Rs. 25 lakhs to Rs. 50 lakhs a year increasing from year to year will be enjoyed by railways during the course of the next few years. The next matter with regard to which an explanation was required by the same Honourable Member was with regard to the reduction in the capital at charge of the Burma Railways. He referred to page 17 of the Administration Report and wanted an explanation as to how it was that in 1932-33 there had been an adjustment which showed that the capital at charge in respect of the Burma Railways could be reduced by Rs. 90 lakhs, and he wanted an explanation, for in default of an explanation he thought he would be justified in suspecting that that was being done in anticipation of the separation of Burma in order to show that somehow this was a windfall which might result from separation. That, Sir, is not so. The explanation of this writing off of Rs. 90 lakhs in the capital at charge of the Burma Railways is that the



rate of exchange at the time that the capital was borrowed was more unfavourable to the rupee than it was at the time when the Burma Railways were acquired and that capital had to be paid off. The Burma Railways were acquired in 1929 and the capital at charge was paid off partly in 1929 and partly I believe in 1932. Government had to pay Rs. 399 lakhs in order to pay off the £3 millions share capital which had originally been valued at Rs. 489 lakhs. The difference was Rs. 90 lakhs, so that after this payment had been made in 1929, and the debenture stock was paid off in 1932, the Rs. 90 lakhs had to be written off. Another matter with regard to which an explanation was required was the rate of interest paid on provident funds. A point was sought to be made that as the ordinary rate of interest was now so low, if we continued to pay a high rate of interest on accumulations of the provident fund we would be losing a considerable amount every year and that if we reduced the rate of interest to the ordinary bank rate we would be saving as much as—I think the Honourable Member mentioned—Rs. 80 lakhs a year. Well now, the fact is that, the minimum rate of interest paid on provident fund deposits is 4 per cent. Above 4 per cent. it is regulated with reference to the average rate of interest during the previous five years so that if the rate of interest has been low during the previous five years, the benefit begins to appear after the five years are over and so on. But apart from that altogether, even if it were feasible—which it is not—to reduce the rate of interest (as a matter of fact it is a contractual obligation and the rate of interest cannot be reduced arbitrarily) the liability is that of general revenues and not of railway revenues. General revenues are in charge of this provident fund and therefore if they have to pay more in the way of interest on it than they are able to earn by way of interest on it or by way of investment on it, it has to be made up by general revenues and not by railway revenues, so that, as I have said, even if a reduction were feasible, the benefit would not go to railway revenues. Now, Sir, I might, as I said, turn to the more general criticisms of railway policy or of those matters that were mentioned in my speech or in the speech of the Chief Commissioner of Railways. One matter referred to was the proposed alteration in rates and fares and it was said : Well, you must do that very carefully, if at all, because it is very probable that if you raise your rates and your passenger fares, the likelihood is that you will not gain very much in the way of revenue and you might drive away custom which you might find it difficult afterwards to regain. As regards that, Sir, I have already explained in the other House and I shall briefly explain here that the attitude of railways is that there is not a very large scope for any increase in passenger fares or in rates of freight. They are conscious of the fact that if there were any drastic increases, they would either result in further reductions in earnings by driving away traffic which may not subsequently be recaptured or injure certain trade or commercial interests, and that therefore, if they resort to any increase in this respect, they must do so very carefully and only in such cases where they are reasonably certain that neither of these contingencies would result. Now Agents and their officers who have examined this aspect of the question are just as human as anybody else. One Honourable Member said : Well, if you can guarantee an increase in earnings without injuring any other interest, you may do so. I am afraid we cannot guarantee anything of the sort. But having looked into the matter carefully, the Agents have made their proposals, or are about to make them, and we have every reasonable hope that without injuring any interest that the Honourable Members have at heart we might be able to add a crore or a crore and a quarter to railway earnings.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :** But this hope will fail !

THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN: That the Honourable Member has already said! We differ on that point. I am hoping that at the end of the year he may be proved to have been a false prophet!

Again, it has been suggested that in dealing with these matters generally, *i.e.*, the fixing of rates, the railways have not paid much regard to the development of industry or the fostering of internal trade or helping agriculture. Again I differ from those Honourable Members who are persuaded that that is the case. The railways are at all times careful so to adjust their rates as not to injure any of those interests and to help wherever they can consistently with their duty to see that the railways do not incur any greater fall in earnings than may be absolutely unavoidable. There are two ways of looking at this matter. One is the adjustment of rates and fares in such a way as to help those interests and to foster them without neglecting the interests of the railways. The other way is to use railway finances to provide indirect subsidies for those interests. I am afraid the latter is not the view of the railways. If, as was explained by my predecessor, Sir Joseph Bhole, the latter happens to be the policy adopted by Government, any subsidies that have to be provided must either be provided directly or the railways must be distinctly told that they must provide indirect subsidies to a certain extent to certain trades or industries or certain forms of agriculture and Government must be prepared to absolve railways from their financial responsibility to that extent. But within the limitations that I have submitted, it is always the policy of the railways in their own interests as well as in the interests of the country to see that their rates are so adjusted as to encourage industry and trade as well as agriculture, because after all it is only by fostering the progress of the country in these matters that the railways can continue to hold and to increase their traffic.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: What about surcharges on coal?

THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN: I am coming to that.

In this connection there was some criticism of one of the explanations given with regard to the fall in railway revenues. It was said: When you refer to the policy of self-sufficiency and the increase in internal trade and means of production as one of the causes of lower railway earnings, you are entering a very dangerous field for the reason that this policy is absolutely necessary for the prosperity of the country. That being so, you must not desire that the prosperity of the country should be arrested or sacrificed to the interests of the railways. Sir, let me assure the Honourable Members who had an apprehension of that kind in their minds that in putting forward that as one of the explanations for the fall in railway earnings I did not at all indicate or desire that the policy should be altered. I was not for the moment discussing the merits or demerits of that policy. All that I did in my speech was to cite some illustrations to show that an increase in the prosperity of the country in one direction might react on the earnings of railways in a contrary direction. I was merely giving an explanation and as a matter of fact expressed the hope that if there was any increase of prosperity in the country as a result of those tendencies, railways would also share in that prosperity and they might regain a sound financial position, but in the meantime they were bound to suffer a fall in earnings before the country was able to adjust itself to new conditions. I hope Honourable Members will not consider that by

putting forward these factors as explanations I meant in any sense that these policies should be reversed. Those policies must be examined on their own merits, and whatever decision concerning them is arrived at must be on the basis of those merits.

Then, Sir, reference was made to the co-ordination of rail and road transport. There too, we were urged to accept the position that motor transport as a competitive means of transport had come to stay, and that it served many needs which the railways could not serve. I fully recognise and accept that. The railways recognise that motor transport has come to stay and also recognise that motor transport is necessary to meet many of the needs of the country. I think I said in my speech in another place that the country is not by any means either fully developed or supplied with adequate means of transport in all respects and from that point of view the railways welcome the appearance in the field of an alternative mode of transport. All that the railways desire is that these two modes of transport should be used in such a manner as to provide the maximum of facilities for transport in the country, spread over various areas, and that they should be directed to the service of various areas in such a manner that the best possible use might be made of them. One method of doing that would be to secure—I will not go into details just now as time would not permit of it—that both should endeavour to serve and open up such areas as require transport facilities and should be complementary to each other, the railways serving to bring goods and passengers to points from which they might be distributed over the country by the buses, and the buses bringing passengers and goods to the railways from where the railways might carry them to other parts of the country and so on. At present, what is happening is that this uncontrolled and un-regulated competition on the part of motor transport encourages these people to offer a very uneconomic form of competition at places where the country is well served by other means of transport, neglecting areas where means of transport would be a blessing and would bring the produce and residents of that part of the country in contact with markets and areas to which they desire to travel. The kind of regulation and co-ordination that the railways desire is that such control and such precautions as are considered reasonable, most of which have already been agreed upon between the provinces and the centre, should be strictly enforced. That is to say, if a bus has a licence permitting it to carry a certain number of passengers or a certain quantity of goods, it should be seen that it does not carry more than the permitted number of passengers or the permitted quantity of goods, as that kind of thing, apart from being an unfair form of competition with other means of transport, involves danger to passengers and risk of damage to goods and in the end is extremely uneconomical for the owners of these buses themselves. Another form of co-ordination or control that might be desired would be a stricter enforcement of regulations regarding the safety of the people who travel on motor buses. This would put this form of transport on even a better basis to compete with the railways than at present. There is no idea of either obstructing, as some Honourable Members have said, or of handicapping motor transport in any manner whatsoever. A third form towards which this co-ordination might be directed would be such adjustments in provincial motor taxation as would facilitate the provision of motor transport over such areas as are at present neglected by motor transport because they find it easier to run on main roads, on metalled roads and on roads that run parallel to the railways and difficult to run their services on feeder or unmetalled roads.

In this connection, it was mentioned that the railways are losing traffic to motor transport because they do not provide amenities for third class passengers. Without taking up the position that everything possible has

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been done for the third class passenger and that there is no room for improvement, for I admit that there is room for improvement in several directions, I might say that it has not been pointed out with regard to the actual conditions of travel on the railway and on the motor bus in what respect the railways fail to provide amenities for the third class passenger as compared to motor buses. Reference has been made to some inconveniences which third class passengers suffer in their attempt to use the railways as their means of transport in preference to motor transport. That is a separate matter and I agree that with regard to that class of inconvenience there is considerable room for improvement although in that respect perhaps I might be differing from those who are in actual charge of the running and administration of the railway system, and I have taken occasion to impress upon them the necessity of looking into these matters more closely, and as time goes on I hope to be able to convince them that there is some necessity of looking into these matters more closely. For instance, the Honourable Nawab Muhammad Din has referred to two or three matters which may be considered of little importance ordinarily but which affect the convenience of a certain class of third class passenger. For instance, he said that in many places booking office windows are not opened well in time to enable all the people who may wish to travel from that particular station to buy their tickets comfortably. The Honourable Mr. Sapru referred to the fact that he has had experience of travel by motor buses as well as on railways and therefore he can compare from his own experience one with the other. I too might claim that I have had experience of both kinds of travel and in all classes of railway carriages myself, and from and to all sorts of stations which perhaps does not fall to the lot either of an Agent or a Divisional Superintendent, and therefore, I am able to confirm in some instances the experience of Honourable Members. I had occasion to travel only as lately as the 1st March last in a third class compartment—I did so deliberately—from Lahore to a station about 40 miles out and back the following day or two days later. Honourable Members will be amused to hear that when I attempted to purchase tickets on the return journey, I did not find the window open in time to enable everybody to buy their tickets before the train steamed into the station.

One or two other matters of a similar description were touched upon—that the subordinate staff are not as courteous as might be desired towards the third class passenger. I do not know whether I can confirm that myself, but I certainly will go so far as to say that they certainly are not as helpful as they might be to the ignorant, illiterate third class passenger, more particularly to the old men and old women from rural areas who whenever they arrive at a big station are entirely bewildered and do not know what to do. I have noticed that myself. So that Honourable Members will perceive that these are not matters that I am likely to neglect and I have taken occasion already, to impress upon Agents of railways the greater need of paying attention to these matters. I am quite sure that it is not so much the lack of amenities that frightens away that class of passenger from railway stations as his fear that he is subjecting himself to rigorous control and official routine when he travels on a railway and his desire that he would be rather free, in a motor bus, though far less comfortable, than subject himself to control at a railway station and in a railway train. I think it is a case of sacrificing his comfort so that he may retain his peace of mind. I am quite sure that now that I have given expression to these feelings on my own part, not so much as Railway Member but as a private citizen who has had experience of these things and has observed these things himself, there might be expected to be

some improvement in these respects. The real need is to go on impressing upon the subordinate staff the fact that they are there for the service of the public. (Hear, hear.) Most unfortunately—and I say it with pain—in this country wherever a person is invested with a little authority—and the smaller the authority the worse the case—he uses it more to render people uncomfortable than to make them comfortable, and I am afraid a certain class of railway employee is no exception to that. Again I am not taking shelter behind that national failing; I am hoping that in course of time, after this is repeatedly brought to their notice, and possibly by judicious encouragement of those who exhibit a greater spirit of service than others, we might be able to attain a better standard of consideration and courtesy towards third class passengers.

Then, Sir, some reference was made to ticketless travel and it was said that we must not deal with that too harshly or make it too penal because the law might in that case become an instrument of oppression. Suppose, it was said, a man loses his ticket and cannot find it, will you prosecute him and send him to jail? There is no such intention. The proposed amendments of the Railway Act are designed to secure that either a passenger who is discovered travelling without a ticket shall pay the fare and the penalty due from him, and if he does pay it there shall be no further molestation of him or interruption of his journey, or that he shall be punished for defrauding the railways of their due charges. Wherever a man has lost a ticket the rule provides that he should be called on to pay the fare, but if he can prove that he did actually purchase a ticket he can always apply for a refund. It is obvious that if a man has not a ticket the burden of proving that he did purchase a ticket and has lost it must be upon him.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** Is that practicable?

**THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN:** Oh, yes. If he fails to prove it naturally he must suffer the loss. Supposing my Honourable friend, instead of losing a ticket, was to lose a ten-rupee note while he was travelling on a railway. Does he think anybody would make it up to him unless he was able to prove that a particular person took it from him? In the case of a lost ticket, unless he can prove that he had purchased the ticket he must pay the fare.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** Two hundred people may have bought third class tickets from one window, how is the booking clerk to identify one among them as having purchased a ticket?

**THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN:** I am not here to provide the Honourable Member with the means of proving that he did purchase a ticket, or rather with the means of getting over the consequences of his own negligence. But what is to be done? Are you to accept a man's mere statement that he did buy a ticket? If you are going to do that, you might as well dispense with charging passengers for travelling on the railways at all. It is not the intention that any person who loses his ticket should be prosecuted. If he pays the fare and the penalty leviable he will neither be prosecuted nor will his journey be interrupted.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** What if he has no money?

**THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN :** There is no proposition in the world which cannot be criticised by putting forward an extreme case and asking what will be done in such and such a case. However, Honourable Members will have plenty of time to discuss this question when the proposed legislation comes to this House for its consideration.

Then the next matter which I might briefly advert to is the suggestion put forward that railways should provide for the manufacture of locomotives in this country. Now, I am quite sure Honourable Members are aware that there was a debate in the other House on a Resolution asking Government to make provision for the manufacture of locomotives. The Government case was stated by me and is reported in Volume V, No. 3 of last year's reports from pages 365 to 372. If I were to attempt even the briefest summary of the Government case on that occasion I am afraid I would be detaining the House to an unconscionably late hour. Those Honourable Members who are interested in this question will no doubt look up the debate and discover the Government view stated there. Briefly, it was that at the present moment and in the present state of railway finances it was financially not at all a feasible proposition. During the course of the observations of one Honourable Member in this connection the Honourable the President was pleased to point out that it was open to anybody to set up, if it was a feasible proposition, a manufactory of that description by forming a company for the purpose, and the Honourable Member replied that that had been done but the railways were not at all helpful. I am afraid that is not a correct statement of the case. I have given a detailed history of that company at pages 365, 366 and 367 of that debate. A company was set up called the Peninsula Locomotive Company in the early twenties of this century at Tatanagar, and I said in that debate that from the very beginning they felt the need of State protection if they were to be able to compete with industries of a similar nature outside the country. I then referred to our stores purchase rules and said we were quite willing to show a reasonable amount of preference in placing our orders with that company. Nevertheless it was found that the company could not offer prices that were at all competitive, even allowing for a reasonable amount of preference, and therefore they had to stop the manufacture of locomotives. Then they went on to the manufacture of boilers. They could not continue even that. Then the Government had to take over that company's assets and liabilities in order that they should not suffer too great a loss; and Government too after a time had to close it down. That is the history of this particular enterprise. I cannot at this stage go into the details of that matter. Honourable Members will find the considerations for and against such an enterprise in that debate and the Government position stated by me in my speech towards the close of the debate.

Then, Sir, reference was made to the need of amalgamation of various railway systems so that a saving might be effected in working expenses. Government do recognise that this is one of the modes of effecting savings in working expenses. For instance, after the Madras and Southern Mahratta and South Indian Railways have been acquired and both come under State management it would be quite a feasible scheme to amalgamate the two systems and effect a saving in working expenses. But there are several difficulties in the way, one of them being that, while the Madras and Southern Mahratta Railway's contract falls in at the end of 1937—and there is also an option to purchase this particular company at the end of 1942—the South Indian Railway's contract does not fall in till the end of 1945. Therefore there are various alternatives which Government are considering with regard to this particular scheme of amalgamation. Government have as yet arrived at no deci-

sion, as was explained by me in my speech on the particular Resolution relating to the acquisition of the Bengal and North-Western Railway and the Madras and Southern Mahratta Railway in the other House a few days ago. They have this matter under consideration and after giving due weight to all the relevant considerations which Honourable Members put forward in the other House and which have been indicated on the floor of this House this afternoon, Government will arrive at some decision as to whether the option to purchase these railways at the end of 1937 should or should not be exercised at the end of 1936. The option has to be exercised at the end of 1936 in order to give the required notice of 12 calendar months. Apart from the question of finance, there are other considerations which must be kept in view. There is the consideration of the Federal Railway Authority being set up in the course of the next year or two and as to whether it would be advisable to take over any of these company-managed railways in advance of the setting up of the Authority, or whether it would be more desirable to allow the Authority to come to a decision as they will have the responsibility of administering them. As I have said it might be quite feasible to amalgamate the Madras and Southern Mahratta and South Indian Railways, and if the Bengal and North-Western Railway is taken over it might be possible to amalgamate it, say, with the Eastern Bengal Railway system.

Then, Sir, a reference was made to Indianisation. Now, with regard to Indianisation, it is true that up till the end of 1934-35 the ratio of 75 Indians to 25 Europeans had not been made up, but I have looked into the recruitments that have been made or are proposed to be made during the course of the year, and I assure Honourable Members that at the close of this year the ratio will have been more than made up on the Indian side: and that being so, I do not think there can be any valid complaint that either the ratio is not being adhered to or that the ratio fixed does not sufficiently accelerate the pace of Indianisation.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: There is no Indian now as Agent of any State Railway.

THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN: One Indian Agent has just retired. Indianisation does not mean appointments to particular posts, more particularly to posts which can only be reached at the end of one's career.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I understand that there are some Indians who are suitable and eligible.

THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN: I have not said there are not. I have said that it is not a fair comparison, that it is not a fair test, that out of four State-managed railways unless there are three Indian Agents we cannot recognise that the proportion of 75 to 25 has been observed. The proportion applies to initial recruitment. As I have said, the Honourable Member is no doubt aware that one Indian Agent has only lately retired. Another Indian Agent would no doubt be appointed as soon as a vacancy occurs, for which the most suitable selection would be that of an Indian officer.

I believe I have dealt with—no doubt briefly having regard to considerations of time—the general questions that were raised and may I now, with your permission, Sir, within as few minutes as might be possible, deal with some of the specific suggestions, apart from general suggestions, that Honourable Members have made. Before I do that, however, I find that there is

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one general question with which I have not dealt and it is this question of accounting with regard to the loss on strategic railways. Now, it is true that on the average the loss on strategic railways is Rs. 2 crores a year, but as I have explained in detail in the other House the position is this. It is a mere question of paper accounting as to where you wish to put it. For their own satisfaction Honourable Members whenever they are considering the Railway Budget can always mentally strike off the deficit to the extent of Rs. 2 crores from the railway side and put it on to the Defence Budget if it so pleases them. I said that so far as the taxpayer is concerned it does not make the slightest difference whether this loss is put on the Defence Budget or is carried by the railways. It is not carried in a concealed manner. Everybody knows that and I think it has been the practice for the Chief Commissioner of Railways and the Railway Member to bring it out clearly in their Budget speeches, apart from its being perfectly obvious in the documents with which Honourable Members are supplied. But there is one particular suggestion made by the Honourable Mr. Hossain Imam with regard to this matter which deserves notice. He said there might be means of reducing this loss and if a reduction takes place, then ultimately the taxpayer would benefit to the extent of the reduction; that is perfectly true; but I am afraid that the suggestion he has made with regard to a reduction in this loss is not at all feasible. He suggested that the working of these lines might be handed over to the Army Department. I am quite sure that he is aware that though these lines are described as strategic lines, they are all the time open to ordinary traffic and that to a very large extent they are used by the ordinary citizen for travelling as well as for the transportation of goods. They are called strategic lines because their main necessity is for purposes of defence, not because they are reserved for the use of the Military Department, and I doubt whether under those circumstances the Honourable Member himself or other Honourable Members would be desirous that these lines should be worked by the military people. I am perfectly certain that if that were done within three months all Honourable Members would start beseeching Government that control should be taken back from the Army Department and handed to the railways. But then even supposing the Army Department took over the management of these lines, what is to be done during a war when everybody engaged in the working of these lines would be required for military duty? These lines would exactly during the contingency for meeting which they have been constructed cease to give the service for which they were intended.

With regard to the purchase of wagons, the Honourable Mr. Hossain Imam's criticism was that it is only adversity that has taught wisdom to the Railway Board. I am afraid he has not been fair to the Railway Board. The purchases to which he pointed out in the course of his speech were mostly in the nature of replacements. There were certainly additions also, a certain percentage, but those were for special classes of traffic, for instance, for the transport of petrol or the transport of molasses, for, new kinds of traffic had developed and a larger number of special class wagons had become necessary. The additions to the general service wagons were due to the expansion of ordinary traffic which we were experiencing at that time. We are no longer experiencing such expansion and have consequently reduced our purchases. In the other House there was a complaint that there was too much reduction in the purchase of wagons and that as a consequence the wagon-building industry was likely to go out of business. During the next year 3,500 general



service wagons are due for renewal and replacement and we are ordering only 750 new wagons.

I might next take up the question of communal recruitment to railway services. That is a subject on which one could take up a great deal of the time of the House, but there are only one or two observations that I desire to make in that connection. I will not enter into the controversy whether it is or is not desirable in the general interest that there should be any reservations for minority communities in the services. That is a matter upon which, whatever my own views might be, Government have given a decision and I am bound by that decision, but this assurance I can give to Honourable Members, that I shall not yield to pressure either from one direction or from the other to neglect or modify that decision in any respect whatsoever. I am encountering some difficulties in enforcing that decision and I shall try to get over these difficulties as well as I can. The Railway Board are doing all that they can to see that the decision of Government is enforced ; but it is a vast system, there are very large numbers of staff, there are inherent difficulties in the situation, so that everything cannot be accomplished in one day, but I think it is not true as some Honourable Members have alleged that after that decision was promulgated, though there has been an attempt to enforce the decision in the letter, there has been no attempt to enforce it in the spirit ; both the spirit and the letter are being looked after. On the other hand, Sir, I might assure Honourable Members who might be anxious on the other side that the fact that I am in charge of Railways shall not be permitted to operate to the prejudice of other communities, whose interests will be equally safeguarded within the limits of that decision. (Applause.) As I have said, difficulties crop up ; one has got to make compromises, make adjustments ; one could not get along without them ; but subject to that, everything that is reasonably possible will be done to implement the assurances that have been given on behalf of Government.

The next speaker was the Honourable Mr. Kalikar. I have dealt with several of the matters to which he made reference in the course of his speech. There is one matter on which I might make just one observation. The Honourable Member said railways complain of the low rates charged by bus motor transport but they mete out the same kind of treatment to shipping companies. Railways have made no complaint of the low rate charged by motor buses nor is there any desire or attempt on the part of the railways to tie the hands of motor buses as to the rates they might charge. What the railways desire in this respect I have already explained and I need not repeat it. Nor are they dealing unfairly with shipping companies. We recently had a conference over this question of the competition between railways and shipping companies and the position was gone into. As I happened to be in charge both of shipping as well as railways, mine was a perfectly neutral attitude in the matter and I listened carefully to the case of both sides. The situation, subject to anything further that shipping companies might have to say, was that railways were enjoying a certain class of traffic and that the shipping companies had by under-cutting them deprived them of a portion of that traffic and the railways were now trying to win back that traffic at rates which though low were not uneconomical. The shipping companies' complaint was that railways were trying to get it back at uneconomical rates and the Railway Board were able to demonstrate to the companies that they were not doing it at uneconomical rates although the rates were lower than they would have charged if there was not this question of regaining traffic which they had lost through under-cutting. It was generally agreed that both sides should try to adhere to certain principles and it was agreed that those interested on behalf of the

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shipping companies should confer with the Agents of the different railway companies who were in competition with them and try to adjust these matters among themselves. I do not know how far that adjustment has proceeded but everybody seemed to think that the general principles that were accepted were quite fair.

Then, Sir, the Honourable Mr. Parker made some reference to the method of accounting, to the great increase in the capital at charge, to the rate of depreciation and to the purposes to which the surplus (when we may be fortunate enough again to enjoy a surplus) may be applied. Most of his suggestions were constructive suggestions and some of the matters to which he alluded are already under consideration and a decision in regard to them has got to be arrived at before the administration of railways is handed over to the Federal Authority and I have no doubt that while the matter is being considered Mr. Parker's suggestions will be kept in mind. If I had more time, I might perhaps have made some observations with regard to our present method of computing our rate of depreciation, but I will not, merely for the sake of making a debating point, delay the House further on this matter.

Then, Sir, I think I have dealt with most of the matters to which the Honourable Nawab Muhammad Din referred and I am sure he will not complain that I have not dealt sympathetically with them. Apart from the matters to which I have already made reference, he referred to lack of sympathy in framing time tables and the unapproachability of Agents. With regard to time tables, I have discovered that it is quite easy when criticising a particular train service to assume that nobody has paid attention to the needs of a certain area, but when one goes deeper into the matter and finds how many adjustments have to be made to secure an alteration in respect of one train service and how many dislocations one might cause and how much extra expense may have to be incurred as the result of such an alteration one has reluctantly to admit that the people who are responsible for these things try to do their best and when a reasonable suggestion is made they are prepared to consider it sympathetically. As to the inaccessibility of Agents, the Agent of a railway is a sort of Local Government in charge of the administration of his system. He is an extremely busy man and therefore I think it would be rather unfair to expect that he should at all times be approachable to everybody who had any grievance or any suggestion to put before him but I do hope that Honourable Members of this House and of the other House have no difficulty in discussing matters with Agents when they have any suggestion to put forward.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I might say, Sir, that Mr. Highet is always approachable.

THE HONOURABLE SIB MUHAMMAD ZAFRULLAH KHAN : Of course the Honourable Member is not under the necessity of approaching Mr. Highet as he is sure of meeting him in the meetings of the Advisory Committee of which he is a very distinguished and useful member. But even in regard to other Honourable Members who have not the same opportunities, I am perfectly certain that all Agents would be ready to listen to any matters of importance that they may desire to place before them.

Sir, I have already dealt with both the principal matters to which the Honourable Syed Abdul Hafeez referred—minority representation and the proposed increase in rates.

The Honourable Rai Bahadur Lala Ram Saran Das referred to the loss on strategic lines, to which I have already referred. He also expressed an apprehension that in giving effect to the decision of Government in regard to communal representation the interests of the Punjab Hindus were being neglected altogether and after remarking that he would cite instances from recent advertisements in the *Tribune* that Hindus were being debarred altogether, he read out certain figures. I noted down the first set of these figures and that was that seven vacancies in a particular cadre were advertised, four for Muslims, one for other minority communities, and his complaint was that only two were left for Hindus. Well now, that means two out of seven just above 28 per cent. whereas the Hindu population in the area served by the North Western Railway is under 25 per cent.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I might say, Sir, that if you look at the actual recruitment made, you will see that I am justified in my protest.

THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN : If I discover that the Honourable Member was right in his observations I shall see that this grievance, if it is genuine, is remedied. All that I am trying to show is that the illustration selected by him was not a very happy one, since his community was being offered about 3 per cent. in excess of its population quota.

Then there were very interesting suggestions made by the same Honourable speaker in regard to the question of the payment of railway employees in the form of bonuses, and so on. Well, if the railways were a private concern, or even a small State concern, it might be possible to accept these suggestions but as it is, I am afraid, however sympathetically I might look upon suggestions of that kind, I must warn Honourable Members that they would be regarded as impracticable in the present state of affairs. Then the Honourable Member referred to the surcharge on coal and said that the amount of reduction was not enough to be effective. I am afraid in one direction it has been very effective unfortunately and that is the direction of railway earnings. We have during the course of the first seven months of the current year lost Rs. 11 lakhs over this reduction of the surcharge on coal. Well now, Honourable Members cannot take up both positions. They cannot say: Do not raise rates and fares because if you do you will dislocate traffic.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : My point was fostering and developing industry.

THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN : I have already explained that. If you give a disguised subsidy that is a different matter altogether. Government should take a decision on that as a whole and it is not within the province of the Railway Department to come to a decision. On the other hand, they cannot take up the position that though on a single commodity the railways have lost during seven months the sum of Rs. 11 lakhs, yet the reduction has not been effective. Surely, the Railway Department might use the contrary argument and say that in the case of certain commodities, a rise in the freight charges, to an extent which might bring them Rs. 11 lakhs on a commodity like coal during seven months, would not hurt the commodity very much, as it does not seem to help the commodity very much when they lose Rs. 11 lakhs over it.

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With regard to the conversion of loans, I have already made it clear that we are getting the benefit of the conversion of loans bearing a high rate of interest. They are now being converted as the money market is easy and low rates are prevailing.

With regard to sleepers, I have pointed out to the Honourable Member that he was in error in supposing that these iron sleepers were being imported from outside. I think—subject to correction—that with the possible exception of the South Indian Railway, with regard to which we have no definite information at the present moment, all cast-iron sleepers are manufactured inside the country.

I was very glad to hear from the Honourable Member that he thought that corruption is diminishing on the railways. The Honourable Member being interested in industry and commerce in a very large way is in a good position to judge. I hope that Honourable Members and the public outside will not be satisfied merely by the indication that corruption is diminishing. I take a very serious view of this matter and I think that, apart altogether from the question of my being the Railway Member or not being the Railway Member, it is a blot on our national character and we ought to co-operate with the railways, to whatever extent might be necessary to bring specific cases to the notice of railways so that action might be taken not only to reduce corruption still further but to put an end to it altogether. (Hear, hear.)

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: What about the case I pointed out of corruption of the loco. foreman?

THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN: I have made a note of it. The Honourable Member was about to mention a specific case when, if I may say so without impertinence, the Honourable the President perfectly rightly pointed out that names need not be mentioned. But if the Honourable Member will bring to my notice—there is no objection to that—the particulars of the case, I shall be very happy to look into it.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Thank you.

THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN: But I might repeat what I said yesterday in the other House that the recognition of an evil generally prevalent is one matter, but the proof of a specific case is quite another matter, and I certainly cannot penalise any officer or subordinate on the railways merely because a charge is made or because the public thinks that he is corrupt. That matter must be proved as clearly as any other matter of a penal nature has got to be proved.

A complaint was made—by the Honourable Mr. Banerjee, I think—that what is in the subordinate ranks shown as Indianisation is not really Indianisation at all, and that what the Europeans have surrendered, the Anglo-Indians have gained. I might remind him of the observations made, I think by the Honourable Mr. Kalikar, to the effect that apart from Anglo-Indians who are residents of this country even if Europeans became domiciled in this country, such Europeans should be regarded as Indians for that purpose, and I am afraid I cannot accept the position that a decrease in the number of Europeans, which is reflected on the other side as an increase in the number of Anglo-Indians, is not Indianisation. It certainly is Indianisation. But the Honourable Member need not be apprehensive at all on that score, because with regard to fresh recruitment, the proportion of Anglo-Indians has been fixed, and with regard to all these matters I have given a general assurance

to the House that to the extent to which I can control and enforce these things, I shall see that the letter and spirit of the Government orders is observed.

Then it was said that in placing contracts there had always been discrimination against Indian firms in favour of British firms even in this country and a specific case was referred to. I have some recollection of that matter, and I am happy to be able to say that I am unable to agree with the Honourable Member. I cannot go into details, but if I were at liberty to explain the details, I think the House would agree that in that particular case, the grievance, if any, would possibly be on the other side.

With regard to thefts and laxity of the watch and ward, two cases have been referred to. Others might also be referred to. Recently, there have been several cases on the railways which upset me and I do hope that to the extent to which it is possible—Honourable Members being such great travellers themselves would recognise that there could be no absolute insurance or guarantee given, but to the extent possible—these things will be more strictly regulated. I think it was the Honourable Mr. Banerjee who comes from Eastern Bengal, who pointed out that he had lost his belongings in a journey on a section of that railway. The only occasion when I lost the greater part of my belongings during the course of a railway journey was also on the Eastern Bengal Railway. I think conditions must be particularly bad on that section.

With regard to the Dacca-Aricha Railway, I might point out that apart from any other difficulties that might have been felt, the Bengal Government took up the position that the construction of that particular railway would obstruct the drainage and would be injurious to the health of the people of that part of the country and definitely expressed the opinion that the project should be abandoned.

I am very grateful to the Honourable Mr. Sapru for his able speech which was full of constructive suggestions. I have already dealt with some of them. For instance, the question of State *versus* Company management, the amalgamation of different railways and the acquisition of the Bengal and North-Western Railway and Madras and Southern Mahratta Railway. To two matters I might make some further reference. One is this. He said that he could not understand how the reduction of working hours by the application of the Geneva and Washington Conventions had increased railway expenses, because he said there had been a good deal of retrenchment on the railways. It is not that the railways have had to add to the total of their working staff. But for the same amount of work which used to be done by a certain number of men for a certain amount of wages, they have now to employ extra workmen. It is because on the whole work has decreased owing to traffic having decreased and other considerations, like amalgamation in some of the workshops and so on, that retrenchment had to be undertaken. If these Conventions had not been applied, there would have been greater retrenchment. I am not saying that there is anything inherently wrong in regard to these Conventions. They serve a very laudable purpose. I have every sympathy with the workmen and if our finances permitted, I would certainly say that the tendency in this direction should be continued. As I have said in my speech, during prosperous days, the addition of half a crore in working expenses would not make any very appreciable difference, but in the condition in which we find ourselves it is a heavy additional charge. I am not out to deprive these people of the benefits which they have already received, but I do say that inasmuch as the condition of railway labour compares very favourably with the condition of other labour in this country, the time has come when at any rate during this period of financial stress, we might cry a halt and pause for reflection before we decide to go on.

**THE HONOURABLE MR. HOSSAIN IMAM :** What is the cost of the Lee concessions to the railways ?

**THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN :** I am sure if a question was put down to that effect, the Honourable the Chief Commissioner would try to get the information if it is readily available and supply it to the Honourable Member.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :** I believe it is Rs. 90 lakhs.

**THE HONOURABLE MR. HOSSAIN IMAM :** It is more than the labour legislation !

**THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN :** But even in that respect Honourable Members are of course aware that since 1931 new scales of pay have been introduced on railways which make no distinction between Indians and Europeans of different categories, and gradually an appreciable amount of relief might be expected in that direction. When they are in full operation in the course of a number of years the relief might amount to Rs. 2 or Rs. 3 crores. No doubt the present incumbents of certain posts and certain officers are in enjoyment of certain privileges which, if railway finances had always been in the condition in which we find them today, might possibly not have been granted on the same scale. But that is neither here nor there. You cannot merely by a stroke of the pen take away privileges or alter conditions of service which have become a matter of contractual obligation.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :** Will the Lee concessions apply to the new recruits ?

**THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN :** To that I can give no specific reply at the moment. I do not think they would but I am not quite sure.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :** They ought not to apply.

**THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN :** I have no doubt everything the Honourable Member has said during the course of his speech or during the course of his interpellations has gone down in the record and will be considered.

Well, Sir, there are three more Honourable Members who spoke during the debate but I find that the matters to which they referred, for instance, high capital expenditure during the last few years and tendency to over capitalise and so on, have already been noticed by me. With regard to high capital expenditure during the years of expansion I am free to confess that certain items of expenditure were incurred which would certainly not have been incurred if anybody at that time had been conscious that we were entering upon a period of financial stringency. It is perfectly natural on the other hand, when you are doing fairly well, paying all your expenses, interest charges, depreciation charges, also making a contribution to central revenues, and over and above that you find surpluses, that there should be a tendency to expand in certain directions, to provide facilities and sometimes even facilities which are more or less of an ornamental character. I have no doubt that even this House would have approved of this expenditure if the same conditions had

been prevalent today as were prevailing then. No doubt this is a lesson for the future, that merely because we experience a few years of prosperity we should not undertake great schemes of expansion, and I am sure the railways will profit from all the lessons that they have learnt during this period of depression.

Now, Sir, I am extremely grateful to you and to Honourable Members of the House for sitting so late so as to enable me to finish my speech in reply to the criticisms and suggestions which they have been so good as to offer. (Applause.)

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#### STATEMENT OF BUSINESS.

**THE HONOURABLE KUNWAR SIR JAGDISH PRASAD** (Leader of the House): With your permission, Sir, I propose that the Council may sit on Monday, the 24th, and, if necessary, on Tuesday, the 25th February, for the purpose of taking into consideration and passing the Payment of Wages Bill. Honourable Members are already aware that Wednesday, the 26th February, is allotted for the transaction of non-official business. The Council will not meet on the 27th but will meet at 5 P.M. on Friday, the 28th February, for the presentation of the General Budget.

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The Council then adjourned till Eleven of the Clock on Monday, the 24th February, 1936.