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THE  
LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

Volume II, 1936

(17th February to 27th February, 1936)

THIRD SESSION  
OF THE  
FIFTH LEGISLATIVE ASSEMBLY,  
1936



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1936

# Legislative Assembly.

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**DR. ZIAUDDIN AHMAD, C.I.E., M.L.A.**

**MR. M. S. ANEY, M.L.A.**

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# LEGISLATIVE ASSEMBLY.

Monday, 24th February, 1936.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

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## MEMBER SWORN.

Mr. Arthur Eric Tylden-Pattenson, M.L.A. (Government of India: Nominated Official).

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## QUESTIONS AND ANSWERS.

### ANGLO-INDIANS IN THE RAILWAY AND POSTS AND TELEGRAPHS DEPARTMENT.

730. \*Mr. S. Satyamurti: Will Government be pleased to state:

- (a) whether they have perused the statement made in a special interview by Lieut.-Colonel Sir Henry Gidney, published in the *Times of India*, dated the 5th December, 1935;
- (b) whether they propose to increase the rates of pay of the Anglo-Indian employees in the Railways and the Posts and Telegraphs; if so, the reasons therefor; and
- (c) whether there are proposals to increase the number of Anglo-Indians employed in this Department or of their percentage; if so, the reasons therefor?

**The Honourable Sir Henry Craik:** (a) Yes.

(b) No such proposals have been formulated, but the complaint that the revised scales of pay for subordinates on the Railways are insufficient to attract properly qualified Anglo-Indian recruits is being investigated.

(c) No.

**Mr. S. Satyamurti:** Investigated by whom?

**The Honourable Sir Henry Craik:** By the Departments concerned.

**Mr. S. Satyamurti:** May I know whether it is being investigated by the Railway Board, with regard to railways?

**The Honourable Sir Muhammad Zafrullah Khan:** By the Railway Department, Yes.

**Mr. S. Satyamurti:** May I know what is the material on which Government have come to the conclusion that the revised scales of pay are not attracting qualified Anglo-Indians of the right type?

**The Honourable Sir Muhammad Zafrullah Khan:** Government have not come to that conclusion. As my Honourable colleague has just explained, the matter is being looked into.

**Mr. S. Satyamurti:** May I know, Sir, why the matter is being looked into? Is it because of a certain letter which appeared in the newspapers, under the signature of a distinguished Member of this House?

**The Honourable Sir Muhammad Zafrullah Khan:** I am sure, Honourable Members will welcome the position that when anything is put forward before the Government, it is looked into.

**Mr. S. Satyamurti:** I am asking whether, in the present state of the parlous position of the railway finances, Government are justified in trying to increase the expenditure on railways.

**The Honourable Sir Muhammad Zafrullah Khan:** I have said nothing to justify the inference that we are going to add to our expenditure.

**Mr. S. Satyamurti:** Then, why is this matter looked into?

**The Honourable Sir Muhammad Zafrullah Khan:** Every suggestion which is put forward has got to be looked into to see whether there is any merit in it.

**Mr. S. Satyamurti:** Have Government come to any tentative conclusions that they can increase the expenditure under any head on the railway side?

**The Honourable Sir Muhammad Zafrullah Khan:** No, Sir.

**Mr. S. Satyamurti:** Will Government consider the impossibility of adding to railway expenditure, in the present state of the railway finances?

**The Honourable Sir Muhammad Zafrullah Khan:** Government will consider every relevant factor which would enable them to arrive at a decision.

**Mr. S. Satyamurti:** Is there any material before Government to indicate that Anglo-Indians of the right type are not available for railway service?

**The Honourable Sir Muhammad Zafrullah Khan:** If the Honourable Member means whether there has been any falling off in the required percentages; without going into exact details, I don't think so.

**Mr. S. Satyamurti:** Are not such Anglo-Indians, as are being recruited today, qualified for the places which they occupy?

**The Honourable Sir Muhammad Zafrullah Khan:** It is really asking for my opinion, and it is difficult to express an opinion.

POSITION OF INDIANS IN IRAQ.

731. \*Mr. S. Satyamurti: Will Government be pleased to state:

- (a) whether it is a fact that recently the Government of Iraq has served notices on Indian Ship-Owners and traders in Basrah, to quit the country within three months;
- (b) whether, while certain notices were cancelled, fresh notices continue to be served;
- (c) whether there is any proposal by the Government to enact a new law called "Labour Protection Law" which will adversely affect the position of Indians there;
- (d) whether they have taken or propose to take steps to secure for Indians in Iraq the same freedom and privilege which Government grant to the people of Iraq in India; and
- (e) whether Government propose to make a statement on the latest position in this matter?

**Sir Aubrey Metcalfe:** (a) to (c). The Honourable Member's attention is invited to the answer given by me to Sardar Mangal Singh's question No. 239.

(d) and (e). The Honourable Member's attention is invited to the answer given by me to parts (b) and (c) of his question No. 726.

**Mr. S. Satyamurti:** On clause (b), I should like to know whether fresh notices, to the knowledge of this Government, continue to be served on Indians?

**Sir Aubrey Metcalfe:** No, Sir; we have had no further information beyond what I have already given to the House.

**Mr. S. Satyamurti:** Will Government call for information on the specific point whether, when certain notices were cancelled, fresh notices are being served on Indians?

**Sir Aubrey Metcalfe:** I have already asked His Majesty's Ambassador to give us all possible information, but I will make particular inquiry on that point if the Honourable Member so desires.

**Mr. S. Satyamurti:** Before the Session ends, will the Honourable Member make a statement on the latest position in this matter, as it is a matter of great public importance, causing grave anxiety to us?

**Sir Aubrey Metcalfe:** If any further information of value is received before the end of the Session, I should be very glad to make a statement.

DECISION OF THE INDIAN LICENSING COMMITTEE.

732. \*Mr. S. Satyamurti: Will Government be pleased to state:

- (a) whether they have received a representation from one Mr. Chhabra from Assam about the decision of the Indian Licensing Committee;

- (b) whether they have examined the representations contained therein, and what the result of that examination is, and
- (c) what action, if any, they propose to take thereon?

**The Honourable Sir Muhammad Zafrullah Khan:** I presume the Honourable Member's question refers to Mr. Chalia, and not to Mr. Chabla.

(a) Yes.

(b) Government have carefully considered the representation, but they have been unable to accede to the request made therein.

(c) The decision has already been communicated to the appellant.

#### EMPIRE MIGRATION.

**733. \*Seth Govind Das:** Will Government be pleased to state:

- (a) whether their attention has been drawn to the speech of Mr. Hannah, in the course of a debate in the House of Commons on the 18th of December, 1935, on Empire migration;
- (b) whether it is a fact, as stated by Mr. Hannah, that millions from British India sought for new homes;
- (c) whether it is a fact, as stated by Mr. Hannah, that the Dominions for good reasons did not want men of Asiatic stock;
- (d) whether they are aware of the meaning of what the "Good reasons" mean?

**Sir Girja Shankar Bajpai:** (a) Yes.

(b) Mr. Hannah's exact words are: "British India has teeming millions who seek new homes".

(c) The Dominions do not encourage permanent settlement in their territories of non-Europeans. The question whether the reasons underlying this policy are good or bad is one of opinion.

(d) Mr. Hannah alone can say authoritatively what he meant.

**Mr. S. Satyamurti:** Will Government take steps to prohibit the permanent settlement of non-Asians in this country?

**Sir Girja Shankar Bajpai:** Does my Honourable friend mean entry for purposes of permanent residence?

**Mr. S. Satyamurti:** As the Dominions do not encourage the permanent settlement of non-Europeans, that is what I thought I heard the Honourable Member to say; if that is so, may I know, Sir, if Government are considering, or will consider taking steps to prohibit the permanent settlement of non-Asians in this country?

**Sir Girja Shankar Bajpai:** An Act to regulate entry is on the Statute-book, but Government have not yet decided to take any action under it.

**Seth Govind Das:** What steps are Government going to take to allow non-Asians to become permanent residents in the Dominions?

**Sir Girja Shankar Bajpai:** Indians are already permanently resident in the Dominions. It is only as regards fresh entrants that there are restrictions.

**Seth Govind Das:** What do Government propose to do to remove these fresh restrictions?

**Sir Girja Shankar Bajpai:** Well, Sir, I answered a question on that subject the other day, and I explained that in 1918 the Government of India agreed that, as regards permanent settlement in the Dominions, the Dominions had the right to restrict the right of entrance.

**Mr. T. S. Avinashilingam Chettiar:** What steps do Government propose to take against nationals of those countries who prohibit the permanent settlement of Indians in their countries?

**Sir Girja Shankar Bajpai:** I have already answered that question.

**EMPLOYMENT FOR EX-SOLDIERS SECURED BY THE WAR OFFICE EMPLOYMENT BUREAU AND BY THE ARMY HEADQUARTERS INFORMATION BUREAU.**

**734. \*Seth Govind Das:** Will Government be pleased to state:

- (a) whether it is a fact that the War Office Employment Bureau and Information Bureau of Army Headquarters in India have secured employments for *ex-officers* during the year 1934-35;
- (b) whether it is a fact that the employments so secured were mainly due to response made to personal letters written to Governors of provinces by Sir Philip Chetwode and the assistance given by ruling princes;
- (c) whether it is a fact that the employment of *ex-officers* is becoming the increasing and important part of Information Bureaus' work;
- (d) the number of employments secured by the War Office Employment Bureau and the number secured by the Army Headquarters Information Bureau;
- (e) the number of employments secured by each of the two Bureaus in and for (1) Indian States, (2) Secretarial, (3) Welfare, (4) Government Departments, (5) Hospitals, (6) Scholastic, (7) Literary, (8) Government of India, (9) Clubs, (10) Churches, (11) Lands, (12) Prisoners and Prisons, (13) other occupations; and
- (f) the policy underlying this method of securing employments for *ex-Government Officers* despite the fresh qualified candidates available in large numbers and the growing unemployment problem in the candidates suitably qualified?

**Mr. G. E. F. Tottenham:** (a) Yes.

(b) No, but the efforts made have certainly been assisted by the interest taken in the matter by the personages referred to.

(c) The primary object of the Information Bureau was to collect and supply information. Having completed this task the work of keeping the information up to date and assisting officers to obtain employment after retirement will shortly revert to the Military Secretary's Branch at Army Headquarters as part of its normal duties.

(d) 72 officers have succeeded in gaining employment outside India, through the War Office Bureau, and 32 officers have gained employment through the Army Headquarters Bureau, of whom 30 have been given employment in India.

(e) I assume that the Honourable Member is referring only to employment in India. The information is as follows:

Indian States . . . . .	6
Secretarial . . . . .	3
Government Departments . . . . .	6
Scholastic . . . . .	2
Government of India . . . . .	4
Clubs . . . . .	2
Prisons . . . . .	7

Of these 30 appointments 15 are of a military or semi-military nature, while all but one of the remainder are appointments for which military officers were particularly suitable by reason of their training.

(f) The policy is to assist officers who have been compelled to terminate their careers in the Army prematurely owing to the War Block Scheme to obtain suitable employment elsewhere. As the figures which I have quoted show, the action taken can have had no appreciable effect on the problem of middle class unemployment in this country.

**Mr. S. Satyamurti:** As regards these officers, were they serving in India?

**Mr. G. R. F. Tottenham:** Yes, they were officers of the Indian Army.

**Mr. S. Satyamurti:** How many of them are Indians, and how many are Europeans for whom employment has been secured?

**Mr. G. R. F. Tottenham:** I could not answer that without notice, but I do not think many Indian officers of the Indian Army have yet been put on the special unemployed list on account of the War Block. I think most of those, who have already been put on the special unemployed list, owing to the War Block, have so far been British officers.

#### APPEAL FOR ADDITIONAL EXEMPTED LAND FOR INDIANS IN THE TRANSVAAL GOLD MINE AREAS.

735. **\*Seth Govind Das:** Will Government be pleased to state:

- (a) whether they are aware that Sir Saiyad Raza Ali made an appeal to the Colonial Secretary in His Majesty's Government for additional exempted land for Indians in the Transvaal gold mine areas;

- (b) whether the appeal was submitted direct to His Majesty's Government, forwarding a copy to the Government of India, or whether the appeal was submitted through the Government of India;
- (c) in the event of the appeal having been made through the Government of India, whether they made any endorsement thereon;
- (d) what were the recommendations, if any, on the appeal;
- (e) whether they are prepared to lay on the table a copy of the appeal along with the recommendations, if any made; and
- (f) whether the Colonial Office of His Majesty's Government have expressed their views on the matter, if so, what they are?

**Sir Girja Shankar Bajpai:** (a) No.

(b) to (f). Do not arise.

#### RETENTION OF TRADE CONNECTIONS WITH GERMANY.

736. \***Seth Govind Das:** Will Government be pleased to state:

- (a) whether by the adoption of Germany's compensation trade and clearing agreements, she has changed her sources of raw material supplies of what she used to import from India;
- (b) whether they are aware that these conditions are likely to continue for a decade more;
- (c) whether they have considered the possibility of any ways and means for retaining the connection in trade between this country and Germany by mitigating the circumstances of the development of compensation trade, unless such arrangement would permanently postulate the permanent disappearance of India's favourable balance, of trade with Germany; and
- (d) if they have come to a decision in the matter, what it is?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Germany is to a certain extent deriving from countries with which she has concluded clearing or compensation agreements, supplies of raw materials in the export of which India is interested.

(b) No.

(c) and (d). Government have considered the matter and have come to the conclusion that no action can usefully be taken at this stage. I may add that there has recently been an improvement in India's balance of trade with Germany.

**Seth Govind Das:** Has Germany adopted this policy as a result of the Ottawa Agreement?

**The Honourable Sir Muhammad Zafrullah Khan:** I do not know the mind of the German Government, but I do not think so.

## LENDING OF ARMY OFFICERS FOR FOREIGN SERVICE.

737. \*Seth Govind Das: Will Government be pleased to state:

- (a) whether they, with the approval of the Secretary of State, contemplate lending the services of some of the Army Officers for foreign services;
- (b) whether they, with the approval of the Secretary of State, have sanctioned the adoption of special rates of pension contribution or their equivalent where Indian Army officers are lent for foreign services;
- (c) what the special rates so sanctioned are;
- (d) whether there are any Indian officers who are likely to be selected for such foreign services;
- (e) whether the vacancies created by the Army officers lent for foreign services, will be filled up; if so, by whom, whether they will be Europeans, Indians or whether such vacancies will be filled by the officers of the lower ranks; and
- (f) who will meet the extra amount so sanctioned for their pensions?

**Mr. G. R. F. Tottenham:** (a) and (b). It has for many years been the practice to lend officers for service under foreign Governments when asked for, but it was recently found that since the pensionary contributions for officers of the Indian Army were higher than those for officers of the British service, foreign employers tended to prefer the latter. As the experience gained by officers on foreign service is of positive value to the Indian Army, it was decided to reduce these contributions to the level of those payable for officers of the British service.

(c) I invite the attention of the Honourable Member to Army Instruction (India) No. 95, dated the 24th December, 1935, a copy of which I lay on the table.

(d) If foreign Governments ask for Indian officers, endeavours will certainly be made to supply them.

(e) and (f). The places of these officers will be taken by officers junior to them in the service, irrespective of race, and since Government thus pay a junior instead of a senior officer, there is a certain financial saving to put against the difference between the two scales of pension contribution, the whole of which would otherwise have to be borne by Government.

ARMY INSTRUCTION (INDIA) No. 95, DATED THE 24TH DECEMBER 1935.

*Rates of pension contribution in respect of Indian Army Officers lent for service out of India.*

In modification of the terms of Army Instruction (India) No. 51 of 1933, the Government of India, with the approval of the Secretary of State, sanction the adoption of the special rates of pension contribution (or their equivalent) mentioned below in cases where Indian Army Officers are lent for foreign service out of India under the conditions set forth in paragraph 3 below. In all other cases the rates in Army Instruction (India) No. 51 of 1933 will apply.

	£ per annum.
Medical and Dental Officers . . . . .	130
Veterinary Officers . . . . .	115
Other officers . . . . .	105
Quartermasters . . . . .	70



(i) There rates cover service, disability and widows' and dependants' pensionary liability.

(ii) In areas where service under the rules in the Royal Warrant counts double, ninety per cent. is added to these rates.

2. The above rates will apply to officers lent for service on and after the 5th March 1935, and will be subject to review at the end of five years in the light of the conditions which may then prevail.

3. The application of the above rates will be restricted to cases in which H. E. the C.-in-C. in India is satisfied that the loan will be in the interests of the Army in India. Before an officer to whom these rates apply proceeds on foreign service he will be required to sign an undertaking to return to India on completion of such service and to continue to serve in India for a reasonable period after his return, if required to do so. The officers so lent shall remain liable to recall to military duty before the expiry of their normal tenure in foreign service should exceptional circumstances arise, such as general mobilisation.

4. The term foreign service out of India means service under all foreign Governments outside India including Colonies, Protectorates and Federated Malay States, but excluding War Office and Air Ministry.

**Seth Govind Das:** For how long will this rule be in force?

**Mr. G. R. F. Tottenham:** The new orders came into force only last December.

**Mr. T. S. Avinashilingam Chettiar:** What are the foreign services referred to here?

**Mr. G. R. F. Tottenham:** The terms are to be found in this Army Instruction which I am laying on the table of the House.

**Mr. S. Satyamurti:** So far, have any Indian officers been lent for such foreign service?

**Mr. G. R. F. Tottenham:** I do not think so.

**Mr. T. S. Avinashilingam Chettiar:** Why not?

**Mr. G. R. F. Tottenham:** They have not been asked for.

**Mr. T. S. Avinashilingam Chettiar:** Who asks for them?

**Mr. G. R. F. Tottenham:** Foreign Governments.

#### ASSISTANCE TO PRIVATE CIVIL AVIATION.

738. \***Seth Govind Das:** Will Government be pleased to state:

- (a) whether the Honourable the Finance Member was approached by the Indian Chamber of Commerce, Bombay, for the purpose of securing Government assistance to private civil aviation by private airways firms;
- (b) whether the Honourable Member expressed his views on the issue raised; if so, what they were;
- (c) whether they have no desire to subsidising private enterprise for the purpose of internal development in civil aviation;

- (d) what their policy in the matter is;
- (e) whether they have considered that such development of internal civil aviation would pay commercially;
- (f) whether they are prepared to consider the issue that assisting private enterprises to use military aerodromes for civil purposes would develop and improve the condition of the aerodromes would be an indirect assistance to military authorities in times of war; and
- (g) whether the Army authorities are averse to allowing the military aerodromes for civil purposes; if so, why?

**The Honourable Sir Frank Noyce:** (a) No.

(b) No.

(c) and (d). The policy of the Government of India, in present financial circumstances, does not cover the subsidisation of internal air transport services. Financial assistance is, however, given to Messrs. Tata Sons, Ltd. and Indian National Airways, to the extent of exemption from landing and housing charges at Government aerodromes on the Karachi-Madras and Karachi-Lahore air mail services, respectively. Since the year 1929-30 Government have given financial aid to certain flying clubs. It is also proposed to make a grant of Rs. 1,12,000 to Indian National Airways, Ltd., for the year 1936-37, with the specific object of maintaining in existence an Indian organisation capable of undertaking the development of the Karachi-North-West India air service which may be required in 1937 as a result of certain developments in the Empire Air Mail Services.

(e) Experience in India, as in other countries, has shown that the operation of air transport services unsupported by subsidy is not profitable except in special conditions, such for example as exist in the case of the Karachi-Madras air mail service operated by Tata Sons, Ltd. The Government of India do not know of any other existing or possible air route in India where the traffic is or would be sufficient to make a regular air service commercially profitable.

(f) and (g). Civil aircraft are at present allowed certain facilities by the Defence Department but these must obviously be conditional on the requirements of the Defence Services, and they are, accordingly, to some extent, restricted.

The regulations are contained in the Air Pilot, India and Burma, 1933 (price Rs. 4-14-0).

**Mr. Lalchand Navalrai:** May I know from the Honourable Member if there is any idea of giving a subsidy to the Himalayan Airways, Ltd.?

**The Honourable Sir Frank Noyce:** No.

**Sir Cowasji Jehangir:** May I ask the Honourable Member whether the subsidy he has mentioned in his answer is in the present budget?

**The Honourable Sir Frank Noyce:** It will not be given till the next financial year.

**Sir Cowasji Jehangir:** Is it provided in the next budget?

**The Honourable Sir James Grigg:** I have not yet disclosed anything about the next budget.

**Sir Cowasji Jehangir:** I understand it was before the Standing Finance Committee?

**The Honourable Sir James Grigg:** That is so, but it has not been voted by this House yet.

**Mr. S. Satyamurti:** Has the Standing Finance Committee rejected it?

**The Honourable Sir James Grigg:** They cannot reject it; they have advised against it.

**Mr. S. Satyamurti:** Notwithstanding that rejection, the Honourable Member is going to place it in the budget?

**The Honourable Sir James Grigg:** Yes, Sir.

**Seth Govind Das:** Are Government going to follow the advice of the Standing Finance Committee?

**The Honourable Sir James Grigg:** No, Sir.

**Mr. M. Ananthasayanam Ayyangar:** Is it a fact that the Himalayan Airways have undertaken to carry the mail from Karachi to Lahore *via* Delhi without any subsidy?

**The Honourable Sir Frank Noyce:** They did, but they have overlooked the fact that that will not save money. Government will still have to pay for the carriage of mails between Karachi and Delhi.

**Mr. M. Ananthasayanam Ayyangar:** Why should you not try the Himalayan Airways?

**An Honourable Member:** Because this is Indian-managed!

**Mr. M. Ananthasayanam Ayyangar:** What is the reason for rejecting the offer of the Himalayan Airways for carrying the mails?

**The Honourable Sir Frank Noyce:** I am sorry I did not catch the Honourable Member's question.

**Mr. M. Ananthasayanam Ayyangar:** I heard the Honourable Member say, in answer to my question, that the Himalayan Airways have offered to carry the mails through Delhi from Karachi to Lahore, within the same period, without any subsidy. What is the reason for the Government's refusal of such offer by the Himalayan Airways?

**The Honourable Sir Frank Noyce:** I have already answered that question. I have pointed out that the offer overlooked the fact that Government would still have to pay for the carriage of mails between Karachi and Delhi.

**Pandit Govind Ballabh Pant:** Is it the policy of the Government to stick to their proposals as they are placed before the Standing Finance Committee, irrespective of the views or comments of the Standing Finance Committee thereon?

**The Honourable Sir James Grigg:** There is no question of any hard and fast policy. Each case is considered in relation to the circumstances of that case.

**Pandit Govind Ballabh Pant:** Have Government withdrawn any of these proposals or excluded them from the budget in any case because of their regard for the views of the Standing Finance Committee?

**The Honourable Sir James Grigg:** Do you mean, ever in the past?

**Pandit Govind Ballabh Pant:** In the Honourable Member's time I mean.

**The Honourable Sir James Grigg:** The Honourable Member must wait and see.

**Mr. M. Ananthasayanam Ayyangar:** May I know from the Honourable Member whether the additional expenditure on carrying the mails from Karachi to Lahore via Delhi—whether it would not fall short of the Rs. 1,20,000, that is, the subsidy that is offered, by a very huge amount?

**The Honourable Sir Frank Noyce:** Rs. 6 a pound against Rs. 3 a pound.

**Mr. M. Ananthasayanam Ayyangar:** I want to know whether it will come to Rs. 1,20,000 at all.

**The Honourable Sir Frank Noyce:** I should require notice of that question.

**Mr. S. Satyamurti:** What is the procedure that the Government adopt when the Standing Finance Committee rejects a demand? Do the Government of India consider it, or does the Finance Member act for the Government of India and say, "No, I won't look at it"?

**The Honourable Sir James Grigg:** I am sorry I did not hear that question.

**Mr. S. Satyamurti:** What is the procedure adopted after the Standing Finance Committee recommends the rejection of a particular demand? Do the Government of India consider it, or does the Finance Member act for the Government of India and say, "I won't accept the advice of the Standing Finance Committee"?

**The Honourable Sir James Grigg:** I think, if I may say so, that this is almost an improper question.

**Mr. S. Satyamurti:** What is the impropriety in it, Sir? I want a ruling from you, Sir. I should think that it is a very improper answer to a proper question.

**Mr. President** (The Honourable Sir Abdur Rahim): It does not require any ruling. Next question—No. 739.

**BI-LATERAL TRADE TREATIES AND TRADE BALANCE OF INDIA.**

**739. \*Seth Govind Das:** Will Government be pleased to state:

- (a) the names of such nations which have organised their foreign trade through bilateral treaties on *quid pro quo* basis *vis-a-vis* India, consequently shutting out India's goods from their markets to make room for the exports of those countries which favour their exports in their home markets;
- (b) whether it is a fact that the favourable trade balance of this country has all along been secured from her trade with countries other than the United Kingdom;
- (c) what the exact favourable trade balance of India on the whole is;
- (d) whether the total trade balance of this country is sufficient to meet her home charges and other foreign balance;
- (e) in the event of the answer to part (d) being in the negative, how much has been drawn from her capital during the last two years to meet the Home charges and other foreign obligations;
- (f) the exact amount of gold exported out of India since England went off the gold standard (in crores of rupees);
- (g) the amount of gold still remaining in India, or the nearest approximate in crores of rupees;
- (h) how much has the trade balance of India declined with non-Empire countries during the last two years (both in crores of rupees as well as in percentage);
- (i) how much it has declined with Europe;
- (j) whether it is a fact that England sells to India more than she buys from her;
- (k) whether there is scope for Great Britain to buy more from India than she actually does now;
- (l) whether there are countries that are enjoying favourable trade balances with England;
- (m) whether England tried to prevail upon those countries enjoying such favourable trade balances to enter into tripartite trade agreements for purchasing raw materials from India in larger quantities than what they might be purchasing from India at present; and
- (n) whether India cannot enter into bi-lateral trade treaties with foreign countries like the one she has done with Japan; if so; whether Government made any attempt in that direction, if so; how far they have succeeded in their attempts; if not, what are the difficulties in the way of their doing so?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) The Honourable Member is referred to the publication of the League of Nations entitled "Enquiry into Clearing Agreements" which deals *inter alia* with compensation arrangements between foreign countries. A copy of this publication is in the Library of the House.

(b), (c), (h), (i) and (j). The attention of the Honourable Member is invited to Chapters IV and VII of the Review of the Trade of India in 1934-35, a copy of which is also in the Library.

(d) and (e). I would refer the Honourable Member to the reply given by the Honourable the Finance Member to Mr. T. S. Avinashilingam Chettiar's starred question No. 8 on the 2nd September, 1935.

(f) Approximately Rs. 270½ crores.

(g) The information is not available.

(k) Government are unable to express an opinion on this point.

(l) The Honourable Member is referred to the Annual Statements of the Trade of the United Kingdom with Foreign Countries and British Countries, copies of which are in the Library of the House.

(m) Government have no information.

(n) Government have examined the matter and have come to the conclusion that bi-lateral trade agreements with foreign countries on a compensation or barter basis will not be in the interests of India. In this connection I may point out that the Indo-Japanese Agreement is not in the nature of a compensation or barter arrangement.

**Seth Govind Das:** How long will it take, in the opinion of the Government of India, for the gold to be drained entirely out of this country?

**The Honourable Sir Muhammad Zafrullah Khan:** That question obviously does not admit of an answer.

**Seth Govind Das:** How much gold do Government think is hoarded in this country?

**The Honourable Sir Muhammad Zafrullah Khan:** Government have no information.

**Mr. S. Satyamurti:** With reference to the answer to clause (g) of the question, I thought the Honourable Member said that the amount of gold still remaining in India was Rs. 270½ crores.

**The Honourable Sir Muhammad Zafrullah Khan:** The reply to (g) was that the information was not available.

**Mr. S. Satyamurti:** Is not information available in the reports of certain previous committees? I have heard Presidents of the Chambers of Commerce and even the Finance Member, I think, state roughly how much gold there is in this country, still unexported?

**The Honourable Sir Muhammad Zafrullah Khan:** I do not think anybody could make an estimate, but answers have been given on information as to how much was imported into the country over a certain period.

**Seth Govind Das:** Has that imported gold been already exported?

**The Honourable Sir Muhammad Zafrullah Khan:** I believe not.

CADETS ADMITTED INTO THE "DUFFERIN".

740. \*Pandit Govind Ballabh Pant: Will Government be pleased to lay on the table a statement giving information on the following points in regard to the 99 cadets who were admitted into the Training Ship "Dufferin" during the years 1927, 1929 and 1930:

- (a) the number of cadets who did not complete their course on the Training Ship "Dufferin";
- (b) the number of cadets who returned to civil life even after completing their training on the ship;
- (c) the number of cadets admitted into the Royal Navy;
- (d) the number of cadets who took to Marine Engineering;
- (e) the number of cadets who joined either the military college at Sandhurst or the Royal Air Force, India;
- (f) the number of cadets who have been serving as officers on steamers;
- (g) the number of cadets who have joined the Bengal Pilot Service;
- (h) the number of cadets who have joined the River Survey Service either on the Hooghly or on the Irrawady;
- (i) the number of cadets who are out of employment, although they have obtained their certificates of competency; and
- (j) the number of cadets who have completed their sea-time and who are due to sit for their examination to obtain their certificates of competency as second mate?

The Honourable Sir Muhammad Zafrullah Khan: I lay on the table a statement giving the required information, so far as it is available, up to the end of January, 1936.

Statement giving information regarding the cadets who were admitted into the Training Ship "Dufferin", during the years 1927, 1929 and 1930.

Part of the question	1927 entry.	1929 entry.	1930 entry.	Total.
(a)	3	0	4	7
(b)	1	1	1	3
(c)	0	4	0	4
(d)	2	2	4	8(A)
(e)	0	1	0	1(B)
(f)	13	17	0	30
(g)	7	2	0	9
(h)	2(C)	1	1	4
(i)	0	2	5	7
(j)	0	2	18	20
	28	32	33	93

(A) Three of them did not complete training.

(B) Joined R. A. F. (Great Britain) after passing for Second Mate.

(C) One had since left.

EMPLOYMENT OF "DUFFERIN" CADETS AS OFFICERS ON STEAMERS OF SHIPPING COMPANIES.

741. \***Pandit Govind Ballabh Pant:** (a) Will Government be pleased to state, if an assurance was given by some of the British shipping companies that they would employ the cadets qualifying from the training ship "Dufferin" as officers on their steamers when the "Dufferin" was established? If so, will Government state the names of such companies, with the total number of the following in respect of each:

- (i) steamers,
- (ii) officers in the fleet,
- (iii) vacancies that occurred during the last five years, and
- (iv) "Dufferin" cadets employed as officers?

(b) What is the number of officers in the ships belonging to the Scindhia Steam Navigation Company?

(c) How many 'Dufferin' cadets has the 'Scindhia Company' taken as apprentices, and how many cadets has it engaged in its fleet so far?

(d) Is it a fact that the British India Company, with their fleet of about 70 steamers on the coast, have employed only four cadets of the "Dufferin" as officers on their steamers and that two cadets whom the Asiatic Company took as officers are no longer employed by them and that the Moghul and the Nourse lines have not employed any "Dufferin" cadets as officers?

(e) Do any shipping Companies receive any subsidies from Government for the carriage of mails, whether on the Indian coast or to the Straits, Australia, Europe, or other countries? If so, which?

(f) Which companies are ordinarily engaged by Government for the carriage of treasure and stores between India and England, or for the carriage of Government officers?

(g) How many officers are employed on the fleet of each of such companies and how many of them were recruited from among the "Dufferin" cadets?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Yes. The British India Steam Navigation Company, the Asiatic Steam Navigation Company and the Mogul line.

(i) The number of steamers owned by these companies, so far as Government are aware, are:

British India Steam Navigation Company . . . . .	115
Asiatic Steam Navigation Company . . . . .	18
Moghul Line . . . . .	7

(ii) and (iii) Government have no information.

(iv) I would refer the Honourable Member to the replies given by me to parts (c) and (d) of Pandit Krishna Kant Malaviya's starred question No. 8 and parts (c) and (d) of Mr. Assaf Ali's starred question No. 456 asked on the 4th and the 14th February, 1936, respectively.



(b) Government have no information.

(c) Number of cadets taken as apprentices	46
Number of cadets employed as officers	23

(d) I may refer the Honourable Member to the reply to part (a) (iv).

(e) No firms are getting any subsidies, but I assume that the Honourable Member is referring to those firms that receive under contracts payments for the carriage of mails. If so, I would refer the Honourable Member to Appendix XI of the Annual Report on the working of the Posts and Telegraphs Department for 1934-35, a copy of which is in the Library of the House.

(f) The companies ordinarily employed for the purposes referred to are the P. & O., British India, Ellerman, Anchor, Clan, Bibby, Henderson, Hansa and City Lines.

(g) Government have no information regarding the total number of officers employed by the various shipping companies referred to in parts (e) and (f). So far as *ex-*"Dufferin" cadets are concerned, the British India and the Asiatic Companies have employed them as officers. As regards the number so employed, attention is invited to the reply to part (a) (iv).

**Pandit Govind Ballabh Pant:** How many "Dufferin" candidates are still unemployed?

**The Honourable Sir Muhammad Zafrullah Khan:** I have answered that question in reply to previous supplementary questions.

**Pandit Govind Ballabh Pant:** Is it a fact that there will be about 80 "Dufferin" candidates duly qualified for employment shortly after receiving the certificate of mates?

**The Honourable Sir Muhammad Zafrullah Khan:** I do not know exactly, but I think the number, who are about to obtain certificates, is 23.

**Pandit Govind Ballabh Pant:** Is it a fact that there are at least seven altogether unemployed today, who have approached the Government more than once?

**The Honourable Sir Muhammad Zafrullah Khan:** That may be correct, but I cannot give the correct figure.

**Pandit Govind Ballabh Pant:** Have Government made any inquiry as to the avenues that might be available, for these 23 after receiving the requisite qualification?

**The Honourable Sir Muhammad Zafrullah Khan:** Government have been in communication recently with the various shipping companies.

**Pandit Govind Ballabh Pant:** Is it a fact that the shipping companies, which are receiving patronage from the Government, have employed a much smaller proportion of "Dufferin" candidates than the Scindia Steam Navigation Company.

**The Honourable Sir Muhammad Zafrullah Khan:** The Scindia Steam Navigation Company have employed a very much larger number than other companies.

**Pandit Govind Ballabh Pant:** Is it a fact that the Scindia Steam Navigation Company have not received any patronage from the Government while the British companies have?

**The Honourable Sir Muhammad Zafrullah Khan:** If by patronage, the Honourable Member means whether they have got any mail contracts with Government or not, I think he is correct.

**Pandit Govind Ballabh Pant:** Not only have they no mail contract, but they are not employed in taking Government treasure, which Government send abroad or receive in the country and they are not employed for carrying Government servants in accordance with the Lee Commission recommendations?

**The Honourable Sir Muhammad Zafrullah Khan:** I do not think they have any craft which could be employed for that purpose.

**Pandit Govind Ballabh Pant:** The fact remains that they are not.

**The Honourable Sir Muhammad Zafrullah Khan:** The inference follows, therefore, that they cannot be employed for this purpose.

**Pandit Govind Ballabh Pant:** Was this not one of the principal points dealt with by the Indian Mercantile Marine Committee? Was it asked to make provision, so that Indians might be trained for filling the posts of officers in the vessels plying in the Indian coasts? And is it not a fact that Lord Irwin as well as the then Commerce Member gave repeated undertakings that these cadets drawn from the "Dufferin" would be employed and that the Government would even go to the length of introducing legal measures in order to get them employed by the companies plying in the coasts of India.

**The Honourable Sir Muhammad Zafrullah Khan:** If the Honourable Member will refer me to the exact assurances given, I will be able to give an answer. He will appreciate that I cannot commit myself on a general question of that kind.

**Sir Cowasji Jehangir:** Have Government used any pressure on these companies to get these cadets employed?

**The Honourable Sir Muhammad Zafrullah Khan:** They have used and are using all the persuasion they can.

**Sir Cowasji Jehangir:** I said "pressure"—not persuasion.

**The Honourable Sir Muhammad Zafrullah Khan:** What kind of pressure is the Honourable Member referring to?

**Sir Cowasji Jehangir:** Have not Government ideas of their own as to how to use pressure? Are they quite ignorant of such a thing?

**The Honourable Sir Muhammad Zafrullah Khan:** I have already replied to that question.

**Pandit Govind Ballabh Pant:** Will Government insist, when they enter into contracts with these shipping companies, that they will not be given the contracts unless they employ every "Dufferin" cadet available for a suitable job in their staff?

**The Honourable Sir Muhammad Zafrullah Khan:** A reply to that has already been given earlier. The question will be taken into consideration when the time for the renewal of the contracts arrives.

**EMPLOYMENT OF "DUFFERIN" CADETS.**

**742. \*Pandit Govind Ballabh Pant:** (a) Will Government be pleased to state if it is a fact that the question of the future employment of the cadets of the training ship "Dufferin", when they obtain their certificates of competency, has been causing serious anxiety to the members of the Governing Body?

(b) Will Government be pleased to state if they have received any communication from the members of the Governing Body of the training ship "Dufferin" on the subject of employment or any change in the aims and objects of that ship?

(c) If the answer to part (a) be in the affirmative, will Government be pleased to lay a copy of such representation on the table?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Yes.

(b) Government have received from the Governing Body of the training ship "Dufferin" two resolutions—one dealing with the question of the employment of cadets and the other relating to certain proposed alterations in the Prospectus of the Ship.

(c) I lay on the table copies of the resolutions in question.

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RESOLUTION No. 205.

"Resolved that the attention of Government be invited to the fact that out of 25 Cadets of the 1929 entry who completed their sea time and would be qualified for employment as officers in 1935, it appeared that about 10 might be unemployed, and that the Government of India should be called upon to exercise its influence with the Shipping Companies carrying on trade on the coasts of India, to take a larger number of officers from the "Dufferin" proportionately to their tonnage employed in the above trades.

That the list of Companies printed in page 5 of the Prospectus should be revised and enlarged to include Shipping Companies like the City Line, Anchor Line, Clan Line, etc., and also local tonnage.

The attention of the Government of India was particularly invited to the fact that the P. & O. Company did not employ any officers ex-"Dufferin" in spite of the fact that they are enjoying a large patronage from the Government and people of India."

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RESOLUTION No. 213.

The Governing Body after carefully considering the Government of India letter No. 151-M. II (42)/35, dated 2nd December, 1935, resolve that the Government of India be informed that the Governing Body regret they cannot agree to the changes suggested in the Prospectus.

They venture to suggest that it is neither necessary nor desirable to make any change in the Prospectus.

The Governing Body had their attention drawn to Mr. M. A. Master's letter to them dated 29th December 1935 which was before the Governing Body and with the historical points in which many members of the Governing Body are in agreement.

The following Members voted for the Resolution: Sir Purshotamdas Thakurdas, Mr. Chandavarkar, Mr. Dinshaw, Mr. Munawar, Mr. Hirachand, Mr. Master, Sir Mohammad Yakub, and Mr. Flockhart.

The following members abstained from votings: The Chairman, Maulvi Abul Kasem and Mr. Hampton abstained from voting.

The Secretary was directed to reply to the Secretary, Indian Chamber of Commerce, Calcutta, to the effect that the Governing Body were in communication with the Government of India on the question.

**Sir Muhammad Yakub:** Have Government come to any conclusion with regard to making a change in the prospectus of the "Dufferin"?

**The Honourable Sir Muhammad Zafrullah Khan:** The Honourable Member, being a member of the Governing Body, is aware that the proposed change in the prospectus does not relate to the curriculum, but is designed to make it clear that there is no guarantee of employment.

**Sir Muhammad Yakub:** That goes to the root of the matter, the purpose for which the "Dufferin" was founded?

**The Honourable Sir Muhammad Zafrullah Khan:** That is not a question.

#### EMPLOYMENT OF "DUFFERIN" CADETS AS OFFICERS ON STEAMERS OF SHIPPING COMPANIES.

**743. \*Pandit Govind Ballabh Pant:** (a) Will Government be pleased to state whether they intend to make a change in the object with which the training ship "Dufferin" was started, namely:

"To obtain suitable candidates from among British Indian subjects or subjects of a Ruling Prince in India for the Indian Mercantile Marine and to train these in such a way that they may with confidence be expected to follow the sea as a career and be fit in all respects to hold their own as good and efficient officers"?

(b) Will Government be pleased to state whether it is contemplated by them to make any alteration in the prospectus of the training ship "Dufferin" with a view to giving the public to understand that Government have failed to make suitable arrangements with the Shipping Companies to ensure the employment of "Dufferin" cadets as officers?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) No. The words quoted by the Honourable Member are taken from the Prospectus of the training ship "Dufferin", and there has been no proposal made by or on behalf of Government that they should be altered in any way.

(b) No. The Honourable Member presumably refers to other proposed changes in the Prospectus. These did not contemplate any change whatever in the curriculum or training given on the "Dufferin", but set out more fully for the information of parents or guardians the nature of the instruction given, and also made it clear that Government could not guarantee the subsequent employment at sea of all cadets. These alterations

have been considered by the Governing Body of the "Dufferin", whose recommendations have just been received and are under the consideration of Government.

**Pandit Govind Ballabh Pant:** Was the prospectus issued with the approval and under the authority of the Government?

**The Honourable Sir Muhammad Zafrullah Khan:** I believe so; but I am not quite sure.

**Pandit Govind Ballabh Pant:** Is it a fact that the hopes held out in the prospectus have not been fulfilled?

**The Honourable Sir Muhammad Zafrullah Khan:** It is a fact, as the answers to the Honourable Member's previous questions showed, that some of the cadets have not been able to obtain suitable employment.

#### EMPLOYMENT OF INDIAN OFFICERS ON STEAMERS OF SHIPPING COMPANIES.

**744. \*Pandit Govind Ballabh Pant:** (a) Will Government be pleased to state the steps taken by them to implement the following assurance given by the Commerce Member on the 28th March, 1935, in reply to question No. 1129, in this House:

"In this connection the Government of India will take steps to impress on all Shipping Companies, whether British or Indian, engaged in the coastal trade the importance of employing duly qualified Indian Officers in adequate numbers"?

(b) Will Government be pleased to state whether as a result of such steps the cadets of the training ship "Dufferin" are now being employed "in adequate numbers" by the British Shipping Companies as officers on their steamers? How many vacancies have since occurred in the latter and how many of these have been filled by the former?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Government have been in constant correspondence with the leading companies about individual cases, and have recently addressed them on the general question.

(b) Government have no information regarding the actual number of vacancies that have occurred on the steamers of the various companies. Up to date most of the qualified *ex*-cadets have found employment either in British or Indian companies, or in other employment in connection with the Indian mercantile marine.

**Pandit Govind Ballabh Pant:** Did Government address the various shipping companies after they gave this assurance on the floor of this House?

**The Honourable Sir Muhammad Zafrullah Khan:** Yes, Sir, on several occasions.

**Pandit Govind Ballabh Pant:** Have they received any replies from the companies concerned, Sir?

**The Honourable Sir Muhammad Zafrullah Khan:** Yes, on some occasions.

**Pandit Govind Ballabh Pant:** Have they met with the wishes of the Government?

**The Honourable Sir Muhammad Zafrullah Khan:** Not completely; Government are still pursuing the matter.

#### POSITION OF INDIANS IN IRAQ.

**745. \*Pandit Govind Ballabh Pant:** (a) Is it a fact that certain laws and orders prejudicial to Indians, have been recently passed in Iraq?

(b) Has the Iraqi Majlis reserved most of the occupations in Iraq exclusively for Iraqis?

(c) Were any notices served on Indians, settled in Iraq, to leave that country last year?

(d) What is the approximate number of Indians visiting the holy places in Iraq annually?

(e) Are Government aware that the amount spent or given in charity by the Indian pilgrims in Iraq is considerable?

(f) Are Government aware that regular contributions are made every year from India for charity in Iraq?

(g) Is it a fact that India takes the major portion of the dates exported from Iraq?

(h) Is it a fact that thousands of India's soldiers were killed or disabled in the struggle to which Iraq owes her present status of independence?

(i) What is the total number of Iraqis and Indians in India and Iraq respectively?

(j) Is it a fact that many Iraqis hold lucrative positions in Government and Railway and other services in India and a goodly number are similarly employed or established in business and professions, and that the Iraqis are not subjected to any discrimination or restriction in the matter of ownership of property or otherwise, in India?

(k) Is it a fact that an Indian, wishing to enter Iraq territory, has to obtain the permission of the Iraq Government, while an Iraqi can enter India by means of a mere entry *visa* obtained from the British Consulate in Iraq?

(l) Is it a fact that the Iraq Government does not ordinarily grant such permission, unless the applicant has a running business or guaranteed employment in Iraq; while an Iraqi is not subjected to any such restriction in the matter of entry into India?

(m) Is it a fact that an Indian is required by the Iraq Government to obtain a resident permit on his landing in Iraq, such permit being ordinarily available only for one year and on payment of rupees one hundred as a security, while an Iraqi is quite free to reside in India for as long as he chooses to do so?

(n) What action do Government propose to take in the matter?

**Sir Aubrey Metcalfe:** (a) and (b). No. A Bill reserving certain callings for Iraqis is at present before the Iraqi Legislature.

(c) Yes. Notices are served from time to time in connection with the renewal of permits to stay in Iraq under Article 10 of the Iraq Residence Law of 1923.

(d) The total number of pilgrims who visited Iraq during 1932, 1933 and 1934 was 3,375, 3,768 and 5,891 respectively.

(e) Government have no information.

(f), (g) and (h). Yes.

(i) and (j). The total number of Indians in Iraq is about 4,500. As regards Iraqis in India, accurate information is not at present available.

(k) Yes. Under Article 5 of Iraq Residence Law of 1923, it is necessary that applications should be referred to the Iraq Government before facilities are granted.

(l) and (m). Information is being obtained and will be communicated to the House when received.

(n) Government are doing all they can to protect the interests of Indians in Iraq.

**Mr. M. Ananthasayanam Ayyangar:** Have Government a copy of the Bill, Sir? Is it to be introduced, or has it been introduced?

**Sir Aubrey Metcalfe:** The Bill has been introduced; it has been passed in some form in the Lower House and is now under the consideration of the Upper House of the Iraq Legislature.

**Mr. M. Ananthasayanam Ayyangar:** Are the Government of India in possession of a copy of the Bill, and will the Honourable Member place it on the table for the information of Honourable Members?

**Sir Aubrey Metcalfe:** I think we have a copy of the Bill as originally introduced, but I understand it has been considerably altered in the course of passage through the Legislature, and I suggest that it would be better to wait until it has been finally passed. I can, I think, produce a copy of the Bill if Honourable Members particularly wish, but it won't tell them much, because it has been considerably altered.

**Mr. M. Ananthasayanam Ayyangar:** Are the amendments made in favour of or against the Indians?

**Sir Aubrey Metcalfe:** They are neither; they do not affect Indians only, but affect all foreigners.

**Pandit Govind Ballabh Pant:** Are Government aware of the alterations made in the original Bill?

**Sir Aubrey Metcalfe:** We only had some telegraphic information on the subject; I could not give the exact alterations.

**Pandit Govind Ballabh Pant:** Will Government take steps to ensure that the Iraq Government will not have any discretion, under the Bill that they have introduced, to discriminate against Indians in Iraq?

**Sir Aubrey Metcalfe:** Sir, I would point out that the Iraq Government is a foreign Government, and it is hardly the business of the Government of India to ensure that a foreign Government does something.

**Pandit Govind Ballabh Pant:** If the Iraq Government persist in its present course, will the Government of India adopt retaliatory measures in this country?

**Sir Aubrey Metcalfe:** That, Sir, is a hypothetical question.

**Sir Cowasji Jehangir:** May I ask whether the Government of India will take steps to see that no discrimination is made against Indians that does not equally apply to other foreign residents in Iraq? Surely it is the duty of Government to protect Indians in foreign countries and see that they are not treated worse than any others?

**Sir Aubrey Metcalfe:** Sir, I have stated at least half a dozen times that there has never been any proposal to treat Indians in any way differently from other foreigners.

**Mr. President** (The Honourable Sir Abdur Rahim): Next question.

#### REPORT OF THE TARIFF BOARD ON THE INDIAN TEXTILE INDUSTRY.

746 \***Mr. S. Satyamurti:** Will Government be pleased to state:

- (a) the stage at which the labours of the Indian Textile Tariff Board stand now;
- (b) when the report of the Board is expected to be published; and
- (c) what action they propose to take thereon?

**The Honourable Sir Muhammad Zafrullah Khan:** I wish Government knew, Sir.

**Mr. S. Satyamurti:** Is this Board functioning, and, if so, how?

**The Honourable Sir Muhammad Zafrullah Khan:** The Honourable Member knows that the Board is functioning; but we have as little information as to the stage at which their labours stand as anybody outside.

**Mr. S. Satyamurti:** May I know, with regard to clause (c) of the question, whether Government propose to place their recommendations before this House, before they make up their minds, one way or the other?

**The Honourable Sir Muhammad Zafrullah Khan:** No, Sir.

**Mr. S. Satyamurti:** Why not?

**The Honourable Sir Muhammad Zafrullah Khan:** That is not the usual practice. As the executive, Government make up their minds as to what action should be taken. If that action involves legislation, the recommendations are placed before this House for the purpose of legislation.



**Mr. S. Satyamurti:** Will Government reconsider their position, in view of the very important nature of the work entrusted to this Board and of the strong feeling in the country, and, if necessary, change their practice in these cases and consult this House, before they take the responsibility of deciding one way or the other?

**The Honourable Sir Muhammad Zafrullah Khan:** Government will take no different course in respect of this Tariff Board to that taken in respect of previous Tariff Boards.

**Sir Cowasji Jehangir:** Is it possible to carry any of the recommendations of the Tariff Board into execution without consulting the Legislature?

**The Honourable Sir Muhammad Zafrullah Khan:** That is a hypothetical question.

INDIAN REPRESENTATIVE ON THE COMMITTEE OF THE LEAGUE OF NATIONS DEALING WITH ITALO-ABYSSINIAN DISPUTE.

747. \***Mr. S. Satyamurti:** Will Government be pleased to state:

- (a) whether India is represented at the League of Nations, or at its Committee which deals with the Italo-Abyssinian dispute;
- (b) who the representative is; and
- (c) whether that representative gets instructions from the Government of India from time to time and if so, whether those instructions will be placed on the table of this House?

**Sir Aubrey Metcalfe:** (a), (b), and (c). India is represented on the Co-ordination Committee set up by the League to deal with the question of Sanctions under Article 16 of the Covenant arising out of the Italo-Abyssinian dispute by His Highness The Aga Khan, with Sir Denys Bray as substitute Delegate. The Indian representative receives his instructions from the Secretary of State acting in consultation with the Government of India. Government are not prepared to lay the papers on the table.

**Mr. S. Satyamurti:** May I know why the Government of India appointed a gentleman, who is now in India, as Delegate and why they appointed a gentleman as Deputy Delegate who is really after all doing the whole work?

**Sir Aubrey Metcalfe:** His Highness the Aga Khan has been the Delegate from India for a considerable period of time.

**Mr. S. Satyamurti:** May I know why Government did not appoint an Indian to this Co-ordinating Committee to represent India, who could be present in Europe now?

**Sir Aubrey Metcalfe:** Does the Honourable Member suggest that His Highness the Aga Khan is not an Indian?

**Mr. S. Satyamurti:** I am suggesting that His Highness the Aga Khan is absent, and thus his functions are merely of a formal nature, and that Sir Denys Bray is really running the whole show. I am asking why they could not appoint an Indian, who could be present and take part in the meetings of that Co-ordinating Committee?

**Sir Aubrey Metcalfe:** His Highness the Aga Khan has been present there except for a short interval during which he has visited India.

**Mr. S. Satyamurti:** Did this Co-ordinating Committee, on which India is represented, consider the attitude which should be adopted by the League towards Italy in respect of the sanctions, and what was the position taken up by the Government of India in respect of that matter through this representative?

**Sir Aubrey Metcalfe:** I did not gather exactly what information my Honourable friend requires. Would he mind repeating his question?

**Mr. S. Satyamurti:** I want to know what attitude India's representative took, as representing this country, in respect of the sanctions to be enforced by the League against Italy in the Italo-Abyssinian dispute.

**Sir Aubrey Metcalfe:** Surely, it is fairly obvious that they followed in this case the same line as His Majesty's Government.

**Mr. S. Satyamurti:** May I know why Government refuse to place the information which they gave to their Delegates on the table of this House?

**Sir Aubrey Metcalfe:** Because they did not consider it would be in the public interest to place them on the table.

**Mr. S. Satyamurti:** And yet, you ask from us a vote for the Italian Loans and Credits Bill?

**Mr. President** (The Honourable Sir Abdur Rahim): That is arguing. Next question.

#### ARTICLES WHOSE EXPORT TO AND IMPORT FROM ITALY ARE PROHIBITED.

748. **\*Mr. S. Satyamurti:** Will Government be pleased to state:

- (a) the number and the nature of the articles, whose export to and import from Italy are prohibited, under the Embargo Sanctions, imposed by the League of Nations;
- (b) whether they have been consulted on the proposed imposition of the embargo on oil, and
- (c) if so, what their views are on the matter?

**Sir Aubrey Metcalfe:** (a) Copies of Government of India notifications Nos. 59 and 62, dated the 18th November and the 23rd November, 1935, respectively, specifying the articles, whose export to and import from Italy are prohibited in pursuance of the decision of the League of Nations to impose sanctions against Italy, are placed on the table.

(b) and (c). The question of including petroleum products within the scope of the sanctions is one which is now under the consideration of the League of Nations. It is, therefore, obviously undesirable that any public announcement on this subject should be made by an individual member State.

GOVERNMENT OF INDIA.  
FINANCE DEPARTMENT (CENTRAL REVENUES).

NOTIFICATION.

CUSTOMS.

*New Delhi, the 18th November, 1935.*

*No. 59.*—In exercise of the powers conferred by section 19 of the Sea Customs Act, 1878 (VIII of 1878), the Governor General in Council is pleased :

- (a) to prohibit the taking by sea or by land out of British India of the goods specified in the Schedule to Italy or to any Italian possession; and
- (b) to restrict in the following manner the taking by sea or by land out of British India of the goods specified in the Schedule to any place other than Italy or any Italian possession, namely :

No such goods shall be taken out of British India except with the permission of the Chief Customs Officer, who shall not grant such permission unless he is satisfied that it is not intended that such goods shall be taken to Italy or to any Italian possession.

SCHEDULE.

PART I.

1. Rifles and carbines and their barrels.
2. Machine-guns, automatic rifles, and machine pistols of all calibres, and their barrels.
3. Guns, howitzers and mortars of all calibres, their mountings, barrels and recoil mechanisms.
4. Ammunition for the arms specified in paragraphs 1 and 2 of this Part of this Schedule; filled and unfilled projectiles and prepared propellant charges for the arms specified in paragraph 3 of this Part of this Schedule.
5. Grenades, bombs, torpedoes and mines, filled or unfilled, and apparatus for their use or discharge.
6. Tanks, armoured vehicles and armoured trains, and armour plate of all kinds.
7. Vessels of War of all kinds, including aircraft carriers and submarines.
8. Aircraft, assembled or dismantled, both heavier and lighter than air and their propellers or air screws, fuselages, aerial gun mounts and frames, hulls, tail units and undercarriage units.
9. Aircraft engines.
10. Revolvers and automatic pistols of a weight in excess of 1 lb. 6 ozs. and ammunition therefor.
11. Flame-throwers and all other projectors and machines (including smoke producing apparatus) used for chemical or incendiary warfare.
12. Mustard gas, Lewisite, Thyl-dichlorarsine, Methyl-dichlorarsine, Ethyl-iodoacetate, Chloroacetophenone, Chlorosulphonic Acid, Diphenylamine-chloroarsine, Bromobenzylcyanide, Diphenylchloroarsine, Diphenylcyanoarsine, Phosgene, Chlorpicrin and all other noxious substances whatsoever intended for offensive or defensive purposes in warfare.
13. Explosives of every description.

PART II.

1. Iron ore and concentrates, ground, unground or briquetted.
2. Iron and steel scrap and waste.

3. Metals, unwrought, of the following descriptions, namely :

- (a) Aluminium ;
- (b) Chromium ;
- (c) Manganese ;
- (d) Nickel ;
- (e) Tin ;
- (f) Titanium ;
- (g) Tungsten ;
- (h) Vanadium.

4. Alloys, unwrought, containing any metal specified in paragraph 3 of this Part of this Schedule, including ferro-alloys but excluding steel and alloy steel; ores, concentrates and residues, ground, unground or briquetted, and matte containing any such metal; and scrap and waste of the said metals.

5. Aluminium oxide (but not including abrasives).

6. Ferro-molybdenum.

7. Ferro-silicon.

8. Rubber (raw), including crepe; rubber latex.

9. Waste, scrap and reclaimed rubber.

10. Horses, mules, donkeys, camels and all other transport animals.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT (CENTRAL REVENUES).

NOTIFICATION.

CUSTOMS

*New Delhi, the 23rd November, 1935.*

No. 62.—In exercise of the powers conferred by section 19 of the Sea Customs Act, 1878 (VIII of 1878), and in supersession of the Notification of the Government of India in the Finance Department (Central Revenues) No. 61-Customs, dated the 18th November, 1935, the Governor-General in Council is pleased to prohibit the bringing by sea or by land into British India of goods (other than goods specified in the Schedule as exempted goods) from whatever place arriving consigned from, or grown, produced or manufactured in Italy or any Italian possession :

Provided that the foregoing prohibition shall not apply :

- (1) to goods which are the personal effects of passengers, or
- (2) to goods brought into British India before the 18th December 1935, or
- (3) to goods the price of which has been wholly paid on or before the 19th October 1935, and the importation of which has been specially authorised by the Governor-General in Council.

*Explanation.*—Goods grown or produced in Italy or in any Italian possession which have been subjected to any process in another country and goods manufactured partly in Italy or in any Italian possession and partly in another country shall be deemed to fall within the scope of the foregoing prohibition unless 25 per cent. or more of the value of the goods at the time when they left the place from which they were last consigned is attributable to processes undergone since the goods left Italy or any Italian possession.

SCHEDULE.

EXEMPTED GOODS.

Gold or silver bullion and coin.

Newspapers, periodicals, printed books and printed music.

Maps and hydrographic charts.

(Sd.) W. W. NIND,

*Joint Secretary to the Government of India.*

**Mr. S. Satyamurti:** May I know whether this question regarding the oil sanctions has or has not been discussed in other countries, especially Great Britain?

**Sir Aubrey Metcalfe:** It may have been discussed, but there is no reason why the Government of India should make a public announcement of their views.

**Mr. S. Satyamurti:** Are not Government aware that His Majesty's Government have placed their proposals before Parliament, and are going to take their views on the matter, and why the Government of India refuse to do likewise?

**Sir Aubrey Metcalfe:** I am certainly not aware of His Majesty's Government having placed their views before anybody at present!

**Mr. S. Satyamurti:** What is the attitude of the Government of India towards these oil sanctions?

**Sir Aubrey Metcalfe:** As I have said, I am not prepared to announce it.

**Mr. M. Ananthasayanam Ayyangar:** Is the export of gold to Italy prohibited?

**The Honourable Sir James Grigg:** No, Sir.

**Mr. M. Ananthasayanam Ayyangar:** Why not?

(No answer.)

AGREEMENT WITH BARODA OVER CUSTOMS QUESTIONS.

749. **\*Mr. S. Satyamurti:** Will Government be pleased to state:

- (a) the nature of the agreement between the Government of India and Baroda over Customs questions;
- (b) what the financial results of the agreement are; and
- (c) whether the agreement will be placed before the Assembly for its opinion, before the agreement is finally accepted?

**The Honourable Sir James Grigg:** I have nothing to add to the replies which I gave in connection with Mr. Avinashilingam Chettiar's question No. 609 asked on the 23rd of September and the Honourable Member's question No. 1471 asked on the 4th of April, last.

**Mr. S. Satyamurti:** Has the agreement been finally accepted?

**The Honourable Sir James Grigg:** I think it has not been finally executed. I had hoped to be able to make a statement on this question before now, but unfortunately, owing to unforeseen delays, I have had to put it off.

**Mr. S. Satyamurti:** What is the nature of the lines on which negotiations are proceeding?

**The Honourable Sir James Grigg:** No agreement has been executed yet.

**Mr. S. Satyamurti:** With regard to part (b), have Government any information as to the financial results of the agreement?

**The Honourable Sir James Grigg:** There is no agreement in existence, and, therefore, I cannot give an answer.

**Mr. S. Satyamurti:** Are we losing crores over it?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has already said that there is no agreement in existence.

**Mr. S. Satyamurti:** If it is executed, then it will be too late for us?

**Mr. President** (The Honourable Sir Abdur Rahim): Next question.

#### PURCHASE OF CUSTOMS RIGHT OF SEVERAL STATES SURROUNDING KUTCH.

750. \***Mr. S. Satyamurti:** Will Government be pleased to state:

- (a) whether it is a fact that they have purchased the customs right of several states surrounding Kutch;
- (b) whether it is a fact that they have turned their preventive salt line into a customs collecting line; and
- (c) whether they have considered the question of opening negotiations with Kutch, and inducing them to adopt the British Indian code of tariffs and getting their consent and fullest co-operation against leakages?

**The Honourable Sir James Grigg:** (a) and (b). Yes.

(c) The Government of India are always prepared to consider alternative solutions likely to prove more satisfactory.

**Mr. S. Satyamurti:** Have any conclusions been arrived at in this matter?

**The Honourable Sir James Grigg:** I have answered (a) and (b) as "Yes".

**Mr. S. Satyamurti:** Before they did so, did they consider the suggestion in part (c)?

**The Honourable Sir James Grigg:** Yes, Sir.

**Mr. S. Satyamurti:** Why did they reject it then?

**The Honourable Sir James Grigg:** They thought the other one was better.

**Mr. S. Satyamurti:** Will Government consider the question and evolve one uniform customs for the whole of the geographical India, with

a view to avoiding these difficulties and thus to create a uniform customs policy, so that all concerned units might benefit by it? Have Government considered it?

**The Honourable Sir James Grigg:** That question is bound to arise in an active form in connection with Federation.

**Mr. M. Ananthasayanam Ayyangar:** What is the cost of this purchase?

**The Honourable Sir James Grigg:** I must have notice of that.

**Mr. M. Ananthasayanam Ayyangar:** What is the probable gain from such a purchase?

**Mr. President** (The Honourable Sir Abdur Rahim): Next question.

#### STOCK EXCHANGE.

751. **\*Mr. S. Satyamurti:** Will Government be pleased to state:

- (a) whether they have considered the desirability and the necessity for reforming the Stock Exchange;
- (b) whether they propose to set up an enquiry into the working of the Stock Exchange;
- (c) whether they have started laying down rules to control the nature of business to be done on the Stock Exchange;
- (d) whether they have considered, or will consider, the suggestion to have a Board of the Stock Exchange, containing twelve Directors, four representing the Brokers, four representing jobbers, four representing the general public, two being nominated by Government, and two representing the Chambers of Commerce; and
- (e) whether they are prepared to explore these and other details suggested and found working on the various stock exchanges of the financial centres of the world, and take steps to improve the working of the Stock Exchange in India?

**The Honourable Sir James Grigg:** There is no single Stock Exchange for India. There are many independent Stock Exchanges. One in Bombay is governed by an Act of the Local Legislature.

The control of Stock Exchanges is a matter for the Local Governments within whose jurisdiction they are situated.

**Mr. S. Satyamurti:** Is the Honourable the Finance Member aware that speculation on the Stock Exchanges sometimes takes a very unhealthy form, and will Government consider the desirability of having an all-India legislation on this matter?

**The Honourable Sir James Grigg:** As far as the first part of the remarks, undoubtedly, and I am in complete agreement with the Honourable Member. As regards the second part, I do not think it is within the power of the Government of India as it is a provincial subject.

**REPRESENTATION OF SMALL TEA INTERESTS ON THE INDIAN LICENSING COMMITTEE.**

752. **\*Mr. S. Satyamurti:** Will Government be pleased to state:

- (a) whether they are aware of the impression that the interests of small Indian tea concerns are not adequately protected by the Indian Licensing Committee;
- (b) the reasons why the proceedings of the Committee are always private and confidential; and
- (c) whether they propose to consider the necessity for giving representation to small Indian tea interests on the Committee?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) No.

(b) The Honourable Member's attention is invited to the answers to parts (a) and (b) of starred question No. 641 asked by Mr. S. C. Mitra in this House on the 20th August, 1934.

(c) The attention of the Honourable Member is invited to the answer given to part (g) of unstarred question No. 42 asked by Mr. N. C. Bardaloi in this House on the 22nd February, 1935.

**Mr. S. Satyamurti:** Have Government made any enquiries since the receipt of this question, and have they satisfied themselves that the interests of the small Indian tea concerns are adequately protected by the Indian Tea Licensing Committee?

**The Honourable Sir Muhammad Zafrullah Khan:** A suggestion has already been made to the Local Government that the representations of any Indian organisation must be given a fair hearing when Local Governments are making nominations.

**Mr. S. Satyamurti:** With reference to part (a), have Government satisfied themselves that the operations of the Indian Licensing Committee take adequate note of the interests of the smaller Indian tea concerns?

**The Honourable Sir Muhammad Zafrullah Khan:** Government have no reason to think that the interests of the smaller Indian concerns are not adequately considered?

**Mr. S. Satyamurti:** What is the representation of these Indian interests on the Committee?

**The Honourable Sir Muhammad Zafrullah Khan:** Of that I would require notice.



GRANT FOR RURAL DEVELOPMENT IN THE PROVINCES.

753. \*Mr. S. Satyamurti: I am asking only parts (a) and (b), of this question and not part (c).

- (a) the purposes for which their grant for rural development 1935-36 has so far been spent in the provinces; and
- (b) whether any results have been reported so far, and if so, the nature of the results?

**The Honourable Sir James Grigg:** I was going to reply to parts (a) and (b) by referring the Honourable Member to my reply to Professor Ranga's question No. 719. I will read out that answer:

"Provincial Governments have been requested to send a report by the beginning of March showing the progress of schemes financed from the Crore grant. The expenditure to be incurred from provincial revenues to supplement the work is a matter within the discretion of Local Governments, and the Government of India do not consider it necessary to call for any information on this point."

I may add that when we get these reports, I have every intention of placing at any rate a full summary before the House.

SAFEGUARDING OF THE INDIAN COASTAL SHIPPING.

754. \*Mr. S. Satyamurti: Will Government be pleased to state:

- (a) whether they have taken, or propose to take, any fresh steps for safeguarding Indian shipping, and promoting Indian Coastal Shipping especially;
- (b) whether they are aware that the Indian Coastal Shipping is under serious handicaps; and
- (c) whether they have perused the speeches on the resolution relating to Indian Coastal trade at the eighth annual session of the Indian Chambers of Commerce and Industry on the 31st of March, 1935, and what action, if any, they propose to take thereon?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Government have no reason to think that the policy hitherto pursued by them has failed to provide adequately for the development of an Indian Mercantile Marine. The Honourable Member's attention is in this connection invited to the reply given by me to the supplementary question asked by him on the 5th February, 1936, with reference to his starred question No. 75.

(b) Government are aware that Indian shipping companies have had to meet severe competition from companies already established in the coastal trade of India.

(c) Yes. For the reason stated in the reply to part (a) Government do not propose to take any action in the matter.

**Mr. S. Satyamurti:** What is the extent of the share of Indian coastal shipping in the coastal shipping of the country as a whole today?

**The Honourable Sir Muhammad Zafrullah Khan:** I have not worked out the percentages. I am afraid it would be difficult to work out the percentages as, from some conversations that I have had with people who are interested in this matter, I understand that there are great differences of opinion on this matter.

**Mr. S. Satyamurti:** Will Government consider the question of giving a subsidy to Indian coastal shipping?

**The Honourable Sir Muhammad Zafrullah Khan:** No, Sir.

**Mr. M. Ananthasayanam Ayyangar:** Will the Government in England allow the Indian ships to ply in the coast of England?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member need not answer a question like that. Next question.

**PREMIUM MONEY FOR POSTAL INSURANCE IN THE HANDS OF THE GOVERNMENT.**

755. **\*Mr. Sham Lal:** (a) Will Government be pleased to state the amount of premium money for postal insurance in the hands of Government?

(b) Is it a fact that the money thus realized has been and is being advanced as a loan to foreign firms on nominal interest?

(c) If so, to what firms is the money being advanced, and at what interest?

(d) Will Government be pleased to state whether such a system of insurance with Government existed in Great Britain and has been stopped on account of undue competition with insurance companies?

(e) If so, are Government prepared to follow that example here? If not, why not?

**The Honourable Sir Frank Noyce:** (a) The balance in the Postal Insurance and Life Annuity Fund on the 31st March, 1935, was about Rs. 6,41 lakhs.

(b) No: the amount is merged in Government balances and is utilised for their ways and means purposes.

(c) Does not arise.

(d) Government have no information.

(e) The Honourable Member is referred to my reply given in this House on the 12th September, 1933, to part (c) of starred question No. 837 put by Mr. E. Studd.

**COVERING OF PLATFORMS AND PROVISION OF BENCHES IN THE INTERMEDIATE CLASS WAITING ROOM AT THE ROHTAK RAILWAY STATION.**

756. **\*Mr. Sham Lal:** (a) Are Government aware:

(i) that Rohtak is a fairly big railway junction, and there is a great deal of passenger traffic there;

(ii) that both the platforms of Rohtak Railway station are uncovered, and there is no protection for the passengers against heat and rain and that the passengers are not allowed to wait in the verandah, which is also too small; and

(iii) that there are no benches in the intermediate class waiting room?

(b) Are Government prepared to consider the necessity of covering both the platforms of the Rohtak Railway station and providing benches in the intermediate class waiting room?

**The Honourable Sir Muhammad Zafrullah Khan:** (a), (i) No.

(ii) and (iii). Government have no information.

(b) Government consider that such matters are best left to the decision of the Agent with the advice of the Local Advisory Committee. I am, however, forwarding a copy of the question to the Agent, North Western Railway.

**SURVIVORS OF THE VICTIMS OF BIHAR AND BALUCHISTAN EARTHQUAKES HOLDING UNMATURED POSTAL CASH CERTIFICATES.**

757. **\*Mr. Sham Lal:** (a) Will Government be pleased to state whether efforts are being made by Postal authorities to trace the survivors of the victims of Bihar and Baluchistan earthquakes, holding unmaturred postal cash certificates at the time of their sudden death?

(b) If so, what is the approximate amount of these cash certificates, both in the case of Bihar and Baluchistan?

**The Honourable Sir Frank Noyce:** (a) and (b). It is impossible for the Post Office to undertake the task suggested by the Honourable Member in the absence of information regarding the serial number of the cash certificates, the date and office of issue and the name of the deceased holder.

**CONSUMPTION OF INTOXICANTS AMONGST SOLDIERS.**

758. **\*Mr. Sham Lal:** (a) Will Government be pleased to state the amount of consumption of intoxicants amongst Indian and British soldiers, separately, during the years ending on the 31st March. of 1935, 1930, 1925, 1920?

(b) If the resort of Indian and British soldiers to Brewery products has not shown any appreciable diminution during this period, what steps are being taken at present to promote the cause of temperance amongst Indian and British soldiers, respectively?

**Mr. G. R. F. Tottenham:** (a) The statistics asked for are not available.

(b) No steps are necessary, since the consumption of intoxicants is moderate among both British and Indian troops. In the case of the former particularly there has been a very marked diminution in the last 15 years.

**UTILISATION OF BONES AS FERTILISERS.**

759. **\*Mr. Sham Lal:** (a) Will Government be pleased to state the respective exports of bones from India during the last three years, in maunds or tons?

(b) Has any cheap method been discovered by the Imperial Council of Agricultural Research for the utilisation of Indian bones as fertilisers on an economic basis?

**Sir Girja Shankar Bajpai:** (a) A statement is laid on the table.

(b) Yes. Experiments were carried out at the suggestion of the Fertilizers Committee of the Imperial Council of Agricultural Research and the results have been published in the publication "Agriculture and

Livestock in India', copies of which are available in the Library of the House. The volumes for March, 1931, November, 1932 and March and May, 1933, contain the relevant articles.

Statement.

Year.	Bonemeal.	Bones for manurial purposes.	Bones for manufacturing purposes.	Total.
	Tons.	Tons.	Tons.	Tons.
1932-33 . . . . .	18,446	3,117	38,565	60,128.
1933-34 . . . . .	20,556	4,263	39,191	64,010.
1934-35 . . . . .	28,106	8,368	52,378	88,852.

**NON-APPLICABILITY OF INCOME-TAX TO PENSIONS DERIVED FROM INDIAN EXCHEQUER OUTSIDE INDIA.**

760. **\*Mr. Sham Lal:** (a) Will Government be pleased to state whether it is a fact that pensions derived from Indian exchequer are free from Indian Income-tax when drawn outside India?

(b) If the reply to part (a) be in the affirmative, what has been the loss to the Indian exchequer during the last financial year on account of this concession?

(c) What are the names of the other countries in the British Empire where this practice prevails?

**The Honourable Sir James Grigg:** (a) Pensions of officers of Government residing out of India and which are paid in the United Kingdom or are drawn from a Colonial treasury are exempt from income-tax.

(b) It is not possible to calculate the amount involved.

(c) The information is not available.

**PAYMENT OF LICENCE FEES BY RAILWAY VENDORS.**

761. **\*Mr. Sham Lal:** Will Government be pleased to state:

(a) whether it is a fact that Railway vendors have not to pay any licence fees to the Railway administration;

(b) whether they are aware that in order to retain the privilege of using railway premises, several Railway vendors have to keep some railway officers in humour and thus lead them to corruption; and

- (c) if so, whether Railway authorities propose to overhaul this system in such a way as to add something to their Railway revenues in these days of financial depression, and free railway administration from all taints of corruption?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) The practice varies on the different railways; on one, the contracts are sold by public auction, on some, a license fee is paid and on others no charge is recovered.

(b) Allegations to this effect have been made, but no evidence to support them has been produced.

(c) Does not arise, but the question of railway contracts generally will be discussed with the Central Advisory Council for Railways.

**Mr. Lalchand Navairai:** Why do not Government have one system for all railways?

**The Honourable Sir Muhammad Zafrullah Khan:** Government do not prescribe the conditions. The different administrations lay down the conditions for themselves; that is why there is no uniform rule.

REFUSAL BY GOVERNMENT TREASURIES TO ACCEPT OILED AND SPOILED CURRENCY NOTES AND DEFACED RUPEE COINS.

762. **\*Mr. Sham Lal:** Will Government be pleased to state:

- (a) whether they are aware that oiled and spoiled currency notes, though genuine and their numbers and other things clearly visible, and defaced rupee coins, though genuine and of requisite weight, are refused acceptance sometimes at several Government sub-treasuries by cashiers of Government treasuries to the great inconvenience of the public; and
- (b) if the reply to part (a) be in the affirmative, whether they intend to make the rules uniform at all treasuries and paste them on the walls of Government treasury houses in order to improve the administration of Government treasuries?

**The Honourable Sir James Grigg:** I would invite the attention of the Honourable Member to the reply given on the 13th February, 1934, in the Legislative Assembly to Bhai Parma Nand's question No. 111.

COMMUNICATION OF THE COMPLAINTS OF THE TRAVELLING PUBLIC TO TRAIN EXAMINERS.

763. **\*Mr. Sham Lal:** Will Government be pleased to state:

- (a) whether it is a fact that Railway guards and Railway policemen are accessible to the travelling public more easily than Train Examiners; and
- (b) if so, whether Railway authorities are prepared to secure the co-operation of Railway guards and Railway policemen for the immediate communication of the complaints of the travelling public to Train Examiners?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) The degree of accessibility of railway servants varies according to circumstances.

(b) The responsibility of requisitioning the services of a Train Examiner, should these be necessary, rests with the Guard and the Station Master on duty. The railway police have other duties to attend to, the efficient discharge of which might be affected if the Honourable Member's suggestion were accepted.

#### IMPORTATION OF FOREIGN FILMS INTO INDIA.

764. **\*Mr. Sham Lal:** Will Government be pleased to state:

- (a) the number of countries which exported cinematograph films and other accessories to India during the last financial year;
- (b) whether it is a fact, according to the sources of information open to Government, that this importation of foreign films has been having a prejudicial effect on the cultural development of India, besides injuring the growth of indigenous cinema industry of India; and
- (c) if so, whether Government propose to take any steps in the matter?

**The Honourable Sir Frank Noyce:** (a) The Honourable Member is referred to pages 174-175 of the Annual Statement of the Sea-borne Trade of British India for the year 1933-34, which gives the required information as far as it is available. A copy of the Statement is in the Library of the Legislature.

(b) No.

(c) Does not arise.

**Prof. N. G. Ranga:** Have any representations been received from the Indian cinematograph industry for any protection from the State?

**The Honourable Sir Frank Noyce:** Certainly not recently.

**Mr. Lalchand Navalrai:** Has the Honourable Member considered the question of reducing the customs duty on raw films?

**The Honourable Sir Frank Noyce:** That is a question which might be addressed to my Honourable colleague, the Commerce Member.

**Mr. Lalchand Navalrai:** Will the Honourable the Commerce Member tell me whether there is any idea of reducing the customs duty on raw films?

**The Honourable Sir Muhammad Zafrullah Khan:** Government cannot answer questions with regard to ideas.

#### LIBRARIES ATTACHED TO HOSPITALS IN THE CENTRALLY ADMINISTERED AREAS.

765. **\*Mr. Sham Lal:** Will Government be pleased to state:

- (a) the number of Government-run, Government-aided and Government-recognised hospitals of the centrally administered areas.

possessing small libraries of easy literature in English and vernacular for the diversion of indoor patients by their relatives or attendants; and

- (b) if the number of such hospitals is small, whether Government propose to take any action in the matter?

**Sir Girja Shankar Bajpai:** (a) Small libraries exist in three Government hospitals and in three Government aided hospitals in centrally administered areas.

(b) The question of providing libraries in hospitals is one for the local authorities in charge of the hospitals. Their attention will be invited to the matter.

**REDUCTION IN THE STANDING ARMY AND MILITARY EXPENDITURE ON SEPARATION OF BURMA.**

**766. \*Mr. Sham Lal:** Will Government be pleased to state:

- (a) whether there is to be a reduction both in the standing army of India (for internal and external purposes) and the annual military expenditure as a result of the separation of Burma; and

- (b) if so, to what proportion?

**Mr. G. R. F. Tottenham:** I refer the Honourable Member to the answer which I gave to unstarred questions Nos. 2 and 3 on the 4th February, 1936, regarding the defence of Burma. I can only say that there will be some reduction in the number of troops under the command of His Excellency the Commander-in-Chief and some reduction in the Indian Defence Services estimates as a result of the separation of Burma.

**INTERMEDIATE COLLEGE FOR BOYS IN NEW DELHI.**

**767. \*Mr. Sham Lal:** (a) With reference to the reply to my question in this House during the last winter Session regarding an Intermediate College for boys in New Delhi, will Government please state how the question stands at present?

(b) Is it a fact that there are more than sufficient number of boys in New Delhi (who at present attend the College in Delhi City) to justify the existence of a College in New Delhi?

(c) Is it a fact that, while in other places Colleges are usually located in open localities, the boys of New Delhi have to go from an open locality to the over-crowded city to attend the College?

**Sir Girja Shankar Bajpai:** (a) The matter is under consideration in connection with the wider question of school reconstruction as proposed by the Universities Conference and the Central Advisory Board of Education.

(b) Government have no definite information.

(c) To some extent this may be true in present conditions; Government will bear this point in mind in considering the scheme of school reconstruction as soon as the main principles have been decided.

**CONSTRUCTION OF AN EXHIBITION BUILDING IN NEW DELHI.**

768. \***Mr. Sham Lal:** (a) Is it a fact that the New Delhi Municipal Committee made a provision of Rs. 50,000 in its budget for 1935-36 for the construction of an 'Exhibition' Building?

(b) What are the details and object of the proposal, and how does it stand now?

**Sir Girja Shankar Bajpal:** (a) Yes.

(b) The object is to provide facilities for exhibitions and other shows with a view to promoting industrial enterprise and indigenous manufacturing activities. The question of a site for the exhibition building has presented some difficulty and is still under consideration.

**Mr. T. S. Avinashilingam Chettiar:** May I take it that the exhibition will consist only of Indian made articles?

**Sir Girja Shankar Bajpal:** That will be for the exhibition authorities to consider.

**GOVERNMENT AND MUNICIPAL QUARTERS ON MINTO ROAD, NEW DELHI.**

769. \***Mr. Sham Lal:** (a) Will Government please state the total number of the Government and Municipal quarters in the Minto Road Extension Area?

(b) Are Government aware that the quarters were occupied last year for the first time and the tenants were put to considerable inconvenience for want of post office, hospital and primary school in the locality and that those tenants who had school-going children had to incur heavy expenses and risks in sending their boys to distant schools?

(c) When are the buildings for these purposes likely to be constructed, and do Government propose to allot some quarters for them as a temporary measure for the next winter?

**Sir Girja Shankar Bajpal:** (a) A statement is laid on the table.

(b) and (c). The quarters were first occupied in 1934. The New Delhi Municipal Committee has sanctioned a scheme for the construction of primary schools and the buildings are likely to be ready early next summer. A dispensary already exists in the locality and the Irwin Hospital is nearing completion. It has also been decided to open a Post Office in the Minto Road Extension area and the question of providing suitable accommodation for it is being considered.

*Statement.*

The total number of clerks' quarters in the Minto Road Extension Area is as follows :

Government of India quarters . . . . .	694
Post and Telegraph quarters . . . . .	37
New Delhi Municipal Committee quarters . . . . .	40
Total	<u>771</u>

"In addition to above 106 more quarters are nearing completion in this area.



**TYPE OF ELECTRIC CURRENT IN THE MINTO ROAD QUARTERS, NEW DELHI.**

**770. \*Mr. Sham Lal:** (a) Is it a fact that the electric current in the quarters of the Minto Road Extension Area is not of the same type as in the rest of New Delhi? If so, what is the difference?

(b) Is it a fact that the electric current in the Area is of such a dangerous type that Government had to issue special instructions and warning about it to the tenants last year?

(c) Is it a fact that in spite of all possible care and precautions, there were some accidents due to the current, resulting in death in one case?

(c) When do Government propose to replace the current by the other type? If not, why not?

**Sir Girja Shankar Bajpai:** (a) Yes. The supply in the Minto Road Extension Area and the Princes Area is "A.C." system, 230 volts, while in other parts of New Delhi it is what is called "D.C." system, 220 volts.

(b) The system of supply is not in itself of a dangerous type. All that is necessary is that the simple instructions regarding its use, which are in the possession of householders, be observed.

(c) Government are not aware of any death or accident having occurred in the Minto Road Extension Area.

(d) The Honourable Member is referred to the reply given to Mr. Ahmed Ebrahim Haroon Jaffer's unstarred question No. 259 on the 25th March, 1935.

**ALLEGATIONS AGAINST THE DEPUTY SECRETARY OF THE FINANCE DEPARTMENT.**

**771. \*Mr. Sham Lal:** (a) Will Government please state if there is any rule in the "Secretariat Instructions" under which officers of the Government are directed not to indulge in personal attacks or to use violent and indecent language in expressing their views on official matters? If there is any rule on this point, will Government please quote it?

(b) Is it a fact that a European Deputy Secretary of the Finance Department has in several cases in the past been found guilty of using objectionable language in official files and has so far been doing so with impunity?

(c) Is it a fact that recently a high officer of the Home Department strongly objected to the indecent allegations and insulting observations made by the Deputy Secretary referred to in part (b) against the office note of the former's Department?

(d) Are Government aware that the Deputy Secretary is also notorious for his hatred towards his subordinate Indian officers?

(e) Is it a fact that a few days ago, the Deputy Secretary wrote the word "Stupid" against the note of a gazetted officer (Indian Assistant Secretary) of his Department?

(f) Is it a fact that the Assistant Secretary immediately brought the matter to the notice of the Secretary of the Department and that the latter, although sympathising with the Assistant Secretary and deploring the action of the Deputy Secretary, did not take any adequate action in the matter to obtain apology from the Deputy Secretary?

(g) Is it a fact that the Deputy Secretary referred to in part (b) recently managed to get the most capable and senior Indian Assistant of his Department declared unfit for promotion to the grade of Superintendent? If so, why?

(h) Have Government so far taken any action against the Deputy Secretary in respect of any of the three allegations made above?

(i) What further action do Government propose to take against the Deputy Secretary?

(j) Do Government propose to suspend the Deputy Secretary and to hold an inquiry into the general complaints against him? If not, what other steps do Government propose to take to find out the truth of the allegations made against him?

**The Honourable Sir James Grigg:** (a) There is a Secretariat Instruction to the effect that all notes should be temperately written and free from personal remarks.

(b) and (c). No cases have been brought to my notice except those mentioned in this question, and, in my view, the Deputy Secretary in those cases did not use language of the nature suggested. In fact, the suggestion contained in part (c) of the question is a misrepresentation of what occurred.

(d) No.

(e) and (f). The suggestion made in these two parts is a most gross misrepresentation of what actually occurred. But, in any case, I may point out that the disclosure to outsiders of the contents of official files is a gross breach of the Conduct Rules. In the English Civil Service, I may say that, it would be punished by immediate dismissal without appeal.

(g) The Assistant concerned was superseded for inefficiency—in my opinion rightly—after a prolonged period of trial in an officiating capacity.

(h), (i) and (j). Certainly not. I should like to take this opportunity of protesting against the habit of some Honourable Members giving publicity to all kinds of unfounded and improper complaints from subordinate Government servants. In so far as I personally am concerned, I propose to record a censure on the documents of all officers serving in my Department who ventilate their grievances in this way. In suitable cases I shall take even stronger action. In my view, one of the most serious dangers to decent administration in India is the habit of invoking political assistance in the interests of individual Government servants.

**Mr. Sham Lal:** What was it that actually happened and what is the misrepresentation?

**The Honourable Sir James Grigg:** The Honourable Member had better go and find that out from where he got his last information.

**Mr. Sham Lal:** But what is the misrepresentation?

**The Honourable Sir James Grigg:** I do say, it is untrue.

**Mr. Sham Lal:** How is the Honourable Member entitled to say that unless he discloses what actually happened?

**The Honourable Sir James Grigg:** Why?

**Mr. M. Ananthasayanam Ayyangar:** If a Government servant is improperly dealt with, have Honourable Members no right to put interpellations on that subject?

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair must inform Honourable Members that it has found that there are too many questions which really deal with individual cases. There are some rules, so far as the Chair is aware, according to which any Government officer, who thinks that justice has not been done to him or injustice has been done to his case, has got a right of appeal. And that is the ordinary method; and surely these questions cannot be discussed on the floor of this House.

**Mr. Lalchand Navalrai:** If his grievance is not redressed in appeal or his appeal is withheld and nothing is done for him, is he not entitled to come to this House and ask for redress?

**Mr. President** (The Honourable Sir Abdur Rahim): This House is not an administrative tribunal or a Court and it cannot deal with such cases.

**INCOME-TAX ASSESSMENT IN THE HISSAR DISTRICT.**

772. **\*Mr. Sham Lal:** (a) Will Government be pleased to state the amount of Income-tax assessment for the years 1931-32, 1932-33, 1933-34, 1934-35 and for April, May, June, July and August 1935, in the Hissar District for each year separately?

(b) With regard to what amount for each year were objections filed and with what result?

**Mr. A. H. Lloyd:** (a) A statement is laid on the table.

(b) The information is not readily available.

*Statement showing the amount of income-tax (including surcharge) assessed in the Hissar District.*

Period.	Amount. Rs.
1931-32 . . . . .	1,44,544
1932-33 . . . . .	1,49,537
1933-34 . . . . .	1,24,113
1934-35 . . . . .	1,34,517
{ April 1935 . . . . .	..
{ May 1935 . . . . .	17,499
† { June 1935 . . . . .	12,962
{ July 1935 . . . . .	18,910
{ August 1935 . . . . .	13,555

†Exclusive of surcharge.

**EMBEZZLEMENT IN THE PUBLIC WORKS DEPARTMENT OFFICE OF THE VICEREGAL ESTATE.**

773. **\*Mr. Sham Lal:** (a) Is it not a fact that in March 1935 an embezzlement of Rs. 30,000 was committed in the P. W. D. office of the Viceregal Estate?

(b) Is it a fact that there were no signatures of either the Accountant or the Head Clerk on the original agreement?

(c) Who was responsible for this embezzlement and what steps have Government taken against the officer concerned?

**The Honourable Sir Frank Noyce:** (a) Government have no knowledge of any such embezzlement.

(b) and (c). Do not arise.

EMBEZZLEMENT IN THE PUBLIC WORKS DEPARTMENT OFFICE OF THE VICEREGAL ESTATE.

774. \***Mr. Sham Lal:** (a) Is it not a fact that the fraud committed in March 1935, embezzling Rs. 30,000, is the second of the series of the big fraud unearthed in the P. W. D. office of the Viceregal Estate, the first one committed in 1933 and the second in 1935?

(b) Will Government state their attitude towards these frauds?

(c) Why do Government not appoint an enquiry committee in the interests of the public?

(d) Is it not a fact that out of the whole lot of charges brought against the P. W. D. staff of New Delhi by Mr. Gulzara Singh, only one was proved and only one officer was dismissed on this score?

(e) Why did not Government pursue other charges?

(f) Are they going to do so now?

(g) Was the head of the department involved in the frauds to any extent?

(h) Has any action been taken against him?

(i) Is it not a fact that the time-keeper, New Delhi, was asked to resign?

(j) What were the reasons for asking him to resign?

(k) Was he also involved in the fraud of 1933?

(l) If so, why was only one person singled out?

**The Honourable Sir Frank Noyce:** (a) The reply to the first part is in the negative. As regards the second part, the fraud which the Honourable Member presumably has in mind was a small fraud which actually occurred in 1932.

(b) and (c). I am not sure what my Honourable friend means. Government do not consider it necessary to appoint an enquiry committee.

(d)—(h). So far as I am aware no "charges" were brought by Mr. Gulzara Singh against the Public Works Department staff. I have seen a petition submitted by him to the Chief Engineer last November in which certain vague general allegations are made. Obviously no action can be taken on petitions of this kind.

(i) No.

(j) Does not arise.

(k) and (l). I would refer the Honourable Member to the answer given to parts (f), (g) and (h) of starred question No. 1251 asked by Mr. Fuzul Huq in the Legislative Assembly on the 30th March, 1935.

## STATEMENTS LAID ON THE TABLE.

*Information promised in reply unstarred questions Nos. 45, 58, 63 and 75 asked by Dr. N. B. Kharc on the 4th February, 1936.*

### POWERS OF THE AGENT OF THE EAST INDIAN RAILWAY EXERCISED BY HIS PRINCIPAL OFFICERS.

45. (a) Government have seen the circular referred to. The powers delegated to the Agent can also be exercised by other officers of the railway on his behalf should he so authorise them.

(b) No. The Agent exercises the powers vested in him in cases which are not dealt with by principal officers or officers below them.

(c) The Agent has authorised the officers mentioned to exercise certain of the powers delegated to him.

(d) The question is unintelligible as principal officers do not vest the Agent with any powers.

(e) A controlling officer must have establishment under him to deal with matters for which he is responsible.

(f) Government do not consider any enquiry is necessary.

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### SAFETY OF THE TRAVELLING PUBLIC ON THE EASTERN BENGAL RAILWAY AGAINST DEFECTIVE DIAGRAMS.

58. (a) (i) Yes, but only for a few trains in a link.

(ii) There is no hard and fast rule laying down the period of rest as eight hours.

(iii) No.

(iv) Yes.

(v) Yes.

(vi) No. Crew diagrams are separate from Engine diagrams—it is due rather to train timings.

(vii) and (viii). No. Although the trips referred to are night trips, they are not worked daily by the same men. It is only once in ten days and sixteen days, respectively, that the same Crews are required to work the trains referred to.

(ix) The Locomotive Inspector has been promoted, but not because he drew up the diagram referred to. He had nothing to do with its preparation.

(b) Yes.

(c) No. The driver stated in his evidence at the enquiry that was held in this case that he went off duty at six o'clock on the morning of the 14th and reported for duty again at eight o'clock the same evening, leaving with 38 Down two hours later.

(d) Government do not propose to take any action as the diagram is not irregular or contrary to the rules.

(e) No.

(f) Government do not propose to take any action as they are satisfied that the present measures are adequate.

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### ALLEGATIONS AGAINST THE DEPUTY AGENT, PERSONNEL, AND THE TRAFFIC MANAGER, EASTERN BENGAL RAILWAY.

63. (a) The reply to the first part is in the negative. The latter part does not arise.

(b) Yes.

(c) At the time when the advertisement was issued, the idea was that there should be a check by the Head Office on the work of the crews only, but about the time the men were appointed, some months later, when their duties were being mapped out in detail, it was considered desirable that they should have a wider field of work. The designation of the men was not, however, altered to Special Inspectors till 1st May, 1935. After the change in designation the pay of the men continued unaltered.

(d) At one period before the final change of designation to Special Inspectors, the men were called Commercial Inspectors temporarily, but their salary was never disallowed by the Accounts Department.

(e) Yes.

(f) The original intention was to appoint 'outsiders' but it was eventually decided not to do so, but to appoint staff already in Railway employ. The 'outsiders' selected were, however, offered other posts, which were accepted by some of them, who were appointed accordingly.

The pay and designations of the staff promoted were as follows :

	Rs.
1 Head Ticket Collector . . . . .	160
1 Clerk . . . . .	150
2 Guards . . . . .	100 plus mileage.

(g) Yes.

(h) As the original intention was to appoint 'Crew Inspectors' and this new category is not included in those covered by the 'Rules for recruitment and training of subordinate staff on State-managed Railways', the question of relaxation of those rules did not arise.

(i) When the pay was fixed, there was no definite attempt made to disintegrate its component parts.

(j) Yes.

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#### PRIVILEGES IN THE MATTER OF PAY, ALLOWANCES, ETC., TO TRAVELLING TICKET EXAMINERS ON THE NORTH WESTERN RAILWAY.

75. (a) I would refer the Honourable Member to the information laid on the table of the House on the 2nd September, 1935, in reply to parts (d), (e), (f) and (g) of question No. 866 asked by Mr. Muhammad Azhar Ali on the 12th March, 1935.

(b) Does not arise.

(c) and (d). On the North Western Railway the old Travelling Ticket Examiner on their transfer from the Audit to the Operating Department in 1928 were allowed to retain their old scales of pay.

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*Information promised in reply to unstarred questions Nos. 84 and 90 asked by Mr. Muhammad Azhar Ali. on the 4th February, 1936.*

#### LAW SECTIONS ATTACHED TO THE OFFICES OF THE AGENT AND THE CHIEF COMMERCIAL MANAGER, EAST INDIAN RAILWAY.

84. (a) There is a Vakil attached to the Office of the Agent, East Indian Railway. The only staff under him is a stenographer and a peon.

(b) There is only one Law Section on the East Indian Railway and it is under the Chief Commercial Manager.

(c) No. Since August, 1934, Law Section works under the direct control of Superintendent, Claims, who is a senior scale officer. Prior to that date an Assistant Commercial Manager was in charge of this section. As regards the latter part of the question the Court section consists of Court clerks, dealers and routine clerks. The Court Inspectors do not form part of the strength of the section and work directly under the Superintendent, Claims.

(d) (i) No.

(ii) There are only three Court clerks attached to the section. The Court Inspectors who are four in number do not form part of the section.

(iii) and (v). The increased scales of pay of Court Inspectors were fixed in February, 1934, in order to remunerate the Court Inspectors commensurately with their duties.

(iv) Yes, but this revised scale, as in the case of revised scales for other classes of staff applies to new entrants who were not in service on the 16th July, 1931, and not to the older employees.

(vi) Yes.

(vii) No.

(viii) The Chief Accounts Officer agreed to the scale of pay of the Court Inspectors being fixed the same as for Claims Inspectors.

(e) Government are informed that the advisability of placing the Law Section of the Chief Commercial Manager's Office under the control of the Vakil was fully examined in 1933 and it was decided that the proposed change would not be conducive to any improvement in the existing system. Government do not consider any further action is called for.

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PROMOTION TO THE POSTS OF ASSISTANT AND HEAD GOODS CLERKS ON THE EAST INDIAN RAILWAY.

90. (a) Yes.

(b) Head goods clerks at Howrah Goods are treated as selection posts, but selections are also now held for promotion to the posts of goods clerks and assistant goods clerks at Howrah Goods.

(c) No.

(d) Does not arise.

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*Information promised in reply to unstarred question No. 98, asked by Pandit Sri Krishna Dutta Paliwal on the 4th February, 1936.*

TICKET COLLECTORS AND CREW STAFF REQUIRED TO WORK AS GUARDS ON THE EASTERN BENGAL RAILWAY.

(a) Yes, if passed in guard's duties and the exigencies of service demand it.

(b) In emergencies staff have to be taken off their ordinary duties and booked off at short notice.

(c) (i) Yes.

(ii) It is possible that an individual may have acted as a guard on a number of occasions over a period of five or six years without being appointed substantively as a guard.

(c) (iii) and (d). No.

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*Information promised in reply to starred question No. 208 asked by Dr. Bhagavan Das, on the 10th February, 1936.*

CONDITION OF INDIANS IN KENYA DUE TO THE SUBSTITUTION OF CASH-RENT FOR KIND-RENT.

Payment of rent or taxes in kind has never been permitted in the case of the native or any non-native in Kenya nor is any land rent charged from the indigenous African population which is for the most part accommodated in native reserves.

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THE RAILWAY BUDGET—LIST OF DEMANDS.

SECOND STAGE.

**Mr. President** (The Honourable Sir Abdur Rahim): Before the House proceeds to deal with the railway demands for grants, I have  
 12 NOON. to inform Honourable Members that, in accordance with the usual practice, I met the Leaders of Parties, and I am glad to say that an arrangement has been arrived at as to how the motions, of which notice has been given, should be dealt with. What has been agreed upon

[Mr. President.]

is in accordance with the practice that has been observed hitherto. It has been agreed that the time limit for speeches will be 15 minutes, the Mover being given 20 minutes; and the Government Member, if he finds it necessary, will be allowed 30 minutes.

As regards the motions of which notice has been given, the Congress Party will move the cut or cuts which they want to move today and also they will be allowed to discuss their cuts till 12-30 on Tuesday, the 25th. The Congress Nationalists will begin their motions at 12-30 on Tuesday, and go on till 4-15 that day. The Independent Party will move their motions between 12-45 and 5 P.M. on the 26th. The Congress and the Independent Parties have agreed to give a portion of their time for motions regarding labour grievances. The European Group will move their motions on the 27th at 12 Noon and the time allowed to them will be till 1-30 P.M. that day. The Members who do not belong to any group will begin at 2-30 P.M. on the 27th and go on till 5 P.M. when all the demands that have not been discussed will be put to vote. This is the arrangement that has been arrived at, and I take it that it will meet the approval of the House generally.

**Mr. S. Satyamurti** (Madras City: Non-Muhammadian Urban): Sir, before we begin the further proceedings of today, may I have your leave to draw your attention to the serious breach of privilege by the Honourable the Finance Member using question time to pass comments upon "the habit of some Honourable Members"? You have the right, if I may say respectfully, when we use a word or phrase wrongly, to pull us up. But I do suggest that the Honourable the Finance Member was less than fair to this Honourable House, when he took advantage of a question to deliver to us a homily on how we should use the right of questions. I want this House to discuss this matter: I do not take it up now, I shall write out my objections and submit them to you. You can consider them and appoint a time, when this matter may be fully discussed. I think it is a serious breach of the privilege of the House, and I should like you to give us an opportunity of discussing the matter on the floor of the House. (Applause.)

**Mr. President** (The Honourable Sir Abdur Rahim): As regards the question raised by Mr. Satyamurti, it does happen at times during the question hour that remarks are made which, on further consideration, the Honourable Member who made the remark may think was not called for. The Chair does not know if really the matter that has been brought forward is one which it will be necessary to consider in the way suggested by the Honourable Member (Mr. Satyamurti).

**Mr. S. Satyamurti**: May I make one submission? I am quite willing to admit I might have been guilty occasionally of a remark—a man may have a lapse—but this was a cold, calculated, deliberate statement, written out and read in the House. I suggest that you should either ask the Honourable Member to withdraw that statement, in which case there will be no more to be said on it, or you must give us time and give yourself time to consider the matter carefully. I am not anxious to have a decision at this particular moment—I quite recognise everybody requires time. You will let us read the answer and you may also consider



the answer. If the Honourable Member makes amends, there will be an end of the matter; if not, I will ask of you respectfully, in the interests of the dignity and prestige of the House, that this answer ought not to go on record, without a protest from this House.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair will see any representation that the Honourable Member makes and consider the matter.

**Mr. M. Ananthasayanam Ayyangar** (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): There is another point. We are unfortunately at times put to inconvenience. When the Honourable Member (Mr. Sham Lal) wanted information, is it right for the Honourable the Finance Member to refer him to the person who gave him the original information on which the question was put?

**Mr. President** (The Honourable Sir Abdur Rahim): That is the very question which has been raised.

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DEMAND NO. 1.—RAILWAY BOARD.

**The Honourable Sir Muhammad Zafrullah Khan** (Member for Commerce and Railways): Sir, I move:

“That a sum not exceeding Rs. 8,80,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1937, in respect of the ‘Railway Board.’”

**Mr. President** (The Honourable Sir Abdur Rahim): Motion moved:

“That a sum not exceeding Rs. 8,80,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1937, in respect of the ‘Railway Board.’”

*General Policy of Railway Administration.*

**Pandit Govind Ballabh Pant** (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): Sir, I move:

“That the demand under the head ‘Railway Board’ be reduced by Rs. 100.”

I listened to the speeches of the Honourable the Commerce Member last week with close attention. I was impressed with their lucidity and candour. I must express my appreciation of the manner and tone of his address. He struck an agreeable note in that respect as the usual characteristic of the Treasury Benches opposite, to which we have been used for some time, is one of bluster, blataney and bluff, of which we had an illustration even this morning when questions were being answered. This is not, however, an occasion when I would encourage any diversion of the debate into channels which are not strictly economical and financial. The issues are very important, and I wish that the House may concentrate on them free from all passion and prejudice.

[Pandit Govind Ballabh Pant.]

I had the pleasure of expressing my appreciation of the tone and manner, as I said, of the Honourable the Commerce Member's speech. I wish it were possible to make a similar observation about the merits, the matter and the contents of his speech. There I was sorely disappointed. It was not quite a surprise, but disappointment there really was. Surprise there is no room for. I had been disillusioned long ago, and one year's experience has borne in upon me—and I think it has been burnt deeply into every one of us—that we cannot look forward for anything good, useful or pleasant from the Benches opposite; but so far as the Honourable the Commerce Member is concerned, we were under the impression that he did not belong to the blatant school of bureaucrats, that he may introduce fresh blood and that he may be able to ply his oars in that stagnant, if not putrid, backwater which surrounds him. But we find that the Honourable the Commerce Member too has been engulfed in the slough of red tape and has not been able to hold his own against vested interests, with the result that his constructive suggestions pale into insignificance as compared with the magnitude of the problem which had to be tackled. The Commerce Member was manifestly unfair with regard to one or two points. He laid great stress on the expenditure that labour legislation has entailed: he devoted about two paragraphs of his speech to the additional expenditure of, as he said, about half a crore of rupees that the alleviation of abject misery, and the introduction of civilised methods in the hard-worked class of labourers has in all cost so far. It was hardly fair on his part to have laid so much of emphasis on this aspect of the question. But what struck me most was the other part of it: that while he laid so much stress on this part, he had not a word to say about the additional expenditure that the Lee loot has entailed. The little relief that has been given to the under-dog in dribblets he has cavilled at: he seems to grudge it: but so far as thousands and thousands wasted in pampering those who had more than enough, always and ever, and for whom and in whose interest alone the exploitation of this country is conducted, about them, he had not a word to say. It seemed to me a regrettable omission and contrast.

Then, the Honourable the Commerce Member's speech suffered from another significant omission. He did not express a single word of regret for the withdrawal of the cut in salaries that was made last year. It was either the result of a foolish miscalculation or of deliberate misrepresentation, manipulation and fraud. I am not prepared to charge Government with the latter. But even if it was the result of a miscalculation, I think it was due to this House and the Honourable the Commerce Member should have expressed sincere regret on behalf of the Government for the great mistake and blunder they committed. We were assured by the Honourable the Commerce Member last year that the State Railways, except the strategic lines, would be able to carry on without any sort of deficit; but now we find that all those expectations have been belied. In fact, not only was there a deficit in the year which has closed—in the year 1934-35,—but so far as actuals and accounts go, the actual realised deficit is greater than we were told this time last year. Not only that. So far as the current year is concerned, the gap is much wider. Instead of about two crores the deficit is going to be, according to the Honourable the Commerce Member, 4,54 lakhs. But I will just show that even those figures are not correct. They do not disclose the

gravity of the situation adequately. If the accounts were framed in a proper and correct manner, it would be found that the debit balance in the balance sheet for the year would exceed 12 crores; and I would seek the indulgence of the House for a second just to tell them how this is so.

The deficit in actual working is expected by the Honourable the Commerce Member to come to 4.54 lakhs. To that you have to add five crores payable on account of the promised contribution to general revenues. You will have to add another sum of two crores which has been wrongly transferred to capital, but, which is, according to sound financial canons, debitable against revenue, on account of the wrong method of accounting for replaced articles. This error is admitted by the Government and it involves a wrong debit of two crores against capital. Then, the depreciation fund has been calculated in such a manner that 45 lakhs have been knocked off in order to reduce the ostensible loss in their working. Besides this, we are told that there have been postponements of expenditure resulting in genuine deterioration of stock and lines. That would have involved at least an additional expenditure of another 50 lakhs. So there has been a loss in reality of not less than 12 crores 50 lakhs. Yet, if certain circumstances, which were favourable, had not come to the aid of the department, the loss would have been greater still. There were certain windfalls in the matter of interest which have resulted in a saving of about a crore and a half this year, as compared with 1929-30. There have been, besides, certain other savings on account of a fall in the prices of coal, stores and other things. And, but for these features, the actual deficit would have gone up even to Rs. 15 crores. Is it in any way pardonable, is it in any way defensible that, under these circumstances, in a year when the railways are actually being run at a loss of more than 12 crores of rupees, the small, insignificant, negligible cut of five per cent. in salaries should have been restored, and that the little saving of about 90 lakhs which had been effected thereby should have been allowed to be absorbed by the salaries which were thereby raised? Sir, I regard it as a criminal act on the part of the Government.

Then, what is the present state of affairs? We have been told that the total loss in the working of the railways during the last six or seven years comes to about 60 crores. That too again is not correct. The actual loss comes to about one hundred crores, and if the Honourable the Commerce Member or anybody else looks into the figures, he will find out the actual loss without much difficulty. The actual loss, as given in the Report itself, of the working of the Railways from 1931 to 1937 comes to 45 crores 62 lakhs; the promised contribution would come to 31 crores: there has been over-capitalisation to the tune of 14 crores, and there has been under-estimation of the depreciation fund to the extent during the last two years of at least 60 lakhs. If all these figures were taken together, the deficit would come to more than 90 crores, and if all relevant items were put together, it would border on a hundred crores. These are the facts which face us. In these circumstances, whose gravity cannot be over-estimated or exaggerated, what is it that the Honourable the Commerce Member proposes to do? We are, Sir, face to face with a real revolution. He has suggested certain proposals which are altogether inadequate to meet the situation. We were told that the great and eminent Agents were engaged in devising necessary measures and from time to time communiqués were issued to assure that

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Government were taking adequate steps to remedy the present state of affairs, but what is the outcome? The mountain was in labour, but even the proverbial mouse has not come out of it. What is it that the Honourable the Commerce Member proposes to do? The other day he twitted Mr. Sham Lal for his revolutionary proposal, but, is he ignorant of the fact that we are in the hard grips of a real economic revolution? The economic order is in the throes of an earthquake. The entire economic fabric has been shaken to its very foundations. The machine is out of gear and all parts are out of joint. In these circumstances, petty palliatives can be of no use. We require men of courage, statesmanship, and constructive genius to deal with such crises as are confronting the economic world today, and no amount of tinkering here or there can save us from disaster. I would like the Honourable the Commerce Member to deal with the question in a spirit of scientific realism. What does he really desire to do? Does he not want to find a really effective solution? If he does, then will these means suffice? I would like him to take it from me that political revolutions follow in the wake of stupid and stubborn complacency in the face of economic revolutions, and if the Government cannot rise above its traditions and take courage in both hands and go forward, with a resolute determination to find out a solution, political revolution is bound to come in the wake of this economic revolution. ("Hear, hear" from some Opposition Members.)

The Honourable the Commerce Member, Sir, has suggested three things for coping with the present situation,—first of all, the beggardly device to meet the ticketless beggars; the second one relates to the rail road competition, and the third one to contemplated increase in the rates of freights and fares. Well, Sir, in fact, the Honourable the Commerce Member has altogether failed to come into grips with the real issues. Whom does the question of beggars or of the ticketless traveller really affect? How does the rail road competition affect the present situation? I do not know how he has tried to look into the matter. But the position is plain enough, and I hope he will accept it. There has been an increase in the revenue from passengers and so far as the passenger traffic is concerned, he has got more than he had budgeted for, but there has been a considerable loss over goods traffic. Does the ticketless beggar affect the revenue from goods or is he concerned only with the diversion of revenue over the passenger traffic? Does not the rail road competition today affect the passenger traffic alone? Why fool others? The problem before the Government is how to restore the equilibrium in the goods traffic. So far as the passenger traffic is concerned, there has been an actual increase. Your difficulties this year are due not to any decrease in the receipts from passenger traffic, but they are solely due to the fall in receipts from goods traffic which go to the tune of about four crores in the present year, and may go up even further next year. I ask the Honourable the Commerce Member how can he in any way promote the goods traffic by making ticketless travelling a cognisable offence? I would ask him, how can he touch this question of goods traffic by putting an end to the rail road competition? In fact, even in the case of beggars, the number of ticketless travellers in the last year was about 2 lakhs less than in the previous year. Then again it is not more than one in a thousand. But all these are matters of detail, and I have no desire to go into them at any length. I can only tell him that these methods will not

in any way help him in securing the end which I believe he desires as much as we do. But, Sir, about the rail road traffic, does he not understand that the basic reason for this competition is to be found in the uneconomic and excessive rates of railways? I was interested to hear from him that he was not in any way anxious to get rid of this competition, but what he wanted to do was only to divert the motors from the roads that were running parallel to or near railway lines. Well, I was reminded, Sir, of a lawyer who asked his thriving competitor to take up the line of a Solicitor and to make over to him all briefs for courts with necessary fees. He did not want to avoid competition, but he only asked his thriving competitor to leave his field and to take to the Solicitor's line and to hand over to him all suits and pleadings falling within his own purview. My Honourable friend is not afraid of the rail road competition, but he only wants the motors to be removed from the sphere of the railways. Then, he wants the co-ordination in motor and rail road traffic, so that the motor cars may bring more traffic to the Railways. Sir, last year, the Honourable the Commerce Member told us . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has only two minutes more left.

**Pandit Govind Ballabh Pant:** Sir, I shall ask you to extend to me a little indulgence.

**Mr. President** (The Honourable Sir Abdur Rahim): That is the arrangement we have arrived at.

**Pandit Govind Ballabh Pant:** I don't want to take more time than is necessary, but if I am asked to stop. . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Members from other Parties may wish to speak.

**Pandit Govind Ballabh Pant:** I don't want to take much time, Sir, but the question is such that I thought you would permit me to address the House at some length.

The Honourable the Commerce Member told us last year that he welcomed this rail motor competition. These are his very words:

"Scientific research may, quite conceivably and perhaps sooner than we imagine, cut down by a substantial margin today's operating costs of motor transport. Whatever may be the strictly narrow railway 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."

That, Sir, was the statement of the predecessor of the Honourable the Commerce Member, and now he attributes most of his misfortunes today to this rail road competition. The next suggestion that he has made relates to the increase in fares and rates. That is a suicidal policy, and I must warn the Honourable the Commerce Member who should put an immediate stop to this precipitous descent down a steep decline. He must take steps now, in fact, to revise the entire policy. Immense mischief has ensued from these uneconomic rates, because of the exorbitant rates that the traffic cannot bear. Sir, the entire policy of the Railway Department in this respect has been utterly stupid; it has been perverted; it

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has been, I would say, even wicked; and I will give convincing reasons why I make these charges. As compared with 1913-14, the basic year when the index figure of prices stood at 100, today the prices in this country are below 86 so far as the index figure is concerned, and even as regards these, the index figure for imports is much higher than the index figure for the goods exported from this country. That is an important point to be constantly borne in mind. On the other hand, the bill of wages has gone up, since 1914, from Rs. 14 crores to Rs. 86 crores. Similarly, we find that the rate of freight on goods has gone up from about Rs. 4 per ton mile to more than Rs. 6 per ton mile and the passenger fare per passenger mile has gone up more than 50 or 60 per cent. How can you fit in these things? On the one hand, the price level has come down by more than 60 per cent.; on the other, the fares and freights have gone up by 60 or 70 per cent. How can there be any harmony between the two? How can equilibrium be maintained between these two? I have before me the figures for the various countries, but I won't tire the House with those figures. I will only refer them to page 190 of the Statistical Year Book of the League of Nations for 1934-35, and they will find that the index figure for freights and fares, which was 100 in 1913, has gone down, in the case of almost every other country, to something between 70 and 50. The figures are here and the Honourable the Commerce Member can satisfy himself. So far as the railways are concerned, the Honourable Member for Commerce has referred to certain foreign countries. I have got the reports of some of those countries and it is clear from them that the freights and fares have been considerably reduced. It is equally evident from them that the working expenses have been reduced, that the salary scales have been cut down by 20 to 25 per cent. It is equally clear that even in our own country whenever there was a reduction in rates there was a ready response and in that particular direction there was a distinct increase in volume of traffic. For instance, Western Railway in 1934-35. These facts duly bear out the fundamental principle that volume of traffic varies inversely according to the scale of rates; the higher the rate, the lower the traffic; the lower the rate, the higher the traffic. On the other hand, salaries must be tuned to the price level (Hear, hear); freights and fares must be adjusted in the light of the price level. So, what I suggest to the Honourable the Commerce Member, and suggest with all force, is this. He must follow a scientific course; he must deal with the question in a realistic spirit. He must extricate himself out of the net in which he is otherwise likely to be enmeshed. Let him rise above these vested interests who will not let him see the light and will ever strive to keep him in the dark. It is for him to develop a new outlook, but I can tell him that there is only one method of improving the railway administration, and it is this. First of all, take note of the basic rates as they prevailed in the year 1913-14, take the present index figures into account; then in the light of the present index figures, cut down the rates and fares so that there may be a reduction of at least 25 to 30 per cent. This is only to suit the present circumstances to get over a cataclysm. I may inform the Honourable Member that the Government passed a law in Canada recently reducing the rates and fares by 20 per cent. Then, I would lay stress on this. After having got a likely estimate of the income that a reasonable scale of rates and

freights can yield, you must recast the salaries of all higher paid officials who get their wages above a certain minimum (Hear, hear), and all those salaries and emoluments should be cut down ruthlessly from about 10 to 25 and 30 per cent. I am not making a strange or extraordinary proposal. These steps have been taken simultaneously by all railways almost all the world over; the railway reports for various foreign railways which I have before me fully bear out what I am saying. The Honourable the Commerce Member attributed the present calamity to the policy of economic nationalism and economic depression. But what does economic depression mean? Has he tried to go down to the rock bottom facts? It means nothing more than a terrific, unprecedented, and abrupt fall in the values and prices of raw products and primary articles. And what does a policy of economic nationalism mean, except support by the state of a policy of economic regeneration and reconstruction? What is my Honourable friend doing in order to meet these requirements? The remedies that he has suggested do not touch the fringe of the question. He has not applied his mind to those essential issues to which he attributes his present misfortune, the present loss and the present deficit. Let him remember that economic nationalism can be of help to a country like ours which has unlimited resources, an enormous amount of raw products and a large market, at a time when money is cheap, interest rates are low and wages are low—it is just the time when taking advantage of the present economic depression in the world we can rebuild trade and industry in our own country so that the railways may grow into a much greater and a more profitable factor than they are today. And what does economic nationalism mean? It means a deliberate policy of economic planning. Let the Commerce Member remember that Japan, on the wave of this economic depression, has captured the markets of all the countries of the world. Let him remember that Belgium and Sweden, Norway and Holland today are as prosperous as they ever were, in spite of this economic depression. What my Honourable friend has to do is this, he must rise above this wooden, this iron steel frame; let him not be swamped or lost or merged in it. He must steer with his shoulders above that dark pool, and carry the vessel forward with courage and determination, so that the railways may acquire an appropriate place in the economy of our country. I hope and trust that he will be able to take a resolute and courageous line and that he will save this country and the railways from the disaster which is likely to follow if he allows himself to be guided, without using his own discretion and without applying his own mind, by those who sit near him. Sir, I ask him to take a realistic view of the situation, to develop a scientific outlook and to accept the principles which I have enunciated so that the railways may be able not only to maintain themselves but also to promote the cause of trade and industry on which the economic well being of the country depends. (Applause.)

**Mr. President** (The Honourable Sir Abdur Rahim): Cut motion moved:

“That the demand under the head ‘Railway Board’ be reduced by Rs. 100.”

**Babu Baijnath Bajoria** (Marwari Association: Indian Commerce): Sir, I rise to support this motion. Sir, it is highly regrettable that the deficits in the railway budget have become chronic, and, year after year, we have to hear the same melancholy tale of deficits, and, under the present system, there seems to be no immediate prospects of a balanced

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budget, not to say, of making contributions to the general revenues. It is an irony of fate, nay, a national calamity that railways which are our greatest national assets, instead of being a source of income and strength to our national revenues should be rather a burden and be unable to meet their liabilities and live on borrowings from depreciation fund.

Sir, I am neither a politician nor a lawyer, but I would like to put, in a blunt business like manner, some of the reasons which, in my opinion, have led to the present unenviable financial position of the railways. Sir, I substantially agree with the Honourable the Railway Member that the fall in earnings has been due to (a) world depression and general collapse of commodity prices and (b) tariff policy of India and other countries of the world (c) increase in motor, river and sea competition. But, Sir, frankly speaking, I am not satisfied with the measures taken by the railways to deal with these factors. I will first deal with the question of fall in commodity prices. The Honourable Member has given figures to show that the traffic in cotton, wheat, linseed and other produce has all gone down considerably. But I think one of the main reasons for reduced traffic, in all commodities as also for other agricultural products, has been due to the fact that though the prices of all these commodities are not even 30 or 40 per cent. of what they were some years ago, there has been little reduction in railway freights and the result has been that the traffic has not been able to bear the present rates of freight which are out of all proportion to the present values of the commodities. Take, for instance, the case of wheat. The price of wheat has fallen from Rs. 6 or 7 to Rs. 2 per maund but there has been little reduction in rates. The North Western Railway are giving a rebate of 25 per cent. on wheat rates to Karachi for foreign export. Why do they not reduce the rate similarly for internal traffic? If the rates for this commodity are reduced, considerably, it is certain that Punjab wheat will be taken in much larger quantities by Bengal, Bihar and the United Provinces and may even go to the South of India and thus, the traffic which has been lost to the Railways by the substitution of Sind wheat in preference to Punjab wheat in Karachi, will be regained, and if Punjab has a regular internal market in India, it will have a stimulating effect in increasing the wheat crop. Again as to oilseeds, I know that hundreds of oil mills in Bengal had to close down due to the increase in railway freight on mustard or rape seeds and decrease in the rate for oils as due to these factors the oil mills in Bengal could not compete with the oil mills in other provinces from where Bengal had to import these oilseeds. Thus a large traffic has been lost to the railways. If I had the time at my disposal, I could have multiplied these instances. But this will be sufficient to prove that it is high time that railway rates be thoroughly revised for agricultural produces in view of the collapse in commodity prices. The same remarks apply to various raw materials used for industrial purposes. In spite of consistent demands from industrial and commercial people, little attention has been given to their request and in consequence traffic continues to suffer.

As regards the second factor, namely, the development, of internal trade and production, it may be true that long lead traffic to and from the ports has been replaced to a certain extent by short lead internal traffic. But the establishment of an industry in India gives traffic to the



railways both for raw materials, coal and finished products and so all things taken together should not show any appreciable loss to the railways. I am highly obliged to the Honourable the Railway Member for his assurance in the Council of State the other day that "it had always been the policy of the railways in their own interest as well as in the interests of the country to see that their rates were so adjusted as to encourage industries and trade". I sincerely hope that this noble policy will always be adhered to in the best interests of the country. It must always be remembered that trade, commerce and industry are the biggest customers of the railways and the prosperity of the former is bound to reflect on the latter.

Sir, now I come to the third factor, namely, increased competition from road, river and sea. Sir, here I sympathise with the railways in their difficulties. Admittedly, the competition from motor buses and lorries is cutting a big hole in the revenues of our railways and if things are allowed to go on as they are doing at present, I am afraid the loss on our railway revenues will be much greater in future. Sir, I quite realise that this competition has come to stay and will not be eliminated. I am not one of those who would like to see the motor buses and lorries off the road. But at the same time we have to bear in mind that 800 crores of capital has been invested in our national railways and it is our essential duty to see that our greatest national assets do not suffer unfairly from road competition. I think, in a vast country like India, there is enough field for both sorts of transport. In my opinion, motor lorries and buses should primarily be feeders to railways and should not be run in direct unrestricted competition with them. If the motors run on roads in places not served by the railways they would be doing real service to the people in the interior and at the same time will be able to charge a fair economic rate to their customers. This will mean better profits to themselves and avoid national loss to the railways. Is not this unfair to the railways that lorries should take away higher rated commodities like piecegoods, etc., for distances even over a 100 miles, *e.g.*, from Calcutta to Asansol and leave low rated bulky goods to the railways to carry on which the margin of profit is very small.

This matter of rail-road competition has become so important that the Government of India should lose no time whatsoever and tackle this problem most seriously and as early as possible in consultation with Provincial Governments and other interests concerned. Unless this question is satisfactorily settled, I do not see how the loss in earnings to the railways on this score can be regained. Sir, we all know that it is a very difficult thing to raise the earnings of any commercial undertaking as much depends on circumstances over which we may not have any control. This may also be true of the railways. But when earnings fall which it is impossible to check, a shrewd businessman will immediately reduce and adjust his expenditure in proportion to his reduced earnings and if he does not do so he will soon have to go out of business. He will have to cut his coat according to his cloth.

Let us examine whether the railways have so reduced and adjusted their expenditure in these times of reduced earnings. Sir, for the purpose of comparison, I will take the years 1924-25, *e.g.*, the year in which the railway finances were separated, 1927-28, *i.e.*, the year in which the railways were at the zenith of their prosperity and the current year 1935-36. During these years, the total number of mileage of State-owned railways

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was in round figures 27,000, 28,100 and 31,700 respectively. The gross earnings were 100 crores, 103½ crores and 90 crores respectively. So we see that though the mileage in 1935-36 was increased by about 4,600 miles as compared to that in 1924-25 and by about 3,600 miles as compared to 1927-28, the earnings in 1935-36 decreased by about 10 crores as compared to 1924-25 and 13½ crores as compared to 1927-28. On the basis of the mileage earnings of the year 1927-28, the earnings for the year 1935-36 should have been 116½ crores instead of the revised estimate of 90 crores only or a decrease of 26½ crores or 23 per cent., which it must be admitted, is a very big decrease indeed. Now let us see whether there has been any corresponding decrease on the expenditure side. I regret to find that there is none. The total working expenses including depreciation was about 62 crores in 1924-25, 64½ crores in 1927-28 and 64 crores in 1935-36, which show there has been an increase in expenditure of about two crores in 1935-36 as compared to 1924-25 and a small reduction of ½ crore as compared to 1927-28. During the last four years from 1931-32, there has been a gradual, though slight, increase in the total working expenditure from 62.77 crores in that year to 64.53 crores according to the budget estimates, of 1936-37. Sir, the Chief Commissioner of Railways in the other House remarked that "During the last six years our railwaymen have never taken a rest from their activities in the pursuit of economy. The pressure upon them has been constant and relentless". But, Sir, on the face of the figures which I have quoted above, these remarks do not seem to be convincing at all. I think, Sir, there is plenty of room where economies in working expenses could be effected. Sir, I would like to make some concrete suggestions for the consideration of the railway authorities. First and foremost, I have a suspicion in my mind that the administration of railways is not carried on from a commercial point of view as strictly as it should be done, as railways are nothing but a big commercial concern. There are many outside factors, e.g., political, communal, racial and others which weigh considerably in the administration of our railways and thereby reduces its efficiency and greatly obstructs the reduction in working expenditure as we would like it to be done.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has only two minutes more.

**Babu Baijnath Bajoria:** Secondly, the administration is top-heavy and over-staffed from top to bottom, and none dare to decrease the number of staff both superior and subordinate, for fear of unpopularity. As regards retrenchment of superior officers, it is like belling the cat. We know that an officer generally has feelings for his colleagues or his immediate juniors and will never propose retrenchment, and, when a number of subordinate staff is decided to be retrenched, influence is brought to bear upon the superior officers by the relatives of the staff who may be employed in the higher categories and retrenchment is thus restricted. When a number of surplus labourers from the workshops is to be retrenched, my friend, Mr. Joshi, or my friend, Mr. Giri, or their Trade Unions make a big hue and cry, declare a lock-out, stop work and hinder retrenchment in several ways. Sir, under these circumstances,

we have little hope of getting retrenchment by the departmental action of the railway authorities. I would suggest the appointment of an independent retrenchment committee, with non-official Indians on it to go over the whole question and explore every possible ways and means to restore the financial equilibrium of the railways. Thirdly, Sir, I think it was a gross injustice on the part of Government to restore the ten per cent. cut in salary when the railways were doing so badly. This restoration alone has cost us 90 lakhs of rupees annually! I am afraid it will be crying in the wilderness for the re-imposition of this "pay cut". But I have another suggestion to make, *e.g.*, suspend all increments in pay of all railway staff for a few years, till such time as the financial position of the railways improves and is able to bear the increment without showing deficits.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member must finish his speech now. His time is up.

**Babu Baijnath Bajoria**: May I have two minutes more?

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair cannot allow that. He must conclude his speech.

**Babu Baijnath Bajoria**: Sir, no business firm will give increment to their employees when their business is running at a great loss.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member must now conclude.

**Lieut.-Colonel Sir Henry Gidney**: Sir, I rise to take part in this debate with the desire to suggest improvements in the administration of the railways. I listened very carefully to the very able speech delivered by my Honourable friend on the opposite Bench as also to the speech just delivered. One of them made very drastic suggestions, which, in a measure, have my support, and the other made suggestions which if carried out would lead to nothing else than an economic revolution within twenty-four hours. In the brains of both the speakers, there appeared to be a battle surging between hope and unfamiliarity with facts. My Honourable friend said that the Honourable Member for Commerce had not touched the fringe of the problem. I wish I had heard from the Honourable Member some constructive and not so many destructive suggestions. First and foremost, he suggested that Government should come into line with other railways and reduce the salaries of the Railway staff up to twenty to thirty per cent. The Honourable Member is apparently unaware of the fact that there has been a marked reduction in salaries of the Railway staff, in some departments to the extent of fifty per cent. So I think Indian railways have already gone very far beyond what other country have done in certain departments. I quite agree that a reduction in the higher salaries is very necessary and is an indisputable means of effecting economies (Hear, hear), and I am at one with my Honourable friends in objecting to the retention of what is for want of a better name called the "Lee loot". (Hear, hear.) But I am also one who believes that you cannot introduce reforms into any Department without respecting the vested interests of its present employees. But the present impoverished condition on

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Railways is one that is not devoid of hope; it is one that can be made better if the Honourable Member would, in his desire to help the country, divest himself of that official cloak with which he is surrounded and which I won't say intentionally, disguises actualities or does not place the entire facts before him. My friend, Mr. Pant, made certain suggestions. The Honourable Member suggested that there was great competition—an unfair one between rail and motor traffic. He also stated . . . .

**Pandit Govind Ballabh Pant:** Don't put into my mouth words which I did not utter.

**Lieut.-Colonel Sir Henry Gidney:** There is more than one Honourable Member in this House who spoke. I did not refer to you. I referred to the Honourable Member in charge of Railways.

**Pandit Govind Ballabh Pant:** Try and be more specific in your statement.

**Lieut.-Colonel Sir Henry Gidney:** That is my business. It was stated that this unfair competition was one of the directions in which revenues could be increased and my friend, Pandit Govind Ballabh Pant, in challenging this stated that the traffic from Railway passengers had gone up during the past year, and therefore it did not contribute towards the Railway deficit. What the Honourable Member, I think, can reasonably claim from this House is that motor traffic should not be allowed to run in the haphazard and unlicensed manner in which it is doing today. In other words motor traffic is allowed in India without any responsibility or guarantees as are demanded from railways, *e.g.*, insurance third party risks, safety to passengers such as the Honourable Member pointed out, over-crowding and cheapness of fares, etc. I think the Government should arrange rules that this motor traffic should run more on roads at right angles to rail lines and feed those areas which railways do not feed. Surely no member in this House is prepared to subscribe to a policy which will deprive the railways of their revenue when it can be avoided by resorting to some such arrangement between the Provinces and the Central Government.

Sir, there are other more practical measures. Let me suggest one or two to the Honourable Member. These will come up at the proper time, but in passing, I should like to present some of them for his consideration. There can be no doubt that although officials will deny it that the present running of the railways, I refer to freights, is done in open competition with one another. There is no doubt that one of the greatest savings that can be effected is by co-ordination or the union of certain railways. Let me give you one case. In Calcutta there is the terminii of three important railways which have their own separate .

**The Honourable Sir Muhammad Zafrullah Khan:** I thought that a cut to that effect was going to be moved by the Independent Party—that is, the amalgamation of railways.

**Lieut.-Colonel Sir Henry Gidney:** My one desire now is to suggest this as one of the practical and effective measures of economy, *viz.*, to amalgamate certain departments on these three railways, such as stores, medical and publicity departments. Let me now pass on to another suggestion.

There is another very important cause why railway expenditure has gone up and it is the introduction of the divisional system of railways. There is also a cut motion on this matter, so I shall merely content myself by saying that it is another effective means of economy. I would warn the Honourable the Commerce Member and Members on the opposition benches with all the emphasis at my command that if they touch the salaries of the subordinate staffs, it will not be what my Honourable friend, Pandit Pant, said "economic revolution would lead to political revolution". I would transpose his remark and say that "political revolution would lead to economic revolution" and I aver that in twenty-four hours there would be a strike throughout the railways for our sufferance will be a common one. I warn the Railways on that point and I am sure my Honourable friends, Mr. Giri and Mr. Joshi, would support me in what I have said.

**Maulana Shaukat Ali** (Cities of the United Provinces: Muhammadan Rural): Does the Honourable Member mean that if the salaries of the higher services are cut, there would be strike on all railways, or if the salaries of the lower paid staff are cut?

**Lieut.-Colonel Sir Henry Gidney:** Does the Honourable Member talk of a feather in the fire or fire in the firmament?

**Maulana Shaukat Ali:** The Honourable Member did not understand me. He was talking about a revolution in the services. Does he refer to the cut suggested in the salaries of the higher paid staff as no cut was proposed in the salaries of the low paid staff?

**Lieut.-Colonel Sir Henry Gidney:** There will be no strike among the higher officials for their salaries will not be cut any more.

**Pandit Govind Ballabh Pant:** I did not want to touch those at the bottom.

**Lieut.-Colonel Sir Henry Gidney:** That is what I refer to, and I am glad my Honourable friend, Pandit Pant, is now prepared to confine his reduction to the salaries of the higher services and not to the subordinates.

I had no idea, according to Pandit Pant's calculation that the actual deficit was more than as stated by the Honourable the Commerce Member. I have no doubt that the Honourable the Finance Member will be able to explain or the Financial Commissioner for Railways may do so in time. But I am inclined to doubt that there is such an enormous deficit of about 15 crores actually instead of four and a half crores as stated by the Honourable Member for Railways. The Honourable Member on the Opposite Benches described the policy of the railways as wicked. I was almost about to say that it was worse than that. I would say that the policy of the Railway Board is so steeped in officialdom that this House has not got a voice in it. It is high time that the Commerce Member and the Railway Board refused to look at things through the glasses of Railway Agents and the Heads of Departments on railways. It is high

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time that the Railway Board took into their confidence the independent and experienced opinions of those who are not in the railways, those who devote a lot of their time to questions connected with railway administration. Personally I opine that as long as we have a Railway Board consisting of officers as they are today—all of them eminent administrators no doubt—the Legislative Assembly will always find itself presented with a budget which is more the voice of railway officialdom rather than the actual voice and opinion of the Honourable Member because the Honourable Member in charge of the Department (anxious as we know he is, and I know our present Honourable Member is anxious to get to the bottom of every thing as he has given abundant evidence within the short space of time that he has been there)—is in this manner seriously handicapped and I, therefore, join my Honourable friend, Mr. Pant, and ask the Honourable Member in charge of railways to divest himself of this cloak of official environment and to look into the details of railway administration from an independent point of view and not be entirely guided by what his predecessors have done while in office. Holding this view and provided the salaries of the subordinate staffs are not touched, I have great pleasure in supporting this motion.

**Seth Govind Das** (Central Provinces Hindi Divisions: Non-Muhammadan): Sir, I rise to support the cut motion moved by my Deputy Leader, Pandit Govind Ballabh Pant, and I entirely agree with him when he said that the whole railway administration is being run on a most unscientific basis, and the result is what we have seen. At present, the depreciation fund is depleted, the railway reserve fund has been eaten up, the stores balance which stood at a very high figure has considerably gone down. Over and above this, the railways have yet to pay over 30 crores to the general revenues. During the general discussion on the railway budget some Honourable Members have pointed out that it will not be possible for the railways to contribute anything to the general revenues. I think that the time is fast approaching when we shall hear from the Government side that now no contribution should be made to the general revenues by railways. This is only the thin end of the wedge. Honourable Members who have read the Acworth Committee Report will find that over 300 crores which had been invested from general revenues on the railways has been written off. Now, Sir, when we calculate the interest on these three hundred crores we find that even if three per cent. interest is charged, it should be somewhere near nine crores per annum and on the top of that, at the present juncture, we have come to the position that the railways should not contribute anything to the general revenues. In my opinion it is ridiculous . . . . .

**Mr. P. B. Rau** (Financial Commissioner, Railways): How does the Honourable Member arrive at 300 crores which he referred to?

**Seth Govind Das**: I am saying that 300 crores has already come to the railways as loss from the general revenues which has been written off according to the recommendation of the Acworth Committee Report. Therefore, Sir, first of all, I want to point out that Government should make up their minds not to be influenced by such propositions which are many times brought before this House. Now, Sir, my Honourable friend, Pandit Govind Ballabh Pant, has just said that there is a fall in goods

traffic. The prices were at their highest level in 1921, and if we just see the freights which were being charged at that time we find that now in spite of prices coming down to such an extent, the freight in goods traffic has been maintained, if not increased in certain cases. Sir, it is a principle of trade that when there is a fall in prices and if the same freights are to be charged it is bound to conflict. If we want expansion of our trade it is absolutely necessary that the freights should be reduced in proportion to the prices which have fallen. And as regards the third class fares we can only say that the present economic position of our countrymen is not such that they can pay these high rate of fares which they are being charged. And that is the main reason why motor cars and lorries are being able to compete with our railways. In my opinion, the whole railway finance can be summed up in two phrases and that is that our administrators want to have as much as possible from our railways in the shape of their salaries and allowances, facilities to go in saloons and so on and so forth, and give as little as possible to our trading community and travelling public. In my opinion, in these two phrases, the whole railway finance can be summed up. Here I am reminded of a story. There was a high official who by some misconduct lost his job. He made his household budget after losing his job and instructed his servant to economise in household expenses. After a month when he saw whether his budget was being followed properly or not, he found that under the heads which were for his own expenses there was curtailment, but under the heads where the servant was concerned there was no curtailment at all. The master took his servant to task for this dishonesty and he replied, "Well, you have lost your job, I have not". And that is the position of our railway administration. They have not lost their jobs; they must go on with their usual expenditure; they must get their high salaries; their salaries and allowances should not be reduced; their facilities should not be curtailed. And unless and until some drastic step is taken in that direction the railway finances are going to remain as they are. Now, Sir, what is the position of our high officials? Even the Minister of Transport in England is getting only Rs. 2,000 a month as his salary and our Railway Member is getting Rs. 6,000. The same thing is true of the other staff. This is the state of salaries in comparison with England, while our average Indian's income is 20 times, or even more, less than the income of the people of England. We are to spend such fabulous sums on salaries of the officers.

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

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The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

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**Seth Gavind Das:** I was pointing out that the expenses, especially under the head of "Salary of High Officials" should be considerably reduced. Patching up will not do now. There are times when drastic steps are inevitable, and the time has come, as far as Indian railways are concerned, that drastic steps should be taken to reduce these fat salaries. Besides, there is another way by which expenses can also be brought down considerably, and that is the amalgamation of railways. I am not going

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to take up this point here, because a cut is going to be moved for this subject, when this question can be fully discussed. There is a third way by which expenditure can equally be reduced and revenue increased. While Company-managed lines like the Bombay, Baroda and Central India Railway are working at a profit—and at a considerable profit—our Railway administrators should see why these State-managed railways are working at such great loss.

I should like to say a few words regarding the working of financial schemes on these railways. Their working is most scandalous. I shall give a few instances. An estimation of 3½ crores of rupees was made for constructing the Hardinge Bridge on the Bengal and North Western Railway. After spending this huge amount, it was thought that the bridge was not strong enough, and another crore and a half of rupees was required for making it strong, finding it insufficient again, 1½ crores were wanted. In the Report of the Railway Board for 1934-35 a photograph of the bridge appears, and Honourable Members can see from the photograph what kind of bridge it is, at what stage of construction it is, considering that so much has been spent on it.

**Mr. N. M. Joshi** (Nominated Non-Official): Who was the Engineer?

**Seth Govind Das**: He must be some European.

**An Honourable Member**: Is there any Indian Engineer anywhere on the railways?

**Seth Govind Das**: Even now I hear that the Hardinge Bridge is not strong enough, and more and more money is being spent on it for making it strong. I shall give you another instance, and that is about a committee which was appointed to effect retrenchment. It was called the Pope Committee. It recommended an economy of about 7½ lakhs of rupees. I do not know . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has only one minute more.

**Seth Govind Das**: I shall finish within two minutes. I do not know whether those recommendations were given effect to or not, but for a committee which recommended a small retrenchment, about three lakhs of rupees was spent. In many flag stations tube wells are being sunk, and on these tube wells double or treble the cost of an ordinary well is being spent.

In conclusion, I shall only point out that on all these financial schemes, big and small—from the capitalization of 150 crores of rupees to the scheme of these tube wells—our railway administrators have failed to balance the railway budget, and the time has come when they should take into their confidence the Members on this side of the House and go in for a reduction of expenditure, a reduction of the freights for goods, a reduction of third class fares and so on: if they do so, they will see the result. With these few words, I support the cut motion moved by my Honourable Deputy Leader, Pandit Govind Ballabh Pant.



**Sir Leslie Hudson** (Bombay: European): Mr. President, we are in sympathy with much that was said by the Honourable the Deputy Leader of the Opposition, although we shall not be able to go the whole way with him. It is not enough to diagnose the disease—though that is a necessary preliminary to a cure. The real question is as to whether the railways problem in India requires the surgeon's knife or can be dealt with by regular doses of homeopathic medicine.

**Mr. S. Satyamurti** (Madras City: Non-Muhammadan Urban): Nothing doing! A surgeon's knife, and a big knife at that.

**Seth Govind Das**: A major operation of amputation.

**Sir Leslie Hudson**: All I now propose to do is to refer to one matter which was included in my speech during the general discussion and on which the Honourable the Commerce Member asked for further information in his admirable speech which closed the general discussion. He referred to my remarks regarding the over-capitalisation of the railways and the necessity for a very early revision of the Convention under which railway finances are dealt with. I will endeavour to place our views before the House as briefly and as concisely as possible.

The capital at charge of railways as will be seen from Account 25 of the Finance and Revenue Accounts comprises three chief elements:

- (a) Direct Government outlay. This has generally speaking been met from Rupee or sterling borrowings but some 14 crores have been met from Revenue whilst another source has been the Famine Insurance Grant.
- (b) Capital contributed by Companies of Indian States. This represents, mainly, the share capital of Companies which run State-owned railways and amounts expended by Indian States for construction of railways which are run by Government.
- (c) Liabilities involved by the purchase of the big Railways. These are mainly sterling liabilities and represent amounts paid in cash or otherwise for the acquisition of stock and other assets taken over when the recovery of State-owned Company-managed railways was assumed by Government.

The total capital at charge as given in the Finance and Revenue accounts is approximately 800 crores.

The Honourable Member asked me exactly what I meant by over-capitalisation. I take it to mean in general terms the over-statement of the actual value of railway assets, that is to say, that although this 800 crores is the debt for which the Railways are responsible, a valuation of the assets now would show a considerably smaller figure. I will endeavour briefly to indicate the main reasons for this state of affairs. These are; first that from 1923-24 the system has obtained of charging to capital any difference between the original cost and the cost of replacement of any asset. This constitutes a writing up of capital without any reference to earning capacity. The assets replaced since 1923-24 were practically all Pre-war and Honourable Members will be aware that the period since that date until quite recently has been a period of high prices. They will also know that there were big replacements between 1923-24 and 1928-29. An

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estimate of the amount of such over-capitalisation occurring between 1923-24 and 1928-29 can only be estimated and to place it at two crores a year is probably an under-estimate.

The second main reason for stating that there is over-capitalisation is the fact that, under the contracts of the various Companies running State railways, when assets, already charged to capital, are scrapped and are not replaced the amounts representing those assets are not written off capital account but are held there against future possible replacement. That is to say, locomotives, wagons and so on might be reduced from the authorised stock of a Company but their value was left in the capital at charge. This must come to a very considerable amount.

Then, there is the matter of annuities which have been paid off since 1923-24 amounting to something like 20 millions sterling. I believe I am correct in stating that these amounts are still included in the capital at charge.

Another reason for over-capitalisation may also be mentioned, and that is the premium which had to be paid to Companies for capitalised earning power and goodwill. With reduced prices and diminished earning power this must also represent over-capitalisation. In this connection, I find the following in Sir B. N. Mitra's Report on the Railway Accounts for 1932-33:

"A total sum of over Rs. 47 crores is shown as premium paid on the purchase of lines. There is no tangible asset to represent this item and its retention results in the capital being overstated, and in the payment of interest charges and contribution to general revenues on an inflated capital. It seems worth considering whether this item should not be written off over a series of years."

These were Sir B. N. Mitra's remarks in 1932-33.

Having stated very briefly my chief reasons for contending that the railways are over-capitalised it remains for me to attempt to answer the Honourable the Railway Member's implied question as to how such over-capitalisation should be dealt with. He asked whether I meant that the revision of the Convention in this respect should be dealt with by a change in accounting or by reducing the capital of the railways by a stroke of the pen,—the latter step of course being a transfer from railway debt to general debt. The answer, I think, is that both methods should be employed.

I have already given figures which would, I think, justify a transfer of at least 40 to 50 crores from railway to general debt thereby relieving the railways of the interest on that sum.

As regards a change in accounting, it has been admitted on all sides that the system requires drastic revision particularly the revision of the rules of allocation of expenditure between revenue and capital. In my opinion these matters point to the urgent need of obtaining the services of an absolutely independent authority on railway finance to overhaul the whole system of Railway Accounts, including the justice of the present amount of capital at charge, the system in practice of depreciation, and, as I have said, the proper allocation of expenditure to Capital and Revenue and a proper system of writing down Capital if assets are not replaced. A settlement of the question has to be arrived at before the Federal Authority takes over.

In conclusion, I would remind the House that in considering the situation of the Capital at charge and cognate matters which I have endeavoured to depict, and which I maintain should be drastically revised before the establishment of the Statutory Railway Authority, there is one important fact which must not be overlooked. Section 187 of the Government of India Act of 1935 lays down that the valuation of the Railway Capital at the time the Authority takes over shall be such a sum as the Governor General in Council shall, at his discretion decide. It would be expected that such a decision would be a reasonable one for both parties to such a settlement but such an expert examination as I have suggested would at least assist in arriving at that decision.

**Dr. P. N. Banerjee** (Calcutta Suburbs: Non-Muhammadan Urban): Sir, I gave notice of a motion similar to that of my Honourable friend, Pandit Govind Ballabh Pant, and I have much pleasure in supporting his motion. The demand which we are discussing at the present moment relates to the Railway Board, and, before we record our vote one way or the other, it is our duty to examine how far the Railway Board has managed the railways in the interests of the country. We find that this is the seventh deficit railway budget of the Government of India. The accumulated deficit now amounts to 46 crores; and if we add to these the unpaid contributions due from the railways to general finances, the total deficit would come up to something like Rs. 80 crores of rupees. Now, it is admitted on all hands, that this is a very unsatisfactory state of things. The Honourable the Railway Member has pointed out to us some of the causes of these deficits, and he has mentioned certain remedies which he proposes to take.

The first cause pointed out by him is the world economic depression. There is a great deal of truth in this statement, but I am afraid it does not account for the whole trouble. So far as economic depression goes, it is well-known that it was in view of this very depression that a salary cut was imposed a few years ago, the first half of which cut was removed three years ago and the second half last year. If the depression had not altogether disappeared, what was the justification for removing the salary cut? The deficit amounts to nearly  $3\frac{1}{2}$  crores of rupees this year, and the removal of the salary cut is responsible for nearly a crore out of this sum. Therefore, Sir, there was no justification for removing the salary cut last year. This year I am not going to propose once again a temporary cut in salaries, but what I propose is that a permanent reduction be made in the salaries of all high officers. If we adopt a graduated scale for the reduction of salaries starting from a minimum of say, Rs. 250 at the rate of  $2\frac{1}{2}$  per cent. going up to 50 per cent. in the case of highly paid officers, the whole of the deficit may be wiped out. Sir, it is perhaps known to many Members of this House that the Indian National Congress laid down that the maximum salary paid to a public servant in India should not exceed Rs. 500 per month.

**Some Honourable Members:** They have now increased it to Rs. 1,000.

**Dr. P. N. Banerjee:** No, Sir, the Fundamental Rights Committee, of which my Honourable friend, Mr. Satyamurti, and myself were among the members, suggested that the maximum should be fixed at one thousand rupees, but the Working Committee of the Congress restored the original maximum. Whatever that may be, and whether this maximum may be

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regarded as a suitable one or not, the proposal which I am making at the present moment is a much more modest one, and I hope it will be accepted by the Honourable the Railway Member.

Sir, in defence of the present expenditure policy of the Government of India in respect of Railways the Honourable the Railway Member says that the operating ratio is lower in India compared to the operating ratio in other countries. Sir, the conditions in this country are not comparable to conditions in other countries in all respects, and, further, the accounting system in India differs from the accounting systems in those countries. I may point out one important difference in the conditions, and it is this. In most other countries, the railways have been built out of capital raised within their own borders. In India, however, we have had to finance the railways out of funds borrowed from other countries, mainly from England. This difference in conditions imposes a much greater real burden on the taxpayers of this country, for it is well-known that the real burden of an external debt is always greater than the real burden of an internal debt. If we have to compare Indian railways with railways in other countries, I think we should make a comparison with Japan, which is another Asiatic country. In Japan, the operating ratio is slightly higher than in India,—it is about 61 per cent,—but we should remember what facilities the Japanese railways offer for industrial and trade development in that country. In fact, in Japan the railways are one of the most important agencies for contributing to the economic greatness of that country. But what are the facilities offered for the economic development of this country by the railways? Let the Honourable the Railway Member answer.

The second reason assigned by the Honourable the Railway Member is economic nationalism. This view is correct to a very large extent, but who was responsible for bringing about the result? In the past, the railways confined their attention to the promotion of foreign trade and foreign industry, without considering the needs of the internal trade and the needs of the industrial development of the country itself, and we know what disastrous consequences followed from the adoption of this policy. Now, economic nationalism in other countries has adversely affected the Railways in India. It is now necessary for us to consider whether it is possible for us to turn this evil into a blessing. I think it is possible. Let the Railway Member frame his railway policy in such a way that it may conduce to the economic development of the country to the fullest extent.

The third reason assigned by the Railway Member is competition with motor traffic. This again is true to a very large extent, but what is the Railway Member's remedy? He suggests that railway fares and freights should be increased. But this remedy will not cure the disease. On the other hand, it will aggravate the present position. To reduce railway fares and freights would be a much better remedy, and I hope the Honourable the Railway Member will consider this suggestion. It may be pointed out in this connection that in other countries, especially in Europe and America, fares and freights have been reduced during the last few years with satisfactory results. The Honourable the Railway Member mentioned certain other contributory causes for the deficit, but I will not enter upon a discussion of these causes. I must say, however, that he has somewhat exaggerated the effect of these contributory causes.

As regards earnings, it should be our endeavour to increase them, but as has been pointed out in the speech of the Railway Member, earnings in India are greater than earnings in other countries. Still it will be possible for us to find ways and means to increase our earnings still further. Our chief aim, however, should be to curtail expenditure as far as possible. In addition to reduction in salaries, certain other suggestions may be made in this regard. One suggestion which I made last year was the amalgamation of Railways, and I am glad to find that this question will be taken up by the Independent Party this year. Another suggestion is a reduction in interest charges. The interest charges, paid by the railways, are very high, but as at the present moment there is a tendency for interest charges to fall in the country, we should take advantage of the lower rate and float loans within the borders of India, which will have a two-fold effect, namely, it will reduce the burden of the external debt of the country and we shall be able to borrow at a low rate . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has got only one minute more.

**Dr. P. N. Banerjee:** In conclusion, Sir, I beg to emphasise that economy in expenditure should be our watchword. This economy can be secured by a reduction in salaries and by proper retrenchment in the other administrative charges of the railways, while earnings can be increased by a reduction in freights and fares. Let us hope that the new Railway Member will be able so to adjust his railway policy that it will lead to the economic development of the country and railways will prove a real boon to the people of India.

**Sir Ghulam Hussain Hidayatallah** (Sind Jagirdars and Zamindars: Landholders): Sir, the finances of the railways are in a hopeless condition, and that requires overhauling. I won't repeat most of the arguments that have been already advanced. I will simply draw the attention of the Honourable Member in charge of Railways to one of the constructive suggestions that was just made by the Leader of the European Group for overhauling the railway finances. Otherwise, he knows that there is a borrowed capital of Rs. 800 crores, the interest on which is Rs. 31 crores per year, and the revenue every year is dwindling. The Honourable Member must now cry halt and set his own house in order. According to the Convention, the railways were to carry on as commercial concerns. May I ask the commercial magnates on my right had they been running their concerns at a loss, would they have continued such things as the Lee concessions, the time-scales of pay and the high salaries? I am sure, they would not. European commercial firms have already cut down their establishments.

**Mr. B. Das** (Orissa Division: Non-Muhammadian): A Daniel come to judgment!

**Sir Ghulam Hussain Hidayatallah:** Unless the Honourable the Railway Member pursues rigid economy, retrenchment and reorganisation, I do not think he will make the railways a success. I come to some of the arguments that have been advanced to show why the railway revenues have suffered. That every country is trying to become self-sufficient; the prices have gone down; people do not grow more, and, therefore, there is less

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transport. And my Honourable friend has styled himself an agriculturist; He himself says that he is an agriculturist also. May I ask him, under these circumstances, will anybody raise the rates of freight and fare which are paid by the poor agriculturist? The second argument that was advanced was the rail-road competition. According to the figures that were quoted by the Honourable the Mover of the cut, the passenger traffic has been paying more than it used to do, and that argument does not hold good at all.

**Pandit Govind Ballabh Pant:** That is what the Honourable the Commerce Member himself said in his speech.

**Sir Ghulam Hussain Hidayatallah:** But I will draw the attention of the Honourable Member to the fact that there is competition between State-owned railways themselves, and also, between State-owned railways and privately-owned railways, and I think they ought to put their house in order in that direction also. In the railways, they have Advisory Committees, but they do not pay any heed to the advice of even experts in other departments as regards freights and fares. Let me take the North Western Railway Advisory Committee. It consists of representatives of the Karachi Port Trust, the Karachi Municipal Corporation, of three commercial bodies,—the Buyers and Shippers Chamber, the Indian Merchants' Association and the European Chamber of Commerce—they have also a representative of the Agricultural Department, the Chief Agricultural Officer in Sind, they have also a representative of the Bombay Legislative Council and also the Zamindars' representative. All of them told the Agent not to increase the freight on wheat, and explained to him that that would do more harm to the railway than good. But he would not listen to them. They explained to him that the decrease in income was only in one year owing to the failure of the wheat crop in Sind and the diversion of freight by reduction of rates by other railways, including the East Indian Railway, the Bombay, Baroda and Central India Railway, etc. And yet the infallible Agent of the North Western Railway did not listen even to the advice of the Chief Agricultural Officer, who is a Government servant.

**The Honourable Sir Muhammad Zafrullah Khan:** Should a Government servant be listened to more?

**Sir Ghulam Hussain Hidayatallah:** He is the representative of the Government. He placed the whole case before them as to how the railway would suffer, because now only one-third of the area cultivates wheat, and if you put twelve annas per acre more, it is common sense that it will discourage wheat cultivation, of which there is still two-thirds of the area to be cultivated. The whole lot of them are fools and the Agent is the only wise man! The representatives of the commercial bodies, the representative of the Legislative Council, the Government official and the Lloyd Barrage Advisory Committee—they all explained the position to him, but the Agent did not pay any heed to them, and, therefore, I am obliged to support this cut.

**Mr. S. Satyamurti:** When we discuss the railway budget, we discuss the budget of an insolvent concern, for whose solvency I see no hope. I

will give a few tragic financial facts. We have sunk Rs. 800 crores of the poor taxpayer's money of this country in these railways, and at the end of the next financial year, the railways will owe to us, in one form or another, nearly Rs. 67 crores. I am taking these facts from their own documents; and if the railways are to pay their way, according as any commercial concern ought to pay its way, they ought to earn every year Rs. 11 crores more than they are doing today, as net railway earnings. They must put aside at least five crores every year for amortisation, or you may call it, contribution to the general revenues. They must put towards revenue two crores which they are now charging towards capital, that is to say, or renewals and repairs. They should also provide for making up the deficit, and, on the whole, they have to earn about 11 crores more. What is the chance of the railways earning that? Either they must increase their revenues by 11 crores, or reduce their expenditure by 11 crores, or split the difference and increase their revenue by  $5\frac{1}{2}$  crores, and decrease their expenditure by  $5\frac{1}{2}$  crores. Has the Honourable the Commerce Member any such proposal in his mind, or has the Railway Board any such proposal? The history of the railways since 1923-24 is one continuous rake's progress, financial irresponsibility of the worst kind. The capital at charge in 1923-24 was 629 crores, and latest figure is 800 crores. In twelve years, they increased their capital by 170 crores. Would you believe it,—they spent every year in the first six prosperous years 25 crores a year, 48 crores on new lines, 16 crores on acquisition of private lines, and nearly 105 crores on improvement of open lines? Do you know the Central Station at Bombay costs a crore? It is one of the most deserted places I have seen, few passengers getting in or going out. On the Erode station, they spent another 50 lakhs, and so on; they have spent three or four crores on mere luxury improvements. Yes, Cawnpore, Lucknow, and many other stations,—Ahmedabad, etc.

My Honourable friend, the Leader of the European Group talked of over-capitalisation. I call it a stunt, with all respect, and I have got the high authority of the Public Accounts Committee of which the Finance Member was the Chairman, which unanimously put this down on record:

"The question thus becomes, not so much one of a slow tendency to over-capitalisation because of a somewhat lax accounting system, but of the inability of the railways as a whole to show a profit even on the present system."

Therefore, I suggest that all this idea of transferring 40 or 50 crores to general revenues, which the Leader of the European Group suggests, and at which I see the Honourable the Commerce Member jumps, is merely transferring, according to his own argument about strategic railways, the burden from one hand to the other.

**The Honourable Sir Muhammad Zafrullah Khan:** When did I jump at that suggestion?

**Mr. S. Satyamurti:** I am glad to hear that remark. That is some assurance to me. I dread this idea of the Federal Railway Authority going scot-free. I understand the whole idea. The new Railway Authority is coming. It is going to be an *imperium in imperio*. They want to have their revenues for all these expenses. Therefore, you want to make this easy for them by transferring to the general taxpayer 40 or 50 crores of the capital which ought to be debited to the railways. I protest most strongly against it, on the authority of the Public Accounts Committee itself.

**The Honourable Sir Muhammad Zafrullah Khan:** The Honourable Member seems to know my mind better than I do.

**Mr. S. Satyamurti:** Sometimes, other people know your mind better than you do. Then, Sir, I would draw attention to two facts about the Retrenchment Committee's report. They made various recommendations. How many of these have been carried out, I am not in a position to say just yet; but I will say this, that they recommended the reduction of the Railway Board's number of Members from three to two. They recommended a reduction in the number of Deputy Directors. They all remain exactly where they were. One small point I want to make is this. Each one of the Deputy Directors is getting an allowance of Rs. 250. The Retrenchment Committee said they must not get the allowance, because they cannot claim the analogy of being a Government Department, while claiming for other purposes to be a commercial department. They still continue to draw those allowances.

Then, in 1924-25, on a mileage of 27,000 the railways had gross earnings of more than 100 crores; and, in 1935-36, on a mileage of 31,869, their gross earnings are just under 90 crores and, in 1934-35, their operating expenses were 51.65, and now, in 1936-37, they are again nearing 51.25; that is to say, when we had a surplus of 13.16 crores, we spent on operating expenses only as much as we now propose to spend when we have a deficit of five crores. I want to ask my Honourable friends here who are commercial magnates whether they would tolerate, in their own concerns, this ratio of operating expenses. Net traffic receipts now amount only to 27 crores, that is about 3.3 per cent. of the whole capital at charge. So far as capital which is now sunk in the railways is concerned, we are paying interest much more than 3.3 per cent. Therefore, they are failing to meet their interest obligations.

Then, Sir, the Inchcape Committee recommended that railways should be worked as to yield  $5\frac{1}{2}$  per cent. on the money sunk in them. Therefore, if we are to pay 31 crores of interest every year, put down two crores for replacements and renewals, another five crores for amortisation, it comes to this. You must get over the present deficit of  $4\frac{1}{2}$  crores, make seven crores more, that is,  $11\frac{1}{2}$  crores. That is, instead of 27 crores we are now making, we ought to make about 38 crores. How can they do it? How can they increase their railway receipts?

There has been a good deal of talk of this rail-road competition. I would like to amend it by saying it is not rail-road competition but it is rail, road, waterway, and coastal shipping competition. How are you going to do that?

**An Honourable Member:** Bicycles also.

**Mr. S. Satyamurti:** On this side of the House, there is a strong feeling, with which, I am sure, every section of the House will sympathise, that, whatever you may do or may not do, you ought not to make the poor man's conveyance dearer than it is today. Therefore, if you are co-ordinating all the means of transport, you ought to compete by means of making your communications as cheap, as comfortable, and as efficient as possible and ought not to penalise, by legislation, the poor man's conveyance. Then the passenger traffic has decreased, is decreasing, and, I am afraid, will continue to decrease, unless steps are taken to make



railway travel as comfortable, as convenient, and as cheap as travel by other means of conveyance, provided they are brought under one co-ordinating organisation.

There is one matter on which I know there is unanimous opinion, in all sections of the House, and I want to mention it for the Honourable Member's consideration. Why should we give these concessions to the military authorities? What do they cost? Why not debit them to the military budget and why not debit the two crores loss on strategic railways to the army? There is no use saying it is from one hand to another. I would be able to attack the military budget better, if I get these two crores put down under the army. It is not fair to the railways. It is not fair to this House or the country.

Then, Sir, there is another very controversial matter which I merely want to mention, the position of the railway collieries. What is the policy of the Government in that matter? Then the concessions to Tatas. Then, the saloons. I will beg of my Honourable friend to examine why these saloons should be continued. What do they cost? He can save some money over it. Then, what about the various concessions given to various people in one form and another? You must follow a relentless policy of retrenchment, or if necessary, appoint a fresh Retrenchment Committee of this House, to go into the whole question and suggest where the axe may be laid usefully. Why should there not be a drastic and steep cut in the railwaymen's salaries, excepting my Honourable friend, the Railway Member? Why should there not be a cut of ten per cent. upto 25 per cent., exempting incomes below a certain minimum?

**The Honourable Sir Muhammad Zafrullah Khan:** What is the minimum you suggest?

**Mr. S. Satyamurti:** I suggest Rs. 100. But I want a steep cut which will give you at least a crore of rupees. You had two crores from the ten per cent. cut. What I feel is this. I should have expected the Honourable the Commerce Member to show a little more concern. I find towards the end of his speech he made a facile comparison of our railways, with other railways, in Canada, Australia, New Zealand, and so on, and said: 'All is well with the world, I am in office, Russell is my Chief Commissioner, Railways are bad in other countries. May they be bad here also!' This facile optimism is unworthy of any man who seeks to bring a fresh mind to bear on these questions.

So far as the relation of the railways to the State is concerned, undoubtedly during the first six years they earned a profit of 50½ crores and paid into the depreciation fund 12¼ lakhs more than they took out of it. They can take credit for it, but they will owe us, at the end of the next financial year, 66½ lakhs. Therefore, they are bad to the extent of at least a crore and a half; and you cannot hope to put by anything to the railway reserve fund until you have paid 67 crores. Is there any chance of your doing that?

The Public Accounts Committee has suggested various remedies, and I want to merely mention them. Interest charges have shown a tendency to fall, and in five years' time there may be a fall of about two crores. Thanks to the world conditions. No thanks to you! The new scales of

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pay for new entrants will ultimately produce a saving of three crores a year, but 30 years hence. And the Railway Board think that no more minor economies are obtainable of an administrative nature. If they are so incompetent, sack them. Put other men there who have got some brains. The Public Accounts Committee said that they should adopt some means of increasing revenue, and of reducing expenditure. I hope the Honourable the Finance Member will take part in this debate. He was a party to this report. I do not think anybody can describe the parlous condition of railway finances, better than this report, to which he is a signatory and a party. I want to know what he is doing, apart from the intervals when he is getting angry with us,—whether he occasionally gets angry, with his colleagues on the Treasury Bench, and tells them to do something to put the railway finances on a reasonably sound basis. (Laughter.)

Sir, so far as freights and fares are concerned, I agree that to increase them now is a short-sighted policy. I do not think it is right that you should do it; you may be killing the goose that lays the golden egg. Reference has been made to the Federal Railway Authority. It is like Frankenstein's monster: the Railway Authority, when it comes at all, will probably swallow the Honourable Member.—and how on earth the Railway Authority is going to make a provision for paying out of its revenues, all the obligations described in the sections of the Act, unless you perform the mathematical jugglery of transferring to the general taxpayer fifty crores of rupees of railway debt, I fail to understand! I hope they will not do that.

Sir, my Honourable friend suggested that we should not be destructive in our criticism but should make constructive suggestions; and I will oblige my Honourable friend by making constructive suggestions. You must do something to increase your passenger traffic, and you must keep the goods traffic on the upward level. You say you have done all you can, but there are other ways of doing that. Sir, the third-class passenger should be made a welcome guest, and not the unwelcome intruder that he is today. Sir, today, the third class passenger is made to feel, from the moment he tries to enter the railway compound right up to the moment he leaves, that he is nothing but a prisoner, and that he has come to do a very unpleasant duty by travelling (*Cries of "Shame, Shame"*). Sir, that is not the way to encourage passenger traffic.

Sir, we hear things said about the policy of protection affecting prejudicially the railway income; if India is not able to make her balanced budget, the Finance Member tells us it is because of protection. I would ask my Honourable friend not to take these things second-hand, from the Honourable the Finance Member. The Finance Member is an Englishman, who, subject to Ottawa, is out for free trade; but my Honourable friend must remember that he is both the Railway Member and the Commerce Member and he should regulate his policy with an eye both to an increase of railway earnings, and also to the prosperity of this country. Competition, I agree, must be controlled, but it cannot be controlled by merely legal methods; you must make your railways subservient the common purposes of communications by a unified policy; you must not have twelve Departments of Government having twelve different points of view. You must have a drastic cut in the numbers and

the salaries of the staff. You must say yourself: "I must get my two crores, and the Railway Board must produce it; otherwise they will have six months' notice". (Laughter.) Sir, Englishmen are past masters in obeying when they get firm orders: You must tell the railway authorities: "You must produce these two crores of rupees, otherwise six months' hence you will go." (Laughter.) So long as you cajole them and argue with them, they will say: "No, Sir", but give them six months' notice, and you will get your two crores all right. (Laughter.) And, then, you must, in looking into your working expenses, get a good expert, not a "Pope" (Laughter), somebody like Sir Joshua Stamp, somebody who knows what railways mean and reduce your working expenses by a good percentage. Then, you will get some method of making both ends meet.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

**Mr. S. Satyamurti**: And I want my Honourable friend not to have the spirit of Launcelot Gobbo about the acquisition of Company-managed railways. Similarly, my Honourable friend ought not to madly talk about these things, and rest content there; you must not simply say, gently: "Let us have amalgamation, some time, you may save some money in your overhead expenditure," and so on and so forth. You must be more firm and energetic.

Sir, one other way I might suggest and that is that Government officers might pay for their travel from their own pockets, and not from those of Government; in that case they will travel less luxuriously, they will use only first class and they will be saving expenses for everybody concerned. Withdraw all the concessions. Co-ordinate all transport authority. Sir, it seems to me that apart from the political incompetence of this Government, its economic and financial incompetence is past description, and it seems to me that, while it is easy by an Ordinance to make lawful associations unlawful and unlawful associations lawful, no ordinance can make two and two five; and only the most rigid pursuit of economy will produce a saving. I would, therefore, suggest to the Honourable the Commerce Member to bring his fresh mind to bear on the question, and to remember that the whole of the public will be with him in his exploration of further fields of economy. The public demand, Sir, that they cannot tolerate this state of affairs, and you must make a saving or an earning or both of at least 11 crores more; and let my Honourable friend set things going which will give us some tangible, immediate results; otherwise, I hope this House will unanimously pass this cut and censure my Honourable friend and his Railway Board. (Loud Applause.)

**Sir Abdul Halim Ghuznavi** (Dacca cum Mymensingh: Muhammadan Rural): Mr. President; we have listened to the speeches this afternoon and this morning, and I may say at once that we all agree that something must be done to balance the budget and we also agree that some drastic measures have to be taken. (Hear, hear.) But before I proceed, I must say this that we have now got a Member in charge of Railways who has come from amongst India's public men. Let us trust and hope that he will not put on the spectacles of bureaucratic

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vision and carry on his duties. As my Honourable friend, Sir Henry **Gidney**, said this morning, he had found a very great change in the present Member, that he was accessible to everyone and that he would not see things except with his own vision. Sir, if he will do that, he will find out ways and means to balance his budget. He has assumed office only about eight months now.

**The Honourable Sir Muhammad Zafrullah Khan:** You might leave me out.

**Sir Abdul Halim Ghuznavi:** . . . and we cannot very well except that he will be able to grasp the whole situation at once and place it before this House. So far as we can see now, he has started very well and we hope and trust that when he presents his budget next year in this House, it will be a different budget altogether. Now, Sir, various methods were suggested to reduce these deficits, and one was a drastic cut in the pay of railway officials. Honourable Members will understand that these officials are appointed under a covenant.

**An Honourable Member:** Is the cut against the covenant?

**Sir Abdul Halim Ghuznavi:** May I complete my sentence? Probably the Honourable Member was not a Member of this House when the ten per cent. cut was imposed: the Secretary of State, Sir, had to go to the House of Commons and make a statement that although it was not legal, he expected every I.C.S. officer to voluntarily accept the cut. (*An Honourable Member:* "the I.C.S.!")—yes, and the same Government rule applies also to the Railways. It is no use your shaking your head in that way.

**Mr. S. Satyamurti:** I will then shake it in this way.

**Sir Abdul Halim Ghuznavi:** And also that is exactly the reason why the other day I opposed the Government acquiring the Bengal and North-Western Railway. (*An Honourable Member:* "Oh, I see'") That is a paying concern to-day, and the moment it is acquired by Government it will be a losing concern (*Ironic cries of "Hear, hear"*), and it will have to pay interest on another £17 million. But, Sir, I would suggest this that in future when appointing railway officers they should be told as in fact we do in the case of our own offices that if they cannot make Railways profitable, they will have to go; and also it would be much better if the Honourable Member would impose a permanent cut of five per cent. in that case. That brings in about two crores. If there is a permanent cut like that, I am sure, the budget can be balanced and the railways might be made to earn profit. I think if the Honourable Member in charge of the Railways sends out a circular for voluntary cut in the pay of higher officials, they would readily agree. Sir, I remember in Calcutta when the buses were first introduced, the tramway companies were losing. Month after month they began to have deficit budget and when the tramway company introduced their motor service they found they could not compete with private motor buses. Then perhaps a new Agent came with better brains and he devised very efficient

methods of running of the tramways with the result that it crippled the Calcutta motor bus service and the tramway is now making profits. The tramways are performing very efficient service in Calcutta and I have never found better service in the whole world that I have travelled. The suggestion that I want to make in this connection is this, that if the railways will accelerate the local trains and reduce the third class fares for less than 100 miles distance, then the railways will be able to compete with motor service. The railways should reduce the fares for shorter distances. I am not suggesting that they should reduce the fares for longer distances, because the travelling public cannot avoid travelling by train for longer distances. Therefore if the railways are serious about combating with the motor menace, then they should reduce the fares for third class and give more accelerated service for a distance of less than 100 miles. I do not think the Great Indian Peninsular Railway loses much income on their service from Bombay to Kalyan where there is electrification of railways. In Calcutta which is the second City in the British Empire there is no electrification of railways. Nothing has been done in that connection in spite of so much demand. The excuse of want of money is put forward. But may I ask where is the money for the purchase of the Bengal North Western Railway? Why do you ask the Government to take over that railway? The other day we heard from several Honourable members that money was very cheap now. Why not borrow money in the market and get the electrification done as early as possible. Calcutta is a very congested city and people have to come from such a long distance as 67 miles, that is from Burdwan. If only there had been electrification of the line up to Burdwan, look at the enormous amount of passenger traffic and goods traffic that will come to the railways. Take for instance the East Bengal Railway, where the local trains up to Naihati are very slow and nobody wants to use those trains. The distance is covered in two hours whereas a bus would cover it in much shorter time and at much less cost to the passenger. Take, for instance, what happens to the Barrackpur races; nobody uses the train to go to the Barrackpur races, because the busses are more cheap and they take less time to reach that place. The train nearly takes one hour to reach that place with the result that the railways lose all their passenger traffic which is diverted to the busses. I can also cite the instance of Kalka-Simla Railway where the taxis are much cheaper and they cover the distance in much short time.

I would suggest a reduction in the second class fares by 33-1/3 per cent. and the abolition of Inter class. I would not abolish the first class but would rather raise the charges for first class so that those who want to enjoy the luxury of a first class should pay for it. Another suggestion is the closing down of smaller stations within short distances. These stations are no longer required because the motor busses carry passengers to shorter distances and these stations are costing us money without giving us any return at all. One thing that I have been trying to impress upon this House and upon the Honourable Member in charge of the railways is the top heavy administration. By one stroke of the pen we can reduce half a crore of expenditure if we adopt the policy of amalgamation of the two separate offices in Calcutta. In Calcutta across the same road, you have the offices of the East Indian Railway and the Eastern Bengal Railway, with double Agents, double Deputy Agents, double

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Medical Officers, and double everything. I have a cut in my name to raise the question of the amalgamation of these offices. If my motion is reached, I propose to give more detailed reasons for my suggestion. I shall be able to show that we shall be saving half a crore.

As other Honourable Members, who have preceded me, have suggested, there must be reduction in freights for shorter distances. As my Honourable friend, Mr. Bajoria, has pointed out, goods are being sent to Burdwan in lorries. If the freights are reduced for shorter distances, then all this goods traffic will be diverted from the motor busses to railways.

**An Honourable Member:** What about tips to get wagons?

**Sir Abdul Halim Ghuznavi:** No tips will be required for shorter distances. I am sure, the Honourable Member in charge will take note of all the criticisms that have been made in this House and the suggestions that were made for improvement, and, I am sure, he will devise ways and means, so that, the next time he presents his budget, it will be far better than now.

**Mr. Bhulabhai J. Desai** (Bombay Northern Division: Non-Muhammadan Rural): Mr. President, perhaps the one single largest item in the public debt of India is under the head of railways. That being so, I am one of those who cannot look upon this matter and the analysis of it in the somewhat happy and detached manner in which it has been approached by the Members on the Treasury Benches. For, after all, the most important issue to be faced is how and in what manner is the taxpayer, who has annually to find the money to pay from 29 to 31 crores, called interest charges, is to be helped out of the continually growing burden of this country. It is from that point of view that it is necessary to approach this question rather than the way in which it is approached in the admirably candid manner of the Honourable Member who presented this budget. I was reminded, when he presented the budget, of a surgeon who comes and says: "I have examined the patient very carefully, I believe there is no hope for him." If that is the type of surgeon we are going to employ, I am afraid we have employed him in vain. What we, therefore, need is not merely a diagnosis of what he calls the ever growing disease every day, but also a suggestion of the manner in which the disease is to be met. For, indeed, the manner in which the whole of this budget item is prepared and approached is wrong. It is economically wrong, and it is still more wrong from the point of view of the present condition of railway finances which my Honourable friends rightly described as insolvent. It seems to me that the budget is conceived in this spirit: that there is a certain amount of fixed expenditure which cannot be interfered with, all you have really to do is to see how you can find an equivalent income, not merely from the source which is the subject of discussion, but, if necessary, from the pockets of the taxpayer. That certainly is a happy-go-lucky manner in which a budget of this kind can be approached as it is approached; for it is easy enough to say, "Every year we are losing and we have also almost exhausted the depreciation fund."

The time is ripe when undoubtedly, without approaching the question from that point of view, it must be approached from the point of view of the tax-payer of this country. The way in which the matter has been dealt with is not one that will commend itself to the expert employee of any Government where responsibility of any kind rests on his shoulders, irresponsible though he may be to this particular legislature. It is not enough for him to tell the House: "Oh, I am not here to create revolutions; I am here to carry on the deficit from year to year; do what you like." That is not the answer that I expected from a man who has not joined the service with the same fetters on his mind or on his principles as those others of his colleagues have. I expected that though he may not be able to present immediately a budget which was balanced, I undoubtedly did expect that he would approach it with greater courage and with a considerable amount of fearless criticism, not so much from us as from his own friends whose pockets he dare not encroach upon. I for one am often told: "You on the other side give us general advice". It is a very cheap way of describing the efforts that we make to show what principles should be adopted for the purpose either of general administration or of a particular approach thereof. If you appoint commissions what do they do? Do they sit down every day with your expert and sit down and tell you in what manner the principles which they lay down are to be applied from time to time by the permanent executive of the country? It is undoubtedly up to us to define the point of view and the principles which should underlie the management of a concern like this; and it is up to the experts to adopt them, though they may not be responsible to us, at least they are expected to be responsible to conscience and responsible to a certain extent to the right principles. It is for that reason that I want in the first instance a correct approach to this problem. And before I define the principles further there is one more matter to which I wish to refer because of the way in which it was mentioned by my Honourable friend, Sir Leslie Hudson. He said that the new Federal Railway Authority is going to take over charge of the railways of this country and that there is a provision in the Act whereby the Governor General in Council will have the right or the authority to state at what particular capital charge it is to be taken up. I wish to warn those who would be in charge of such an adjustment against doing an act which would be really an act of spoliation, in the name of what is called over-capitalisation. It is not a case of over-capitalisation in any other sense than this that the Indian Government from time to time has borrowed money for the purpose either of building some or acquiring other railways. There can be, therefore, no question of over-capitalisation in the proper industrial sense at all. But I do not know if what is meant is that a part of this capital liability is to be transferred to the general liabilities of the country and that the future federal railway authority is to be put in the happy position of being able to say: "We have got an asset for half the money and therefore whatever we produce appears by a jugglery of figures to be a profit", thereby enabling them not merely not to decrease the expenditure but comfortably to increase it from time to time. The greatest danger of writing down the capital for any such purpose would be immediately this that it would be possible for those in charge of that concern to be able to say that expenditure need not be cut down. And, therefore, it is time, Sir, that they realised that in so far as this particular adjustment is concerned it will be an adjustment of taking over this particular concern at what it has cost the Indian tax-payer

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through the Indian Government and not a pie less. There is an insidious danger underlying the proposal and the suggestion which is being made, the danger being that you would not have that inducement for the purpose of making this industry pay as it ought to be made to pay. And that is very important point of view which must be borne in mind in future. It is not merely a tale of woe that we shall not be able to balance the budget because the successor of the present Railway Member, the Federal Railway Authority, would be in a very happy position if he is to be told: "Oh, it does not matter. Now, you pay interest charge on 400 crores instead of 800 crores, that being the actual value of the assets today, and, therefore, in place of 31 crores you will only have to find 15 crores. Therefore, you have committed the greatest possible feat in finance, namely, balanced your budget and shown a profit". That is the one danger and a very serious and insidious danger that I notice in the suggestion, innocent though it may appear on the face of it on this particular occasion.

The separation of the railway finance from the general budget was intended for quite a different purpose because it was hoped to produce two results; first, economic management and second, a contribution to general revenues. It has failed in both, but it has succeeded in one, namely, that the railway finances having been separated the railway federal authority has been found easy to introduce into the Government of India Act. So that, instead of finding an advantage from what was supposed to be financially a very convenient arrangement with better and more hopeful results, it has resulted in loss in both directions. They have contributed nothing, so far as general revenues are concerned, for all practical purposes; and far from balancing the budget by a measure of economy they have always shown a deficit at the cost of the tax-payer. But the third result which is still more serious is a matter against which it is necessary to sound a note of warning; and I hope and trust that being an item of debt incurred by the Government of India they shall not, and I hope will not, transfer by means of a subterfuge of this kind an additional liability to the tax-payer the responsibility of which must remain with the Federal Railway Authority for all time.

That, Sir, is the principal point which has to be borne in mind. There are two other matters to which I wish to allude on this question of railway finance. Undoubtedly I am one of those who fully understand that one should approach the question of railway finance from a certain amount of definite minimum expenditure which cannot be avoided. It is not like an ordinary industrial concern where you may first estimate your expense before you start on the venture at all. But in that there is one important point of view which must be remembered. The railways started some 70 odd years ago largely from strategic considerations—though for budget purposes only a small item is described and treated as strategic—largely based on its utility for the movement of troops in this country, as it is undoubtedly for the purpose of the movement of traffic. So that railways in this country have served from the very commencement and in the earlier stages as a paramount purpose—the paramount idea has been the holding of this country. It should, therefore, be remembered, and it is also a known fact, that with a view—in those days of trouble—to expedite the building of railways, a disproportionate amount of expenditure per mile has also been incurred; and if it



women ever to sharing the burdens of the 800 odd crores and more and more money which has already been spent away in the guarantee of interest until the acquisition of railways, the time has arrived when an adjustment will have to be made out of this, but this is hardly the time for a discussion of that matter. But it should be remembered that in so far as approach to this question is concerned, inasmuch as it serves a double purpose, I am in entire agreement with Mr. Satyamurti that a percentage of this should also be allocated for this purpose as a part of the general budget included in the military expenditure, for then only we shall know how much of the capital and interest charges are to be borne by at all events that one voracious claim which is being made year by year and increased from 29 crores, to where it stood last year at some 54 or 55. I, therefore, suggest that in so far as this budget is concerned, there are two things to be done; and so far as traffic is concerned, undoubtedly it is the duty of a railway, subject to qualifications which are well known to experts, it is not so much a question of what it costs to carry as the value of it to the consumer, namely, the man who wants the freight. Among the causes which are given of the failure of the railway to balance its budgets are (1) the world depression and general collapse of commodity prices, and (2) the striving after self-sufficiency by almost every country in the world including India and development of internal trade competition.

Taking first the first—the general collapse of commodity prices—is it or is it not to bear a proportionate and certain amount of fair rate in so far as the cost of carriage is concerned, and is it to be the ground for saying that though the commodity prices have fallen, the value to the consumer is proportionately higher in the freight that you charge, it is still not only to remain the same, but should go up now in order only that you may be able to get more and more revenue. I am one of those who believes, and I put it to the Honourable Member, whether the very reason that he has given is not a reason for taking a more bold course and so shaping his freight policy as to adapt it to the falling or to the general collapse of commodity prices, so as to produce what he complains the other countries have done. His complaint appears to be that what other countries have done is that they are trying to be self-sufficient, meaning thereby, I take it, that the exports from this country (which become imports into the foreign countries) are getting lesser and lesser and to that extent movement of traffic purposes is lessening. If that is what is meant, why may he not take the example of the very countries which he gives as a cause for the lessening of our revenues, and adopt the policy of the stimulation of internal trade and of production by the very processes by which the other countries have adapted themselves. I entirely agree with Sir Leslie Hudson that it is the one department, so far as Government is concerned, which refuses to adapt itself to the changed conditions, and after all, adaptation is the law of life except where life is kept up by means of the higher oxygen power that exists on the other side. If they are really to live properly, if the expert employed by the taxpayer is to live, it is their duty first to adapt this freight policy, and, without being a prophet and without offering cheap advice and understanding what little I do of freight-making in this country, learned probably with the assistance of their own experts, I may confidently tell them that their only right policy in the matter of freight is to adapt the freight to the fallen prices of the agricultural products of this country and thereby increase the internal trade and production of the country. For.

[Mr. Bhulabhai J. Desai.]

that is the only sane, that is the only right policy, and is never likely to cost them anything at all. The fact today is that on a lesser movement of trade they make a little better money in order that they might be able to show a lesser deficit. But that is little consolation. Even if they earned the same amount of money by lowering the freight, increasing the internal traffic and increasing and assisting in the internal production, they would have certainly rendered a better service and acquired the same sum of money,—though I am one of those who is optimistic enough to believe that with the revision of the freight policy adapted to the very actual conditions which are said to be the causes of the depression, he would repair the very mischief which he here deploras.

Next, Sir, the only other point that I wish to urge upon is that I am told—at least we were told—that there were difficulties in the way of the revolutionary change which is suggested in balancing a budget of this kind. To be brief, you can balance the budget in one of two ways. Comparatively simple though it may appear, and though it should always be a matter of businesslike transaction, you must find where you can add to your income and you must find where you can reduce your expenditure. So far as adding to your income is concerned, it depends on the efficiency of the services that you provide. As that is a subject of constant discussion in the House, I will not dilate upon it, but that is a matter that does not appear to have received sufficient attention from the Member in charge of this particular department. In addition to the efficiency of services to provide, you have also to see that you create more demand for your freight which is always available, in that it is one of those means of transport which is to run continuously, hour after hour and day to day. It is these two fields into which sufficient search has not yet been made, in order to find out a commercial and a more prudent way of managing what, after all, has been entrusted to them. On the other side, when it comes to finding your expenditure in normal cases, one would have said, one would have thought that if a particular industry or business did not pay, you would share the burdens, the loss with all the colleagues, with everybody engaged in that particular industry. But that does not seem to be the principle applicable to this particular one. In fact, it is said: "what about the obligations incurred?" If it is possible to employ men on a new scale which in due course of time will save you three crores of rupees a year, of what is it the test? It conclusively proves one thing, that the service which is rendered by the men today occupying the same place is certainly worth less by three crores than they are paid today, for what is the meaning of saying that we are in a position to replace all these men by people who are willing to work on a wage which will be less by three crores, only when they have all filled up their places? Sir, they suggest that you cannot cut down the salaries of those who are in the enjoyment of salaries today. But indeed when the time of depression, rise in prices or other reasons come, with what equity do they go to the Finance Member or this House and say "Our salaries are insufficient, they must be increased."? Has that fixity of salary ever been regarded as restrictive of their claim of excesses? Equally, in equity, I cannot see how, when circumstances have altered, we cannot go back to them and say "It is up to you; for the very services that you render, we can get substitutes at prices which will enable us to balance our budget, and if you will not accommodate yourself to the prices, you have all the time on a false and deceptive method claimed all the excesses that you have

hitherto enjoyed." We on this side, therefore, believe that looked at as a budget of any individual business concern of any kind, it has failed on either side. It has failed in that so far as expenses are concerned, there is no approach to the budget of making it a proper business concern. It has equally failed on the income side in that it has not done all that it should do,—in fact, it has followed a policy which to a large extent is responsible for the reduction of its income from time to time. It has not taken advantage of the very situation by which the prices have fallen and accommodated itself to the circumstances so as to confer directly or indirectly the equivalent benefits in the shape of better services, better internal distribution and a larger production in this country. Sir, I support the cut that has been moved.

**The Honourable Sir Muhammad Zafrullah Khan:** Sir, in dealing with the speeches that have been made on this cut motion, I shall, 4 P.M. having regard to the time at my disposal, first try to meet one or two points sought to be made by the Honourable the Mover of the cut with regard to which I think there was some misapprehension in his mind. After having cleared up those matters, I shall offer some observations on some of the general and more important suggestions that have been made to Government during the course of the debate. If time then permits, at the end of those observations I might be able to deal with some of the minor suggestions that have been put forward.

With regard to the matters on which I said there might be a misapprehension, may I take up first the question that the deficit is really larger than appears, because some of the items which should have appeared on the debit side or should have been larger on the debit side have not been shown at all or not shown to their full extent on that side? For instance, it was said that we had reduced the depreciation charges by 45 lakhs, and it was part of the general argument that we had done that in order to show a smaller deficit and in order to show that we were in a more prosperous or less stringent condition than we actually were in. I beg to submit that that is not so. It was not done with that purpose at all. As a matter of fact, the change in the method of calculating the appropriation amount for the depreciation fund was for the purposes of simplification. It was not done by the Railway Department on their own—it was agreed to by the Auditor General, and approved by the Public Accounts Committee and the Standing Finance Committee, and, therefore, it was not done in a stealthy manner in order to show that the deficit was less or would be less by about half a crore . . . .

**Pandit Govind Ballabh Pant:** But it had the effect of reducing the deficit by 45 lakhs.

**The Honourable Sir Muhammad Zafrullah Khan:** It certainly has had that effect: I was merely saying that there is no question of anything being improperly done here at all. But if it was properly done, the mere fact that it has resulted in reducing the deficit surely cannot be taken as an objection to it.

Another matter that was referred to was that, in order to show that we were in a more prosperous or less unsound position than we actually were in, we have during the last few years, continued to decrease our stores balances. It is true that the reduction of those stores balances from

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22 crores to nine crores does enable us to carry a lesser interest charges: that is to say, the interest charges have been reduced by about 65 lakhs over a certain number of years; but that again cannot be said to have been done with the purpose that a certain number of years later, when we had reduced these stores to their proper quantity, we would be entitled to utilise this extra 65 lakhs for the purpose of restoring the pay cut. There was no connection between the two whatsoever. I shall presently come to the circumstances in which the pay cut was restored and the considerations that applied to it. But it certainly cannot be argued that it was done so that in a certain year a certain cut which would have been imposed in the meantime could be restored more easily. Again, I say, this was done in a perfectly open manner, and, as a matter of fact, it was a change in the policy of stores balances upon which the Railway Department were congratulated by the Public Accounts Committee. That certainly was not only not underhand, or stealthy, but was the adjustment of something that had not been properly adjusted in past years.

Another matter which another Honourable Member referred to and which I might deal with here in passing is that the Department has been in the habit of setting up committees which cost a great deal of money and in the end amount to nothing at all. I think an Honourable Member—if I do not make a mistake, it was Seth Govind Das—mentioned the Pope Committee in that connection. He said the Pope Committee cost three lakhs, but had resulted only in a saving of seven lakhs. Even if it had resulted only in a saving of seven lakhs, it would not be fair to say that nothing had been saved, for, with an expenditure of three lakhs, there had been a saving of seven lakhs . . . . .

**Seth Govind Das:** We do not know if even seven lakhs were saved or not.

**The Honourable Sir Muhammad Zafrullah Khan:** I am coming to that. The saving of seven lakhs was annual and recurring, while the cost of the committee was incurred only once. But the position fortunately is very much better than the Honourable Member thinks it was. During the course of the last year alone, the economies which have resulted from the recommendations of that committee have been valued at Rs. 47 lakhs. Though this is a small matter, I wanted to clear up the misapprehension that that committee's recommendations had not resulted in any appreciable saving as against the cost of setting it up.

Another matter, that I might clear out of the way before I pass on to more general matters, was the point sought to be made by the Honourable the Mover of this cut, that inasmuch as I had said in my speech that passenger traffic during the current year was slightly better than our estimate, the real competition from motor transport did not come in the matter of passengers, but in the matter of goods or rather that it was not so much motor competition that affected our earnings as a decline in our goods traffic. While it is true that the greater part of our losses is due to the decline in goods traffic, the position . . . . .

**Pandit Govind Ballabh Pant:** Entirely and solely due to it.

**The Honourable Sir Muhammad Zafrullah Khan:** I shall presently show that the position with regard to passenger traffic is not what the Honourable Member has tried to make it out to be. What I said was that passenger traffic was slightly better than last year's and better than our estimates—not that we were not losing anything on passenger traffic as compared with our normal traffic, as the figures I am going to cite will show. In 1929-30 . . . . .

**Pandit Govind Ballabh Pant:** May I just explain? What I said was this: that the enlarged deficit this year was not due to any deficiency in income from passenger traffic, because the income from passenger traffic was in reality more than had been budgetted for or estimated. The deficit was due to a fall in receipts from goods traffic, and that is a fact which is borne out by paragraph 13 of the memorandum.

**The Honourable Sir Muhammad Zafrullah Khan:** All that is borne out by that paragraph is that if there had not been this slight increase in the passenger traffic during the current year our deficit would have been slightly larger. That is all that that paragraph bears out. I would again submit with respect, that it is not correct to say that no part of our deficit is due to the loss on our passenger traffic. I will now cite the figures. In 1929-30 our earnings from passenger traffic were 35½ crores. In 1934-35 they were 28 crores; and in 1935-36 we expect them to be 28½ crores, that is to say, half a crore better than last year, but, unfortunately, 7½ crores worse than the year 1929-30.

Now, Sir, I might offer a few observations on the more general criticisms and suggestions that have been put forward. It has been said that the situation is so desperate that nothing but very drastic remedies would set matters right, and that tinkering with the situation would not do. Well, Sir, taking these merely as general observations, I have not much quarrel with them, but the real question is, the remedies having been suggested, whether the adoption of those remedies is likely to lead to results that all sides of the House have at heart and so much desire, and to what extent those remedies can be regarded as practicable. Now, the main criticism put forward was why did we restore the cut in pay last year with our depleted finances, and the suggestion was that we should re-impose the cut if we want to balance the budget. Various estimates were put forward from 90 lakhs to one crore as the amount likely to be gained by this method. The second suggestion was that we must make drastic reduction in the salaries of our comparatively highly paid officials. Now, Sir, with regard to the question of the restoration of the cut last year, we must bear in mind the factors that were in operation at the time when the cut was restored. As I pointed out in my speech, my predecessor, when he presented the budget to this House, had every reason to hope, on the basis of the ten months' earnings which he had before him, that his budget would be made up to the extent to which it had been expected it would be made up. Up to the time that he presented his budget to this House, there had been an increase in the earnings of that particular year of 367 lakhs as compared with the previous year. The fall began immediately after. That was one factor. I do not say that that furnishes full justification for what happened, but that is one factor to be remembered.

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[At this stage, Mr. President (The Honourable Sir Abdur Rahim), vacated the Chair which was then occupied by Mr. Deputy President (Mr. Akhil Chandra Dutta).]

Then we come to the second factor, namely, that the general finances were in a very much more prosperous condition than they had been when the cut had been originally imposed.

**Mr. S. Satyamurti:** Very much more prosperous?

**The Honourable Sir Muhammad Zafrullah Khan:** Yes, the general budget. It had been decided to restore the cut with regard to non-railway services, and the position that presented itself to Government was this. Was it feasible, after what was then hoped to be a turning of the corner with regard to railway finances, the central budget having been balanced, and having regard to the promise that the first relief that would come to anybody from a bettering of the finances would be to the people whose salaries had been subjected to this cut, when all other Government servants were going to have the cut restored, would it be feasible, would it be practicable, and would it be fair to deprive the railway servants alone of that benefit? Now, supposing it had been foreseen as to what the year's end would show, as to what the condition of railway finances would be during the following year, and supposing the railway budget were the only thing that the Government had to consider with regard to this cut, that there was not that embarrassing situation that a very much larger number of State employees would have the cut restored in their case and that railway servants would have to be considered in contradistinction to them, if they alone had to be considered, it is quite possible, that whoever was responsible for this decision would have considered that the time had not come for restoring the cut. Those were the circumstances under which the cut was restored. Now, the suggestion is, if you re-impose the cut it would bring in a saving of at least 90 lakhs. With regard to these and other suggestions which have been made on the floor of the House, during the course of the debate and which Honourable Members desire Government should consider,—I am sure they will not expect me here and now to announce Government's decisions,—I may place one or two factors before them which have struck me as rather significant. The re-imposition of the cut is an attractive enough proposal for the Railway Member because it would relieve him of say an appreciable portion of his deficit, apart from the 11 crores or so which some Honourable Members thought **must be saved before railway finances could attain a sound position.** Now, whoever has talked of the cut has made it clear that the cut should not be re-imposed upon salaries that are already very low. I cannot say whether any cut would or would not be re-imposed, but let me say at once that I myself have complete sympathy with the point of view that, where salaries are already very low, there certainly should not be any question of the re-imposition of the cut. ("Hear, hear" from Opposition Benches.) That being so, let us see what the effect of the suggestion would be. The total salaries bill is, I think, between 81 and 82 crores: Well, now, the salaries below a hundred rupees account for 22 crores of rupees, so that there is no relief to be expected in respect of this portion

of the salary bill, and I am sure nobody would regret that the cut in the case of this class of employee was restored. That leaves one with people drawing above a hundred rupees. Salaries between Rs. 101 to Rs. 500 account for  $6\frac{1}{2}$  crores; salaries between Rs. 501 to Rs. 1,000 account for  $1\frac{1}{2}$  crores, and salaries above that account for  $1\frac{1}{2}$  crores, so that salaries of officers, assuming that officers' salaries started from Rs. 500, account for three crores altogether. Consequently, Honourable Members in making an estimate of the savings that might be effected by the re-imposition of a cut. . . . .

**Mr. S. Satyamurti:** Why not cut off 25 per cent. from top salaries?

**The Honourable Sir Muhammad Zafrullah Khan:** You can suggest any percentage you like.

**Mr. S. Satyamurti:** I did say, "a steep graduated cut on high salaries".

**The Honourable Sir Muhammad Zafrullah Khan:** All that I am trying to do is to place figures before the House so that Honourable Members may be quite clear with regard to the responsibility of the Government in this matter in imposing a cut in salaries. That is the position with regard to salaries.

Then, again, the question of a drastic reduction of salaries was raised. Again I may ask Honourable Members to bear in mind the figures that I have given when they make suggestions of that kind. Salaries above Rs. 500 total only three crores, and salaries above Rs. 1,000, which was the limit, I understand, two Honourable Members of this House, Dr. Banerjea and Mr. Satyamurti, had suggested in the Congress Committee, total only a crore and a quarter. I am not arguing one way or the other, but I am trying to show that the scope for economies to be effected in this direction by the adoption of either of the two methods suggested by several Honourable Members is far smaller than they appeared to imagine.

**Mr. S. Satyamurti:** You can make Rs. 50 lakhs at least.

**Another Honourable Member:** One crore he can make.

**The Honourable Sir Muhammad Zafrullah Khan:** While Honourable Members are on this question of the cut, at least with regard to salaries between Rs. 100 and Rs. 500, they might also remember that it would be rather unfair that people who have been recruited under new scales of pay should suffer both reductions, that is to say, new scales of pay as well as a cut imposed upon their salaries. That would mean another little reduction in the savings to be effected on this account. (Interruption.) I must submit to the House that if I am to complete the few remarks that I intend to make at this stage, I really cannot go on giving answers to cross-examination in between.

The other matter that was repeatedly stressed was a reduction in freights; that is to say, Government were told that if we find that one of the main causes of the reduction in our earnings is the fall in commodity

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prices, then the one thing to do in those circumstances would be to reduce our freights to the level that the commodities could bear rather than to increase the freights, or even to leave them unaltered, so that the ratio of the freight to the price of the commodity has become very much heavier than what it was before the fall in prices.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

Sir, it is not that the Railway Board have not tried that experiment. After all, if this suggestion is being made to the Railway Department in the spirit, "Your policy with regard to these matters is wrong. If you had adopted the other policy, the commodities would have borne it much better, and you would have not only made up your losses, but would have earned a great deal more as the result of much greater traffic that you might have attracted by offering cheaper rates,"—if that is the spirit in which the advice is being offered, my reply is we have tried methods of that description. I shall give only three illustrations which are typical and which will show that reduction in freights has not resulted in stimulation of traffic. If it had resulted in any appreciable amount of stimulation,—I do not say there was no increase whatsoever, but if it had resulted in an appreciable amount of increase so that there had been no loss to the railway, that policy could have been carried further in that direction in the hope that further reduction might possibly bring greater earnings. But that, unfortunately, did not happen. Let me take one illustration with regard to passenger fares and two illustrations with regard to the freight on goods.

With regard to passenger fares, take the North-Western Railway, who have recently made an increase in their third-class passenger fares and who have come in for a good deal of criticism for the action that they have taken. Prior to 1st December, 1933, third class fares were:

For the 1st 50 miles . . . . .	3½ pies per mile.
For the next 250 miles, that is to say, 51 to 300 miles . . . . .	3 pies per mile.
And from 301 miles and above	2 pies per mile.

On that date, that is to say, the 1st December, the following alterations were adopted as an experiment:

For the 1st 50 miles, a reduction from 3½ pies to 3 pies per mile.
From 51 to 300 miles, a reduction from 3 to 2½ pies per mile.
From 301 and over, an increase from 2 to 2½ pies per mile.

So that, there was an increase beyond 300 miles, and there was a reduction up to 300 miles. The result was that the railway sustained a loss of five lakhs in the first year which has continued and has shown no signs of being made up. Recently, there have been increases, but the increases are such that an examination of the problem with which the North-Western Railway were confronted would show that they had to do something of the sort. Compared with the rates before 1st December,



1935, there is still that reduction in the first 50 miles. From 51 to 300 miles they have raised the fare from 2½ pies back to 3 pies as it existed before the 1st December, 1933, and as regards 801 and over they have left it at 2½ pies. I submit, therefore, that it cannot be said that the experiment of reducing the fares was not tried on the North-Western Railway, our biggest system in India. The experiment of reduction was tried with regard to third class passenger fares and that resulted in a loss of five lakhs a year, they were compelled to revise it, and in doing so, they have not touched the short distance traffic.

**Pandit Govind Ballabh Pant:** The volume of traffic increased by 12 per cent.

**The Honourable Sir Muhammad Zafrullah Khan:** Yes, but it was not such as to make up even the loss on reduction of fares, let alone give them any additional revenue. Even if it had nearly made up the loss, there would have been some justification for continuing it in the hope that later on there might be greater traffic to compensate for the loss. But the loss showed no sign of being less than five lakhs a year.

Next, let me take two commodities, wheat and coal. Wheat rates to Karachi were reduced in 1931 and 1932 from the Punjab in order to assist in finding an outlet for surplus wheat in the hope that thereby the export traffic through Karachi might be stimulated. No export traffic resulted. The only result was that it became cheaper, as the result of this reduction of rates by the North-Western Railway between the Punjab and Karachi, to carry wheat from the Punjab to Calcutta *via* Karachi, that is to say, by rail to Karachi and then by sea around to Calcutta, than it was to carry it by the all-rail route from the Punjab down to Calcutta. The net result of that reduction was that it did not stimulate export traffic; it not only did not increase the traffic, but actually reduced traffic *via* the East Indian Railway to Bengal, and the railways lost a considerable amount of traffic to the shipping companies. That was the result of the experiment with regard to wheat, and railways have not yet, even after a reduction of the freight over the East Indian Railway completely re-captured the traffic which they had lost to the shipping companies. With regard to coal, Honourable Members are aware that the coal surcharge was reduced only last year from 15 per cent. to 12½ per cent. With regard to that, I have stated in my speech already, and the figures would also show, that during the first seven months of this year the railways have lost 11 lakhs. My submission is that these methods have been tried. It cannot be said that the Railway Board have been impervious to suggestions of this description, that they have not given them a fair trial and that they merely go on saying that any reduction of freights is bound to result in a loss without there being any data to support them. I would, therefore, submit, with regard to the first suggestion, that when put in this way, that by restoring the five per cent. cut last year you have caused a loss to the railways of 90 lakhs, if you re-impose the cut of five per cent. you would regain that amount, it no doubt appears to be an attractive suggestion, but when one compares the figures and examines the different scales of pay, one must come to the conclusion, having regard to the accepted principle, agreed to by all sides of the House, that if there is any question of re-imposing a cut, men getting less than Rs. 100 a month should not be subjected to

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it, very little scope is left for a cut of that description. In connection with that, there is one further factor which Honourable Members might remember. However attractive that proposal might appear even in this restricted form, it might be said, if you impose a cut of five per cent., even on the three crores which you pay to people getting Rs. 500 or above, or upon the Rs. 9 crores which you pay to people drawing a salary of Rs. 100 and above, even then, in the first case you are likely to get about 15 lakhs, and in the second case 45 lakhs, there is one important factor to be considered, and that is this. With regard to those categories of staff that are employed directly by the railways themselves, a cut may be imposed by a decision of the Government of India. With regard to categories of staff that have been employed by the Secretary of State, more particularly, people who belong to what used to be called the Imperial service, a cut cannot be imposed without a Statute of Parliament authorising the imposition of a cut.

**Mr. S. Satyamurti:** They will agree if you ask them.

**The Honourable Sir Muhammad Zafrullah Khan:** I am not saying they will, or will not agree, but it is a factor to be borne. With regard to the other suggestions that were made with regard to the numbers of the staff—that staff should be retrenched, apart from the question of drastic cut in salaries, one instance was given—that the Retrenchment Committee suggested a certain amount of retrenchment with regard to the personnel of the Railway Board itself and that nothing was done in that direction. As a matter of fact, the Retrenchment Committee suggested that the number of members of the Railway Board including the Chief Commissioner and the Financial Commissioner, should be reduced from five to four. Actually it was reduced from five to three, with the result that we find that Government were not wise in going further than what the Committee had suggested, and that there is a great deal of congestion of work in the Railway Board and the Board cannot really carry on with only three members, that is to say, the Chief Commissioner, the Financial Commissioner and one member. So that, with regard to the Retrenchment Committee also, it cannot be said that we have been indifferent to their suggestions. It has been said that the administration of the Railway Board is top-heavy. As I have said they have tried the experiment of carrying on with three-fifths of their original number. I am afraid the experiment has not been a success.

Then, Sir, certain other suggestions were made. I shall not touch on all of them. I shall conclude within a minute or two for, though I have several matters to refer to, I must conform to the restriction that has been laid down and I must not deprive Members of the chance of moving other cuts. Certain suggestions were made with regard to amalgamation to which I shall make no reference at this stage. I shall await my turn when the whole question is discussed on the cut which is going to be moved on that subject. With regard to over-capitalisation, I might only say this. As an Honourable Member suggested that when the suggestion was made from the European Group, I jumped at it, I neither jumped at it nor did I feel depressed at it. This is a question which will have to be considered. I do assure Honourable Members that Government have not made up their mind, even tentatively, as is sometimes suggested during question hour, over this matter. They have got to come

to some sort of decision with regard to the liability of the Railway Federal Authority that is to be set up under the Government of India Act. The Government of India Act itself has laid down the general principles upon which this valuation has to be made and when the question of the capital at charge comes to be settled with the Federal Railway Authority, Government will certainly pay attention to both points of view that have been put forward and if a layman like me might hazard an observation on a technical matter, I think there is a good deal to be said with regard to both points of view. I cannot say what principle would eventually be accepted but I have no doubt, whatsoever, that all that has been said in this connection will be kept in mind. As regards some of the other matters that have been referred to, I will have occasion to deal with them when the other cuts are moved. As regards the third class passengers, I have given sufficient indication already during the course of the debates on the Railway Budget that so far as that question is concerned, I am whole-heartedly with those Members who have suggested that the third class passenger should be made welcome on the railways and that there should not be any undue restrictions on him. With regard to the suggestion as to the electrification of the Calcutta Suburban Services, I might deal with it now, as I may not have an opportunity of referring to it on any other occasion. I might inform the Honourable Member who moved it—I think it was Sir Abdul Halim Ghuznavi—that I have a note here prepared by the Department in which the full figures are given. The Railway Board went into this question and they think that the scheme would require 14 crores to be put into practice. I am quite sure that Honourable Members will agree that this certainly is not the time to find 14 crores of rupees to electrify the suburban service for Calcutta, however desirable it might be for the residents of Calcutta.

These, Sir, are the observations that I have to offer on the main subjects of criticism. With regard to some of the speeches my impression was that Honourable Members wanted some of their suggestions considered but with regard to one or two speeches, the indication given was that if Government are not prepared to accept the suggestions that are put forward this cut would be treated as a censure motion on the Government. I want to make the position of the Government clear. With regard to some of the suggestions that have been made on which I have made observations and a good many of the suggestions on which I have not been able to comment, having regard to the limits of time, I might say that they are constructive suggestions out of which it might be possible for Government, after examination, to accept those that are practicable. As to some of them that have been described as the surgeon's knife, I am afraid Government are more likely to regard them as the executioner's blade rather than as the surgeon's knife, and while the surgeon's knife may on occasion be welcome, it will be realised that the other thing can never be welcome. Therefore, I would desire an indication from the Honourable the Leader of the Opposition as to the nature of this cut, because that would determine the attitude of Government when it is put to the House.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That the demand under the head 'Railway Board' be reduced by Rs. 100."

The Assembly divided.

AYES—62.

Aaron, Mr. Samuel.  
 Abdul Matin Chaudhury, Mr. O.  
 Aney, Mr. M. S.  
 Asaf Ali, Mr. M.  
 Ayyangar, Mr. M. Ananthasayanam.  
 Azhar Ali, Mr. Muhammad.  
 Ba Si, U.  
 Badi-uz-Zaman, Maulvi.  
 Bajoria, Babu Baijnath.  
 Banerjea, Dr. P. N.  
 Bhagavan Das, Dr.  
 Chattopadhyaya, Mr. Amarendra Nath.  
 Chettiar, Mr. T. S. Avinashilingam.  
 Chunder, Mr. N. C.  
 Das, Mr. B.  
 Das, Mr. Basanta Kumar.  
 Das, Pandit Nilakantha.  
 Datta, Mr. Akhil Chandra.  
 Desai, Mr. Bhulabhai J.  
 Essak Sait, Mr. H. A. Sathar H.  
 Gadgil, Mr. N. V.  
 Gauba, Mr. K. L.  
 Ghulam Bhik Nairang, Syed.  
 Govind Das, Seth.  
 Hidayatallah, Sir Ghulam Hussain.  
 Hosmani, Mr. S. K.  
 Jedhe, Mr. K. M.  
 Jehangir, Sir Cowasji.  
 Jogendra Singh, Sardar.  
 Kailash Behari Lal, Babu.  
 Khan Sahib, Dr.  
 Khare, Dr. N. B.

Lahiri Chaudhury, Mr. D. K.  
 Lalchand Navalrai, Mr.  
 Maitra, Pandit Lakshmi Kant  
 Mangal Singh, Sardar.  
 Mudaliar, Mr. C. N. Muthuranga.  
 Muhammad Ahmad Kazmi, Qazi.  
 Muhammad Nauman, Mr.  
 Murtuza Sahib Bahadur, Maulvi Syed.  
 Nageswara Rao, Mr. K.  
 Paliwal, Pandit Sri Krishna Dutta.  
 Pant, Pandit Govind Ballabh.  
 Parma Nand, Bhai.  
 Raghubir Narayan Singh, Choudhri.  
 Rajan, Dr. T. S. S.  
 Raju, Mr. P. S. Kumaraswami.  
 Ranga, Prof. N. G.  
 Saksena, Mr. Mohan Lal.  
 Sant Singh, Sardar.  
 Satyamurti, Mr. S.  
 Shaikat Ali, Maulana.  
 Sheodass Daga, Seth.  
 Siddique Ali Khan, Khan Sahib Nawab.  
 Singh, Mr. Ram Narayan.  
 Sinha, Mr. Anugrah Narayan.  
 Sinha, Mr. Satya Narayan.  
 Som, Mr. Suryya Kumar.  
 Sri Prakasa, Mr.  
 Thein Maung, Dr.  
 Umar Aly Shah, Mr.  
 Varma, Mr. B. B.

NOES—45.

Acott, Mr. A. S. V.  
 Ahmad Nawaz Khan, Major Nawab.  
 Allah Bakhsh Khan Tiwana, Khan Bahadur Nawab Malik.  
 Aminuddin, Mr. Saiyid.  
 Anwar-ul-Azim, Mr. Muhammad.  
 Ayyar, Diwan Bahadur R. V. Krishna.  
 Ayyar, Rao Bahadur A. A. Venkatarama.  
 Bajpai, Sir Girja Shankar.  
 Buss, Mr. L. C.  
 Craik, The Honourable Sir Henry.  
 Dalal, Dr. R. D.  
 Das-Gupta, Mr. S. K.  
 Dash, Mr. A. J.  
 D'Souza, Mr. F.  
 Fazl-i-Haq Piracha, Khan Bahadur Shaikh.  
 Gajapatiraj, Maharaj Kumar Vijaya Ananda.  
 Ghuznavi, Sir Abdul Halim.  
 Grigg, The Honourable Sir James.  
 Grigson, Mr. W. V.  
 Hudson, Sir Leslie.  
 Hutton, Dr. J. H.  
 James, Mr. F. E.  
 Jenkins, Mr. E. M.

Khurshaid Muhammad, Khan Bahadur Shaikh.  
 Lloyd, Mr. A. H.  
 MacDougall, Mr. R. M.  
 Mehr Shah, Nawab Sahibzada Sir Sayad Muhammad.  
 Metcalfe, Sir Aubrey.  
 Milligan, Mr. J. A.  
 Morgan, Mr. G.  
 Mukherjee, Rai Bahadur Sir Satya Charan.  
 Noyce, The Honourable Sir Frank.  
 Rajah, Raja Sir Vasudeva.  
 Rajah, Rao Bahadur M. C.  
 Rau, Mr. P. R.  
 Sale, Mr. J. F.  
 Sher Muhammad Khan, Captain Sardar.  
 Singh, Rai Bahadur Shyam Narayan.  
 Sircar, The Honourable Sir Nripendra.  
 Spence, Mr. G. H.  
 Tottenham, Mr. G. R. F.  
 Tylden-Patterson, Mr. A. E.  
 Witherington, Mr. C. H.  
 Yamin Khan, Sir Muhammad.  
 Zafrullah Khan, The Honourable Sir Muhammad.

The motion was adopted.

*Stores Purchase Policy.*

**Pandit Nilakantha Das** (Orissa Division: Non-Muhammadan): Sir, I move:

"That the demand under the head 'Railway Board' be reduced by Rupees one thousand."

Sir, I particularly draw the attention of the House in this cut to the policy of stores purchase. Sir, railways are a national industry, and this subject of stores purchase is as much important for the building up of the nation as the policy in regard to rates and ferights. Besides this purchase policy has an element of swadeshi in it which is recognised to be the main element of our national reconstruction, perhaps by all sides of the House and also by people outside. I must here admit that Government in their statements and rules and various other published literature have in words and phrases admitted the necessity of directing this policy of stores purchase towards swadeshi and towards the purchase of articles of Indian make. But I am afraid that there is somewhere something wrong so that in spite of these rules and circulars and these assurances in this House and outside the purchases are being attempted to be diverted from India to foreign countries. Sir, there is not much time for me to go into the history of this policy of purchase. I may just refresh the memory of the House in one word, that is, that at a time when the unemployment problem was growing strong in England this policy was deliberately adopted in order to give occupation to British industry. 150 crores were borrowed even for this railway and Sir Charles Innes, the then Commerce Member, declared at the Imperial Economic Conference of 1923, that India could help the home industry by taking new projects of development in hand. It is only to refresh the memory of the House that I refer to this. Even now we find the remnants of that policy, in our huge stores balances. It was in those days that huge stores were purchased and articles which could not be used were wasted. Since then the demand was made time after time that purchases should be made in India and over and above that our industries gradually became protected by the State. Now, some definite steps for purchase of stores in India was urgently called for. I find in the rules published that there are certain articles, particularly I draw the attention of the House to the articles which are mentioned in the book presented to the Railway Standing Finance Committee Vol. 12, No. 6, page 96, paragraph 3, item No. 1: purchase of rails, fishplates, sleepers, locomotives, under-frames, etc.—the purchase of these articles is controlled by the Railway Board. I particularly think of those items that come under permanent way. All these items could be completely found in India and at competition and even favourable price. Unfortunately, for the last two or three years, the purchases of these particular articles are being gradually diverted out of India and Indian interest and there is not a word of explanation in the Railway Board's Report. So far as I can see all these articles can be obtained entirely in India, with the Tatas and other companies. I shall presently come to examine these articles in detail. But before referring to these details, let me point to a grave difficulty in the way of our purchase. This difficulty ought to be removed at once, if real *swadeshi* in purchase is to be achieved.

This House, year after year, has been demanding the establishment of a central institution or organisation for the purchase of stores for the railways. This has never been seriously attempted. Now, some articles are being purchased by the Railway Board themselves. Some are purchased by the Agents of the various railways. Even the Agents of State

[Pandit Nilakantha Das.]

Railways are allowed to purchase their stores directly, if they like. The Company-managed railways all make their purchases practically just as they desire. In spite of the incessant demand of the House for centralized purchase, nothing has been done except mere formal consultations and conferences with people like agents for organising purchase. The Honourable the Railway Member is more or less in his advisory capacity in these consultations. I do not understand the meaning of this arrangement. It really means little. For in spite of all this even articles which are obtainable in India are being purchased from abroad—let alone giving incentive to further production.

Then, there is the question of the Indian Stores Purchase Department. Some people may perhaps think that this Indian Stores Department is a central institution for purchase of all the articles required by Government. But it is not so. Departments like Railways have only the option to place orders through the Indian Stores Department with their own specific instruction, which, as I shall presently illustrate in some items of startling detail, goes against Indians and Indian interest. In the Railway Administration Report, however, we find that the railways are gradually purchasing such and such a percentage of articles through the Indian Stores Department. But neither are the Railways bound to purchase their articles through this Stores Department nor is there anything to make the Indian Stores Department purchase all the articles in India alone. Formerly the Indian Stores Department were purchasing the articles in India and the Stores Department in London under the High Commissioner was purchasing the articles from abroad. Generally it was so. But now under the new rules of 1929, the Stores Department can purchase the articles from here as well as from abroad on a rupee tender, which they are actually doing. If we peruse the Administration Report we find the percentages of purchase through the Indian Stores Department. But it does not indicate that so much was purchased in the Indian market. So if that department were to purchase anything, there should be a definite record as to what percentage of articles and what articles were purchased in India, *i.e.*, of Indian make, and what percentage of articles and what articles from abroad. We have no means of knowing this. I once asked for some report as to the items purchased, by Railways through the Indian Stores Department. I got a list. But I could not find out in that list as to whether a particular article was either made in India or abroad.

Then, I must refer to one other thing, standardisation. On the face of it, it is very good; all articles should be standardised and there should be simplicity, and economy in purchase as well as in use of the articles. But it must be remembered that this is an item which was discussed in the Imperial Economic Conference, and there we find that one of its objects was to interchange standards in the Empire countries, so that those articles which are being standardised may be purchased here or in any other Empire country, particularly England. I do not know how far that is responsible for diverting these purchases even in articles which are found in India.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member had better continue his speech tomorrow.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 25th February, 1936.