

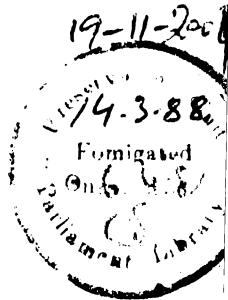
Tuesday, 16th February, 1937

THE COUNCIL OF STATE DEBATES

VOLUME I, 1937

(16th February to 8th April, 1937)

FIRST SESSION OF THE FOURTH COUNCIL OF STATE, 1937



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1937.

Council of State

President :

THE HONOURABLE SIR MANECKJI DADABHOY, K.C.S.I., K.C.I.E., KT., BAR
AT -LAW.

Panel of Chairmen :

THE HONOURABLE SIR PHIROZE SETHNA, KT., O.B.E.
THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS, C.I.E.
THE HONOURABLE SIR DAVID DEVADOSS, KT.
THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR.

Secretary :

THE HONOURABLE MR. SHAVAX A. LAL.

Assistants of the Secretary :

RAI BAHADUR A. L. BANERJEE, I.S.O.
MR. A. W. CHICK.

Committee on Petitions :

THE HONOURABLE RAJA CHARANJIT SINGH, *Chairman*.

THE HONOURABLE MR. P. N. SAPRU.

THE HONOURABLE DIWAN BAHADUR SIR RAMUNNI MENON, KT.

THE HONOURABLE MR. R. H. PARKER.

THE HONOURABLE KUMAR NRIPENDRA NARAYAN SINHA.

} *Members.*

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THE
COUNCIL OF STATE DEBATES
(OFFICIAL REPORT OF THE FIRST SESSION OF THE FOURTH
COUNCIL OF STATE.)

VOLUME I—1937.

COUNCIL OF STATE.

Tuesday, 16th February, 1937.

The Council met in the Council Chamber of the Council House in New Delhi at Eleven of the Clock, being the first day of the First Session of the Fourth Council of State, pursuant to section 63D (2) of the Government of India Act. The Honourable the President (the Honourable Sir Maneckji Byramji Dadabhoy, K.C.S.I., K.C.I.E., Kt., Bar.-at-Law) was in the Chair.

**NOTIFICATION OF THE APPOINTMENT OF THE HONOURABLE
SIR MANECKJI DADABHOY AS PRESIDENT OF THE COUNCIL
OF STATE.**

THE HONOURABLE THE PRESIDENT: Honourable Members, in conformity with the former practice, I will ask the Secretary to read the Governor General's Notification appointing me President of the Council of State.

SECRETARY OF THE COUNCIL: Sir, the Notification of the Government of India in the Legislative Department, No. F. 103/37-C. & G., dated the 2nd February, 1937, reads as follows:—

"In exercise of the power conferred by sub-section (2) of section 63A of the Government of India Act, the Governor General is pleased to appoint the Honourable Sir Maneckji Byramji Dadabhoy, K.C.S.I., K.C.I.E., Kt., being a Member of the Council of State, to be President of the said Council of State."

The Honourable the President then took the oath, standing, and signed the roll.

THE HONOURABLE THE PRESIDENT: Honourable Members will now take the oath or affirmation of allegiance to the Crown.

MEMBERS SWORN :

- The Honourable Kunwar Sir Jagdish Prasad (Education, Health and Lands Member).
- The Honourable Mr. John Nesbitt Gordon Johnson (Chief Commissioner, Delhi).
- The Honourable Raja Charanjit Singh (Punjab : Nominated Non-Official).
- The Honourable Mr. Reginald Heber Parker (Bombay Chamber of Commerce).
- The Honourable Mr. Bijay Kumar Basu (Bengal : Nominated Non-Official).
- The Honourable Sir David Devadoss (Nominated : Indian Christians).
- The Honourable Diwan Bahadur Sir K. Ramunni Menon (Madras : Nominated Non-Official).
- The Honourable Saiyed Mohamed Padshah Sahib Bahadur (Madras : Muhammadan).
- The Honourable Mr. V. Ramadas Pantulu (Madras : Non-Muhammadan).
- The Honourable Sir Phiroze Cursetji Sethna (Bombay : Non-Muhammadan).
- The Honourable Mr. Hossain Imam (Bihar and Orissa : Muhammadan).
- The Honourable Rai Bahadur Lala Ram Saran Das (Punjab : Non-Muhammadan).
- The Honourable Kumar Nripendra Narayan Sinha (West Bengal : Non-Muhammadan).
- The Honourable Mr. Prakash Narain Sapru (United Provinces Southern : Non-Muhammadan).
- The Honourable Pandit Hirdainath Kunzru (United Provinces Northern : Non-Muhammadan).
- The Honourable Raja Devaki Nandan Prasad Singh (Bihar : Nominated Non-Official).
- The Honourable Sardar Buta Singh (Punjab : Sikh).
- The Honourable Sir Charles Gordon Arthur (Bengal Chamber of Commerce).
- The Honourable Sir Guthrie Russell (Chief Commissioner of Railways).
- The Honourable Mr. Hugh Dow (Commerce Secretary).
- The Honourable Mr. Andrew Gourlay Clow (Industries and Labour Secretary).
- The Honourable Mr. John Carson Nixon (Finance Secretary).
- The Honourable Mr. Reginald Maitland Maxwell (Home Secretary).
- The Honourable Sir Bertrand Glancy (Political Secretary).
- The Honourable Mr. Arthur deCœtlogan Williams (Government of India : Nominated Official).
- The Honourable Sir Josna Ghosal (Bombay : Nominated Non-Official).
- The Honourable Mr. Alan Hubert Lloyd (Government of India : Nominated Official).
- The Honourable Mr. Arthur Henry Ashworth Todd (Madras : Nominated Official).

- The Honourable Khan Bahadur Shams-ud-Din Haidar (Bihar : Nominated Non-Official).
- The Honourable Khan Bahadur Shaikh Muhammad Bashir Siddiqi (United Provinces : Nominated Official).
- The Honourable Mr. Abdur Razzak Hajee Abdus Sattar (West Bengal : Muhammadan).
- The Honourable Prince Afsar-ul-Mulk Mirza Muhammad Akram Hussain Bahadur (Bengal : Nominated Non-Official).
- The Honourable Rai Bahadur Sri Narain Mahtha (Bihar : Non-Muhammadan).
- The Honourable Khan Bahadur Syed Ihtisham Hyder Chaudhury (East Bengal : Muhammadan).
- The Honourable Chaudhri Ataullah Khan Tarar (East and West Punjab : Muhammadan).
- The Honourable Haji Syed Muhammad Husain (United Provinces West : Muhammadan).
- The Honourable Mr. Kumarsankar Ray Chaudhury (East Bengal : Non-Muhammadan).
- The Honourable Mr. Jatindra Chandra Banerjee (East Bengal : Non-Muhammadan).
- The Honourable Rao Bahadur K. Govindachari (Madras : Non-Muhammadan).
- The Honourable Mr. Sitakanta Mahapatra (Orissa : Non-Muhammadan).
- The Honourable Mr. Khurshid Ali Khan (Punjab : Nominated Non-Official).
- The Honourable Mr. Shavax Ardeshir Lal (Government of India : Nominated Official).

ADDRESS OF WELCOME BY THE HONOURABLE THE PRESIDENT TO HONOURABLE MEMBERS.

THE HONOURABLE THE PRESIDENT : Honourable Members, I welcome you all, both Non-officials and Officials, on your election or nomination to the fourth and probably the last Council of State under the present constitution. I am gratified to see many old Members back again in this House who have rendered in the past excellent work and served their country in a commendable way. On the other hand, I see before me many veteran Members and old friends who in the past have rendered equally good work in other Legislatures or outside this House in other more important walks of life. In this supreme Council of India men from all Provinces who are in the forefront in politics, professions, commerce, industry and services have collected together here and their presence will be a great acquisition of strength to this Council. But Honourable Members, permit me to say that you have before you an arduous and responsible task. You who are the leaders of thought and intelligence in this country and who are expected to give a lead to our countrymen in other Legislatures in India have a somewhat responsible task before you till the Federation comes in. Your admission to this Chamber and the important position you now occupy in the Constitutional structure opens out to you a wide field of political activity and service and the able and conscientious manner in which your predecessors have performed their onerous

[Mr. President.]

duties entitles me confidently to hope that you will carry on the traditions of this Chamber and in a vigorous and efficient manner discharge those weighty and high responsibilities of your office in the general interest of our country. You will be the harbinger of the Federal Council which will usher in before long and your devotion to duty and interest in work and resolution to keep up the past dignity and traditions of this House will serve as a stimulus and an example to the Federal Legislature which will soon follow. It is hardly necessary to urge that the Council of State will bulk large before the public in the coming years and will be in a position to make significant contributions towards shaping and moulding the destinies of Federated India. I have no doubt you will help to maintain as in the past discipline, decorum and the great and glorious traditions of this Chamber and I shall zealously endeavour to watch and protect the rights, privileges and prerogative of this high and exalted House. (Applause.) As in the former years, I also hopefully depend on your co-operation and ready and willing submission to the rulings of the Chair and in return you may depend upon my giving you a full measure of support in the execution of your duties and vouch you absolute impartiality, fairness and show you all manner of consideration in conducting the proceedings in this House. May Providence make your task easy in these difficult times and give you strength to faithfully discharge your individual duties with credit to yourselves and advantage to our country, so that you may add another bright chapter as your predecessors have done to the usefulness, importance and reputation of this premier Legislature in India. (Applause.)

MOTION *RE* CONGRATULATIONS TO HIS MAJESTY KING GEORGE VI UPON HIS ACCESSION.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Leader of the House): Sir, I have the honour to move:

"That this Council do convey to His Majesty King George VI, Emperor of India, loyal congratulations upon his accession and an assurance of devotion to His Royal Person."

This is the first meeting of the newly elected Council of State and it is only appropriate that we should send a message of loyal congratulations to His Majesty on his accession to the Throne in circumstances of unprecedented difficulty. Sir, I commend my Motion to the acceptance of the House.

The Motion was adopted.

THE HONOURABLE THE PRESIDENT: Honourable Members, I will convey your message to the King Emperor.

REPLY TO THE ADDRESS OF WELCOME BY THE HONOURABLE THE PRESIDENT.

THE HONOURABLE SIR PHIROZE SETHNA (Bombay : Non-Muhammadan): Sir, before you proceed to the next item on the agenda, may we be permitted to thank you, and to thank you cordially, for the welcome you have extended, not only to the old Members who have been returned again but also to those who have newly joined the Council. You have expressed the hope that we will co-operate with you. Permit us to assure you that we shall do so to the fullest measure, because from our experience in the past we know that while you rule with tact and judgment, you will, as you have yourself stated, rule

most impartially. Members of this Council who have had the privilege of working with you in the past have always appreciated your work and your worth and it was therefore not only in this House but also outside this House that a general wish was expressed that His Excellency the Viceroy might be pleased to reappoint you to the high position which you have been called upon to fill again. (Applause.) We are very glad that His Excellency has given effect to this recommendation. You may depend upon it that we shall, as in the past, do all we can to help you not only in maintaining but in enhancing the reputation of this, the most senior Legislative House in the country.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, I fully associate myself with what feelings my Honourable friend Sir Phiroze Sethna has expressed and reciprocate your kind feelings. Sir, we voiced our feelings in the old House just before its dissolution that we all wished that His Excellency the Viceroy may nominate you again to this House and select you for the honourable position that you now again hold. We feel thankful to His Excellency for the honour which he has done you so rightly. We feel sure, Sir, that as you have endeared yourself to us all, you will keep up the dignity of this House, safeguard its rights and privileges and conduct its proceedings in the impartial manner as you have done in the past. Sir, we wish you every success.

THE HONOURABLE THE PRESIDENT: Honourable Members, I thank you all most heartily for your kind felicitations and good wishes. (Applause.)

QUESTIONS AND ANSWERS.

INCOME FROM EXCISE ON SUGAR, ETC., DURING FINANCIAL YEAR 1935-36.

1. THE HONOURABLE SARDAR BUTA SINGH: Will Government be pleased to state:

- (a) the amount collected on account of excise on sugar during the last financial year;
- (b) the income during the same period which the railway has earned on account of freight on sugar-cane;
- (c) the income during the same period realised on account of freight on sugar;
- (d) the income from income-tax received from the sugar factories and employees of sugar factories?

THE HONOURABLE MR. A. H. LLOYD: (a) Rs. 1,58,51,000.

(b) The information is not available.

(c) The income from the carriage of refined and unrefined sugar on Class I Railways amounted to Rs. 1,58,30,100.

(d) The amount received from sugar factories was of the order of 30 lakhs. Information is not available regarding the income-tax received from employees of sugar factories.

INCREASE IN AREA UNDER SUGAR-CANE, ETC.

2. THE HONOURABLE SARDAR BUTA SINGH: Will Government be pleased to give a rough estimate of the following:—

- (a) The increase in area under sugar-cane from 1926 to 1936,

- (b) The income from the increased area which the cultivators received,
- (c) The total amount paid by the sugar factories to the sugar-cane growers,
- (d) The employment the sugar factories have given to technical labour,
- (e) The employment the sugar factories have given to untrained labour,
- (f) The employment the sugar factories have given to bullock carts ?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : (a) The area under sugarcane in 1935-36 was roughly 1 million acres more than in 1926-27.

(b) and (c). No statistics are available. A statement giving estimated figures is laid on the table.

(d) and (e). Separate figures for technical and untrained labour are not available. The average daily number of workers of all classes employed in sugar factories in British India during 1935 was 71,093. Later figures are not available.

(f) The conditions of sugar-cane transport vary so widely that it is not possible to frame any reliable estimate.

Statement giving estimated figures required under parts (b) and (c) of Question No. 2.

Year.	Estimated production of sugar-cane.	Estimated quantity of cane crushed by sugar factories.	Estimated quantity of cane consumed by Khandasari factories, for making gur and rab and chewing, etc.	Rough estimate of price of cane crushed by sugar factories.	Rough estimate of value of cane consumed by Khandasari factories, for making gur and rab and chewing, etc.	Rough estimate of total amount paid to growers.
	(Tons)	(Tons)	(Tons)	(Rs.)	(Rs.)	(Rs.)
1926-27 .	35,392,000	742,368	36,649,632	(a) 6,949,000	(c) 183,248,000	190,197,000
1935-36 .	61,102,000	9,801,748	51,800,252	(b) 85,315,000	(c) 256,501,000	339,816,000

(a) The price paid to the cultivators has been taken at Rs. 9-8-0 per ton of sugar-cane (Rs. 0-5-6 per maund).

(b) The price paid to the cultivators has been taken at Rs. 8-8-0 per ton of sugar-cane (Rs. 0-5-0 per maund).

(c) The value to the cultivators has been taken at Rs. 5 per ton of sugarcane (Rs. 0-3-0 per maund).

TELEPHONE EXCHANGES IN OKARA AND KHANEWAL IN THE PUNJAB.

3. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly state :

(a) What number of trunk calls, both outward and inward, for each of the past three years have been made in Okara and Khanewal in the Punjab ?

(b) Are these exchanges a paying proposition ?

(c) If the answer to (b) is in the affirmative, then why has no extension of telephone exchanges been made in the Lower Bari Doab Colony towns of the Punjab for the past four years ?

THE HONOURABLE MR. A. G. CLOW : (a) A statement of trunk calls for Okara and Khanewal for the years 1934 to 1936 is placed on the table.

(b) There is every indication that the telephone service at these places has warranted its installation.

(c) An exchange has been opened at Pattoki and other schemes are under consideration.

Number of Telephone Calls, outward and inward, for Okara and Khanewal.

Year.	Okara.		Khanewal.	
	Outward.	Inward.	Outward.	Inward.
1934-35	21,826	17,158	2,559	2,124
1935-36	22,072	22,194	2,502	2,577
1936-37*	21,826	25,510	2,559	2,271
TOTAL	65,724	64,862	7,620	6,972

* For period to end of December, 1936.

TELEPHONE IN THE SUTLEJ VALLEY CANAL AREA.

4. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: (a) Has the telephone yet been introduced in the Sutlej Valley Canal area in the Punjab?

(b) Did this Canal cost over 20 crores of rupees for the Punjab, Bikaner and Bahawalpur areas, and if so has any development of telephones taken place in this area during the last 10 years?

THE HONOURABLE MR. A. G. CLOW: (a) and (b). Yes, telephone exchanges have been opened at Fazilka and Muktsar. Further schemes are under examination and any which are likely to prove remunerative will be sanctioned.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Can I have the list of stations for which telephone installations are being considered?

THE HONOURABLE MR. A. G. CLOW: I regret I have not got those here.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will you kindly send the list on to me later?

THE HONOURABLE MR. A. G. CLOW: If the Honourable Member will table a question, I shall be glad to get particulars.

TELEPHONE IN THE SUKKUR BARRAGE AREA.

5. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Has the Sukkur Barrage area in Sind yet been provided with any new telephone facilities during the last three years?

THE HONOURABLE MR. A. G. CLOW: The question of extending the telephone system in Sind has been kept prominently in view and sanction will be accorded to any scheme which promises to be remunerative. Exchanges at Mirpurkhas and Nawabshah are now under construction and the prospects of other places are under consideration.

TELEPHONE IN THE RURAL MANDIS IN THE PUNJAB.

6. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will Government please state whether they have any definite policy for telephone development in rural Mandis in the Punjab?

THE HONOURABLE MR. A. G. CLOW : All important rural Mandis are visited by officers of the Posts and Telegraphs Department and telephone facilities are provided where there is a demand and a reasonable prospect of adequate support being obtained.

TELEPHONE LINE FOR TRUNK CALLS TO DHARAMSALA.

7. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly state whether it is intended to construct a telephone line for Trunk Calls to Dharamsala in the Punjab ?

THE HONOURABLE MR. A. G. CLOW : No.

SUBSCRIBED AND WORKING CAPITALS OF, AND AVERAGE RATE OF INTEREST REALISED BY, THE CO-OPERATIVE SOCIETIES AND CO-OPERATIVE BANKS IN EACH PROVINCE.

8. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly state what is the total subscribed Capital and the total working Capital in each province in India of the Co-operative Societies and Co-operative Banks, and what has been the average rate of interest per year realised by such institutions in each province ?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : Information regarding the subscribed and working capital of Co-operative Societies and Banks will be found in Table III (b) on page 5 of the Statistical Statements relating to the co-operative movement in India during the year 1934-35, a copy of which is available in the Library of the Legislature. Information regarding the average rates of interest is given on pages 11, 15 and 19 of the same publication.

ACQUISITION OF THE BENGAL AND NORTH WESTERN RAILWAY ON THE EXPIRY OF THEIR LEASE.

9. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly give reasons which led them not to acquire the Bengal and North Western Railway on the expiry of their lease ?

THE HONOURABLE SIR GUTHRIE RUSSELL : After a full investigation Government were convinced that the purchase of the Bengal and North Western Railway at the present time would not be remunerative.

THE HONOURABLE MR. HOSSAIN IMAM : Will the Government explain what were the reasons for this decision ?

THE HONOURABLE SIR GUTHRIE RUSSELL : Because the purchase would not be remunerative, as I have said.

STRIKE ON THE BENGAL NAGPUR RAILWAY.

10. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : (a) Will Government kindly state what steps they are taking to end the strike on the Bengal Nagpur Railway ?

(b) Has this matter been left to the discretion of the Agent of the Railway concerned?

(c) If so, why?

THE HONOURABLE MR. A. G. CLOW: (a), (b) and (c). Government are taking no steps because the strike has come to an end. They were in fairly constant touch with the Agent of the Railway and the President of the Bengal Nagpur Railway Union and considered on two occasions the possibility of utilising the Trade Disputes Act. But it did not appear to them that such action would be calculated to secure a settlement of the dispute, which was actually reached finally by negotiations between the parties.

MOTION FOR ADJOURNMENT.

RESIGNATION OF SIR OSBOURNE SMITH, GOVERNOR OF THE RESERVE BANK OF INDIA.

THE HONOURABLE THE PRESIDENT: Honourable Members, I have just received a motion of adjournment from the Honourable Mr. Sapru. I will read the motion to you:

"I shall move for the adjournment of the House to consider a matter of public importance, namely, the resignation of Sir Osborne Smith, Governor of the Reserve Bank of India, and the failure of the Government to disclose the reasons thereof".

It is for me to consider whether this motion is in order and falls within the purview of our rules. In order that an adjournment motion may be moved in this House, it must be, first, of a very urgent nature. The word "urgent" is prescribed in rule 22, and it must be of public importance. The Honourable Member in his motion of adjournment does not himself state that it is urgent, as you have seen from the motion that I have read to you. Secondly, it was several weeks ago that Sir Osborne Smith resigned, and it was open to the Honourable Member to submit a Resolution on the matter if he wanted any further information or discussion on the subject. I am therefore of opinion that this adjournment motion is not in order under Standing Order 22 and under the privilege allowed to me I disallow the motion.

STATEMENTS LAID ON THE TABLE.

DRAFT CONVENTIONS AND RECOMMENDATIONS ADOPTED BY THE TWENTIETH SESSION OF THE INTERNATIONAL LABOUR CONFERENCE.

THE HONOURABLE MR. A. G. CLOW (Industries and Labour Secretary): I lay on the table the Draft Conventions and Recommendations adopted at the 20th Session of the International Labour Conference, and the statement indicating the course of action which the Government of India propose to follow in respect of these Draft Conventions and Recommendations. With your permission, I would add that the report of the Government delegates to this Conference has already been circulated by the Secretary to Honourable Members.

DRAFT CONVENTIONS AND RECOMMENDATIONS ADOPTED BY THE
TWENTIETH SESSION OF THE INTERNATIONAL LABOUR CONFERENCE
(JUNE, 1936).

1. Draft Convention concerning the regulation of certain special systems of recruiting workers.

Formal preamble has been omitted.

Article 1.

Each Member of the International Labour Organisation which ratifies this Convention undertakes to regulate in accordance with the following provisions the recruiting of indigenous workers in each of its territories in which such recruiting exists or may hereafter exist.

Article 2.

For the purposes of this Convention—

- (a) the term "recruiting" includes all operations undertaken with the object of obtaining or supplying the labour of persons who do not spontaneously offer their services at the place of employment or at a public emigration or employment office or at an office conducted by an employers' organisation and supervised by the competent authority;
- (b) the term "indigenous workers" includes workers belonging to or assimilated to the indigenous populations of the dependent territories of Members of the Organisation and workers belonging to or assimilated to the dependent indigenous populations of the home territories of Members of the Organisation.

Article 3.

Where the circumstances make the adoption of such a policy desirable, the following classes of recruiting operations may, except when undertaken by persons or associations engaged in professional recruiting, be exempted from the application of the Convention by the competent authority—

- (a) operations undertaken by or on behalf of employers who do not employ more than a prescribed limited number of workers;
- (b) operations undertaken within a prescribed limited radius from the place of employment; and
- (c) operations for the engagement of personal and domestic servants and of non-manual workers.

Article 4.

Before approving for any area any scheme of economic development which is likely to involve the recruiting of labour, the competent authority shall take such measures as may be practicable and necessary—

- (a) to avoid the risk of pressure being brought to bear on the populations concerned by or on behalf of the employers in order to obtain the labour required;
- (b) to ensure that, as far as possible, the political and social organisation of the populations concerned and their powers of adjustment to the changed economic conditions will not be endangered by the demand for labour; and
- (c) to deal with any other possible untoward effects of such development on the populations concerned.

Article 5.

1. Before granting permission to recruit labour in any area, the competent authority shall take into consideration the possible effects of the withdrawal of adult males on the social life of the population concerned, and in particular shall consider—

- (a) the density of the population, its tendency to increase or decrease, and the probable effect upon the birthrate of the withdrawal of adult males;

- (b) the possible effects of the withdrawal of adult males on the health, welfare and development of the population concerned, particularly in connection with the food supply ;
- (c) the dangers to the family and morality arising from the withdrawal of adult males ; and
- (d) the possible effects of the withdrawal of adult males on the social organisation of the population concerned.

2. Where the circumstances make the adoption of such a policy practicable and necessary, the competent authority shall, in order to safeguard the populations concerned against any untoward consequences of the withdrawal of adult males, fix the maximum number of adult males who may be recruited in any given social unit in such manner that the number of adult males remaining in the said unit does not fall below a prescribed percentage of the normal proportion of adult males to women and children.

Article 6.

Non-adult persons shall not be recruited : Provided that the competent authority may permit non-adults above a prescribed age to be recruited with the consent of their parents for employment upon light work subject to prescribed safeguards for their welfare.

Article 7.

1. The recruiting of the head of a family shall not be deemed to involve the recruiting of any member of his family.

2. Where the circumstances make the adoption of such a policy practicable and desirable, the competent authority shall encourage recruited workers to be accompanied by their families, more particularly in the case of workers recruited for agricultural or similar employment at a long distance from their homes and for periods exceeding a specified duration.

3. Except at the express request of the persons concerned, recruited workers shall not be separated from wives and minor children who have been authorised to accompany them to, and to remain with them at, the place of employment.

4. In default of agreement to the contrary before the departure of the worker from the place of recruiting, an authorisation to accompany a worker shall be deemed to be an authorisation to remain with him for the full duration of his term of service.

Article 8.

Where the circumstances make the adoption of such a policy practicable and desirable, the competent authority may make it a condition of permitting recruiting that the recruited workers shall be grouped at the place of employment under suitable ethical conditions.

Article 9.

Public officers shall not recruit for private undertakings either directly or indirectly, except when the recruited workers are to be employed on works of public utility for the execution of which private undertakings are acting as contractors for a public authority.

Article 10.

Chiefs or other indigenous authorities shall not—

- (a) act as recruiting agents ;
- (b) exercise pressure upon possible recruits ; or
- (c) receive from any source whatsoever any special remuneration or other special inducement for assistance in recruiting.

Article 11.

No person or association shall engage in professional recruiting unless the said person or association has been licensed by the competent authority and is recruiting workers for a public department or for one or more specific employers or organisations of employers.

Article 12.

Employers, employers' agents, organisations of employers, organisations subsidised by employers, and the agents of organisations of employers and organisations subsidised by employers, shall only engage in recruiting if licensed by the competent authority.

Article 13.

1. Before issuing any licence for recruiting the competent authority shall—

- (a) satisfy itself that the applicant for a licence, if an individual, is a fit and proper person ;
- (b) require the applicant for a licence, except when the said applicant is an employers' organisation or an organisation subsidised by employers, to furnish financial or other security for proper conduct as a licensee ;
- (c) require the applicant for a licence, if an employer, to furnish financial or other security for the payment of wages due ; and
- (d) satisfy itself that adequate provision has been made for safeguarding the health and welfare of the workers to be recruited.

2. Licensees shall keep, in such form as the competent authority may prescribe, records from which the regularity of every recruiting operation can be verified and every recruited worker can be identified.

3. A licensee who is the agent of another licensee shall wherever possible receive a fixed salary, and in any case in which he receives remuneration calculated at a rate per head of workers recruited such remuneration shall not exceed a maximum to be prescribed by the competent authority.

4. The validity of licences shall be limited to a fixed period not exceeding one year to be prescribed by the competent authority.

5. The renewal of licences shall be conditional upon the manner in which the licensee has respected the conditions subject to which the licence was issued.

6. The competent authority shall be entitled—

- (a) to withdraw any licence if the licensee has been guilty of any offence or misconduct unfitting him to conduct recruiting operations ; and
- (b) to suspend any licence pending the result of any enquiry into the conduct of the licensee.

Article 14.

1. No person shall assist a licensee in a subordinate capacity in the actual recruiting operations unless he has been approved by a public officer and has been furnished with a permit by the licensee.

2. Licensees shall be responsible for the proper conduct of such assistants.

Article 15.

1. Where the circumstances make the adoption of such a policy necessary or desirable, the competent authority may exempt from the obligation to hold a licence worker-recruiters who—

- (a) are employed as workers by the undertaking for which they recruit other workers ;
- (b) are formally commissioned in writing by the employer to recruit other workers ; and
- (c) do not receive any remuneration or other advantage for recruiting.

2. Worker-recruiters shall not make advances of wages to recruits.

3. Worker-recruiters may recruit only within an area to be prescribed by the competent authority.

4. The operations of worker-recruiters shall be supervised in a manner to be prescribed by the competent authority.

Article 16.

1. Recruited workers shall be brought before a public officer, who shall satisfy himself that the law and regulations concerning recruiting have been observed and, in particular, that the workers have not been subjected to illegal pressure or recruited by misrepresentation or mistake.

2. Recruited workers shall be brought before such an officer as near as may be convenient to the place of recruiting or, in the case of workers recruited in one territory for employment in a territory under a different administration, at latest at the place of departure from the territory of recruiting.

Article 17.

Where the circumstances make the adoption of such a provision practicable and necessary, the competent authority shall require the issue to each recruited worker who is not engaged at or near the place of recruiting of a document in writing such as a memorandum of information, a work book or a provisional contract containing such particulars as the authority may prescribe, as for example particulars of the identity of the workers, the prospective conditions of employment, and any advances of wages made to the workers.

Article 18.

1. Every recruited worker shall be medically examined.

2. Where the worker has been recruited for employment at a distance from the place of recruiting or has been recruited in one territory for employment in a territory under a different administration the medical examination shall take place as near as may be convenient to the place of recruiting or, in the case of workers recruited in one territory for employment in a territory under a different administration, at latest at the place of departure from the territory of recruiting.

3. The competent authority may empower public officers before whom workers are brought in pursuance of Article 16 to authorise the departure prior to medical examination of workers in whose case they are satisfied—

- (a) that it was and is impossible for the medical examination to take place near to the place of recruiting or at the place of departure ;
- (b) that the worker is fit for the journey and the prospective employment ; and
- (c) that the worker will be medically examined on arrival at the place of employment or as soon as possible thereafter.

4. The competent authority may, particularly when the journey of the recruited workers is of such duration and takes place under such conditions that the health of the workers is likely to be affected, require recruited workers to be examined both before departure and after arrival at the place of employment.

5. The competent authority shall ensure that all necessary measures are taken for the acclimatisation and adaptation of recruited workers and for their immunisation against disease.

Article 19.

1. The recruiter or employer shall whenever possible provide transport to the place of employment for recruited workers.

2. The competent authority shall take all necessary measures to ensure—

- (a) that the vehicles or vessels used for the transport of workers are suitable for such transport, are in good sanitary condition and are not overcrowded ;
- (b) that when it is necessary to break the journey for the night suitable accommodation is provided for the workers ; and
- (c) that in the case of long journeys all necessary arrangements are made for medical assistance and for the welfare of the workers.

3. When recruited workers have to make long journeys on foot to the place of employment, the competent authority shall take all necessary measures to ensure—

- (a) that the length of the daily journey is compatible with the maintenance of the health and strength of the workers ; and
- (b) that where the extent of the movement of labour makes this necessary, rest camps or rest houses are provided at suitable points on main routes and are kept in proper sanitary condition and have the necessary facilities for medical attention.

4. When recruited workers have to make long journeys in groups to the place of employment, they shall be conveyed by a responsible person.

Article 20.

1. The expenses of the journey of recruited workers to the place of employment, including all expenses incurred for their protection during the journey, shall be borne by the recruiter or employer.

2. The recruiter or employer shall furnish recruited workers with every thing necessary for their welfare during the journey to the place of employment, including particularly, as local circumstances may require, adequate and suitable supplies of food, drinking water, fuel and cooking utensils, clothing and blankets.

3. This Article applies to workers recruited by worker-recruiters only to the extent to which its application is considered possible by the competent authority.

Article 21.

Any recruited worker who—

- (a) becomes incapacitated by sickness or accident during the journey to the place of employment ;
- (b) is found on medical examination to be unfit for employment ;
- (c) is not engaged after recruiting for a reason for which he is not responsible ; or
- (d) is found by the competent authority to have been recruited by misrepresentation or mistake ;

shall be repatriated at the expense of the recruiter or employer.

Article 22.

The competent authority shall limit the amount which may be paid to recruited workers in respect of advances of wages and shall regulate the conditions under which such advances may be made.

Article 23.

Where the families of recruited workers have been authorised to accompany the workers to the place of employment the competent authority shall take all necessary measures for safeguarding their health and welfare during the journey and more particularly—

- (a) Articles 19 and 20 of this Convention shall apply to such families ;
- (b) in the event of the worker being repatriated in virtue of Article 21, his family shall also be repatriated ; and
- (c) in the event of the death of the worker during the journey to the place of employment, his family shall be repatriated.

Article 24.

1. Before permitting the recruiting of workers for employment in a territory under a different administration, the competent authority of the territory of recruiting shall satisfy itself that all necessary measures have been taken for the protection of the recruited workers in accordance with the provisions of this Convention when the workers have travelled beyond its jurisdiction.

2. Where workers are recruited in one territory for employment in a territory under a different administration and the circumstances and amount of recruiting appear to the competent authorities concerned to necessitate such action, the said authorities shall enter into agreements defining the extent to which such recruiting is to be permitted and providing for co-operation between them in supervising the execution of the conditions of recruiting and employment.

3. The recruiting of workers in one territory for employment in a territory under a different administration shall be undertaken only under licence issued by the competent authority of the territory of recruiting : Provided that the said authority may accept as equivalent to a licence issued by it a licence issued by the competent authority of the territory of employment.

4. Where the circumstances and the amount of recruiting for employment in a territory under a different administration appear to the competent authority of the territory of recruiting to necessitate such action, the said authority shall provide that such recruiting may only be undertaken by organisations approved by it.

Article 25.

1. In respect of the territories referred to in Article 35 of the Constitution of the International Labour Organisation, each Member of the Organisation which ratifies this Convention shall append to its ratification a declaration stating—

- (a) the territories to which it undertakes to apply the provisions of the Convention without modification ;

- (b) the territories to which it undertakes to apply the provisions of the Convention subject to modifications, together with details of the said modifications ;
- (c) the territories to which the Convention is inapplicable and in such cases the grounds on which it is inapplicable ;
- (d) the territories in respect of which it reserves its decision.

2. The undertakings referred to in sub-paragraphs (a) and (b) of paragraph 1 of this Article shall be deemed to be an integral part of the ratification and shall have the force of ratification.

3. Any Member may by a subsequent declaration cancel in whole or in part any reservations made in its original declaration in virtue of sub-paragraphs (b), (c) or (d) of paragraph 1 of this Article.

Article 26.

The formal ratifications of this Convention shall be communicated to the Secretary-General of the League of Nations for registration.

Article 27.

1. This Convention shall be binding only upon those Members of the International Labour Organisation whose ratifications have been registered with the Secretary-General.

2. It shall come into force twelve months after the date on which the ratifications of two Members have been registered with the Secretary-General.

3. Thereafter, this Convention shall come into force for any Member twelve months after the date on which its ratification has been registered.

Article 28.

As soon as the ratifications of two Members of the International Labour Organisation have been registered, the Secretary-General of the League of Nations shall so notify all the Members of the International Labour Organisation. He shall likewise notify them of the registration of ratifications which may be communicated subsequently by other Members of the Organisation.

Article 29.

1. A Member which has ratified this Convention may denounce it after the expiration of ten years from the date on which the Convention first comes into force, by an act communicated to the Secretary-General of the League of Nations for registration. Such denunciation shall not take effect until one year after the date on which it is registered.

2. Each Member which has ratified this Convention and which does not, within the year following the expiration of the period of ten years mentioned in the preceding paragraph, exercise the right of denunciation provided for in this Article, will be bound for another period of ten years and, thereafter, may denounce this Convention at the expiration of each period of ten years under the terms provided for in this Article.

Article 30.

At the expiration of each period of ten years after the coming into force of this Convention, the Governing Body of the International Labour Office shall present to the General Conference a report on the working of this Convention and shall consider the desirability of placing on the Agenda of the Conference the question of its revision in whole or in part.

Article 31.

1. Should the Conference adopt a new Convention revising this Convention in whole or in part, then, unless the new Convention otherwise provides,

(a) the ratification by a Member of the new revising Convention shall *ipso jure* involve the immediate denunciation of this Convention, notwithstanding the provisions of Article 29 above, if and when the new revising Convention shall have come into force ;

(b) as from the date when the new revising Convention comes into force this Convention shall cease to be open to ratification by the Members.

2. This Convention shall in any case remain in force in its actual form and content for those Members which have ratified it but have not ratified the revising Convention,

Article 32.

The French and English texts of this Convention shall both be authentic.

2. Recommendation concerning the progressive elimination of recruiting.

Formal preamble has been omitted.

The Conference,

Having adopted a Draft Convention concerning the regulation of certain special systems of recruiting workers,

Considering that in addition to the regulation of recruiting of labour it should be a cardinal principle to be followed by the Members of the International Labour Organisation to direct their policy where necessary and desirable towards the progressive elimination of the recruiting of labour and the development of the spontaneous offer of labour,

Recommends that each Member of the International Labour Organisation should take steps to hasten such elimination by—

- (a) improvement of the conditions of labour ;
- (b) development of the means of transport ;
- (c) promotion of the settlement of workers and their families in the area of employment, where such settlement is the policy of the competent authority ;
- (d) facilitating the voluntary movement of labour under administrative supervision and control ; and
- (e) the educational development of indigenous peoples and the improvement of their standard of living.

3. Draft Convention concerning the reduction of hours of work on public works.

The General Conference of the International Labour Organisation,

Having met at Geneva in its Twentieth Session on 4th June 1936 ;

Considering that the question of the reduction of hours of work on public works undertaken or subsidised by Governments is the third item on the Agenda of the Session ;

Confirming the principle laid down in the Forty-Hour Week Convention, 1935, including the maintenance of the standard of living ;

Considering it to be desirable that this principle should be applied by international agreement to public works ;

adopts this twenty-third day of June one thousand nine hundred and thirty-six the following Draft Convention which may be cited as the Reduction of Hours of Work (Public Works) Convention, 1936—

Article 1.

1. This Convention applies to persons directly employed on building or civil engineering works financed or subsidised by central Governments.

2. For the purpose of this Convention the precise scope of the terms "building or civil engineering", "financed" and "subsidised" shall be delimited by the competent authority after consultation with the organisations of employers and workers concerned where such exist.

3. The competent authority may, after consultation with the organisations of employers and workers concerned where such exist, exempt from the application of this Convention—

- (a) persons employed in undertakings in which only members of the employer's family are employed ;
- (b) persons occupying positions of management who do not ordinarily perform manual work.

Article 2.

1. The hours of work of persons to whom this Convention applies shall not exceed an average of forty per week.

2. In the case of persons who work in successive shifts on processes required by reason of the nature of the process to be carried on without a break at any time of the day, night or week, weekly hours of work may average forty-two.

3. The competent authority shall, after consultation with the organisations of employers and workers concerned where such exist, determine the processes to which paragraph 2 of this Article applies.

4. Where hours of work are calculated as an average the competent authority shall, after consultation with the organisations of employers and workers concerned where such exist, determine the number of weeks over which this average may be calculated and the maximum number of hours that may be worked in any week.

5. For the purpose of this Convention, the term "hours of work" means the time during which the persons employed are at the disposal of the employer and does not include rest periods during which they are not at his disposal.

Article 3.

1. The competent authority may, by regulations made after consultation with the organisations of employers and workers concerned where such exist, provide that the limits of hours prescribed in the preceding Article may be exceeded in the case of :

- (a) persons employed on preparatory or complementary work which must necessarily be carried on outside the limits laid down for the general working of the undertaking or branch thereof or of the shift ; and
- (b) persons employed in occupations which by their nature involve long periods of inaction during which the said persons have to display neither physical activity nor sustained attention or remain at their posts only to reply to possible calls.

2. The regulations referred to in paragraph 1 shall determine the maximum number of hours which may be worked in virtue of this Article.

3. The competent authority may permit the limits of hours prescribed in the preceding Article to be exceeded to a prescribed extent in cases in which this is necessary, if serious hindrance to the execution of a particular public work is to be avoided, on account of abnormal circumstances such as the inaccessibility of the site or the impossibility of engaging sufficient qualified labour.

Article 4.

The limits of hours prescribed in the preceding Articles may be exceeded but only so far as may be necessary to avoid serious interference with the ordinary working of the undertaking,

- (a) in case of accident, actual or threatened, or in case of urgent work to be done to machinery or plant, or in case of *force majeure* ; or
- (b) in order to make good the unforeseen absence of one or more members of a shift.

Article 5.

1. The limits of hours prescribed in Articles 2 and 3 may be exceeded in cases where the continued presence of particular persons is necessary for the completion of an operation which for technical reasons cannot be interrupted.

2. The competent authority shall, after consultation with the organisations of employers and workers concerned where such exist, determine the operations to which this Article applies and the maximum number of hours in excess of the prescribed limits which may be worked by the persons concerned.

3. Overtime worked in virtue of this Article shall be remunerated at not less than one-and-a-quarter times the normal rate.

Article 6.

1. The competent authority may grant an allowance of overtime for exceptional cases of pressure of work. Such an allowance shall only be granted under regulations made after consultation as to the necessity of such overtime and the number of hours to be worked with the organisations of employers and workers concerned where such exist, and no such allowance shall permit of any person being employed for more than one hundred hours of such overtime in any year.

2. Overtime worked in virtue of this Article shall be remunerated at not less than one-and-a-quarter times the normal rate.

Article 7.

In order to facilitate the effective enforcement of the provisions of this Convention, every employer shall be required :

- (a) to notify, by the posting of notices in conspicuous positions in the works or other suitable place or by such other method as may be approved by the competent authority,
 - (i) the hours at which work begins and ends ;
 - (ii) where work is carried on by shifts, the hours at which each shift begins and ends ;
 - (iii) where a rotation system is applied, a description of the system, including a time-table for each person or group of persons ;
 - (iv) the arrangements made in cases where the average duration of the working week is calculated over a number of weeks ; and
 - (v) rest periods in so far as these are not reckoned as part of the working hours ;
- (b) to keep a record in the form prescribed by the competent authority of all additional hours worked in virtue of Articles 3 (paragraph 3), 5 and 6 and of the payments made in respect thereof.

Article 8.

The annual reports submitted by Members upon the application of this Convention shall include more particularly full information concerning :

- (a) the definitions adopted in virtue of Article 1, paragraph 2 ;
- (b) processes which the competent authority has recognised as necessarily continuous in character in virtue of Article 2, paragraph 2 ;
- (c) determinations made in virtue of Article 2, paragraph 4 ;
- (d) decisions taken in virtue of Article 3 ; and
- (e) allowances of overtime granted in virtue of Article 6.

Article 9.

Nothing in this Convention shall effect any law, award, custom or agreement between employers and workers which ensures more favourable conditions than those provided by this Convention.

NOTE.—Articles 10 to 16 are identical with Articles 26 to 32 of the Draft Convention concerning the regulation of certain special systems of recruiting workers.

4. Draft Convention concerning annual holidays with pay.

Formal preamble has been omitted.

Article 1.

1. This Convention applies to all persons employed in any of the following undertakings or establishments, whether public or private :—

- (a) undertakings in which articles are manufactured, altered, cleaned, repaired, ornamented, finished, adapted for sale, broken up or demolished, or in which materials are transformed, including undertakings engaged in ship-building or in the generation, transformation or transmission of electricity or motive power of any kind ;
- (b) undertakings engaged wholly or mainly in the construction, reconstruction, maintenance, repair, alteration or demolition of any one or more of the following :
 - buildings,
 - railways,
 - tramways,
 - airports,
 - harbours,
 - docks,
 - piers,
 - works of protection against floods or coast erosion.

canals,
works for the purpose of inland, maritime or aerial navigation,
roads,
tunnels,
bridges,
viaducts,
sewers,
drains,
wells,
irrigation or drainage works,
telecommunication installations,
works for the production or distribution of electricity or gas,
pipe-lines,
waterworks,

and undertakings engaged in other similar work or in the preparation for or laying the foundation of any such work or structure ;

- (c) undertakings engaged in the transport of passengers or goods by road, rail, inland waterways or air, including the handling of goods at docks, quays, wharves, warehouses or airports ;
- (d) mines, quarries and other works for the extraction of minerals from the earth ;
- (e) commercial or trading establishments, including postal and telecommunication services ;
- (f) establishments and administrative services in which the persons employed are mainly engaged in clerical work ;
- (g) newspaper undertakings ;
- (h) establishments for the treatment and care of the sick, infirm, destitute or mentally unfit ;
- (i) hotels, restaurants, boarding houses, clubs, cafés and other refreshment houses ;
- (j) theatres and places of public amusement ;
- (k) mixed commercial and industrial establishments not falling wholly within any of the foregoing categories.

2. The competent authority in each country shall, after consultation with the principal organisations of employers and workers concerned where such exist, define the line which separates the undertakings and establishments specified in the preceding paragraph from those to which this Convention does not apply.

3. The competent authority in each country may exempt from the application of this Convention :

- (a) persons employed in undertakings or establishments in which only members of the employer's family are employed ;
- (b) persons employed in public services whose conditions of service entitle them to an annual holiday with pay at least equal in duration to that prescribed by this Convention.

Article 2.

1. Every person to whom this Convention applies shall be entitled after one year of continuous service to an annual holiday with pay of at least six working days.

2. Persons, including apprentices, under sixteen years of age, shall be entitled after one year of continuous service to an annual holiday with pay of at least twelve working days.

3. The following shall not be included in the annual holiday with pay :—

- (a) public and customary holidays ;
- (b) interruptions of attendance at work due to sickness.

4. National laws or regulations may authorise in special circumstances the division into parts of any part of the annual holiday with pay which exceeds the minimum duration prescribed by this Article.

5. The duration of the annual holiday with pay shall increase with the length of service under conditions to be prescribed by national laws or regulations.

Article 3.

Every person taking a holiday in virtue of Article 2 of this Convention shall receive in respect of the full period of the holiday either :

- (a) his usual remuneration, calculated in a manner which shall be prescribed by national laws or regulations, including the cash equivalent of his remuneration in kind, if any ; or
- (b) the remuneration determined by collective agreement.

Article 4.

Any agreement to relinquish the right to an annual holiday with pay, or to forgo such a holiday, shall be void.

Article 5.

National laws or regulations may provide that a person who engages in paid employment during the course of his annual holiday may be deprived of his right to payment in respect of the period of the holiday.

Article 6.

A person dismissed for a reason imputable to the employer before he has taken a holiday due to him shall receive in respect of every day of holiday due to him in virtue of this Convention the remuneration provided for in Article 3.

Article 7.

In order to facilitate the effective enforcement of the provisions of this Convention, every employer shall be required to keep, in a form approved by the competent authority, a record showing :

- (a) the date of entry into his service of each person employed by him and the duration of the annual holiday with pay to which each such person is entitled ;
- (b) the dates at which the annual holiday with pay is taken by each person ;
- (c) the remuneration received by each person in respect of the period of his annual holiday with pay.

Article 8.

Each Member which ratifies this Convention shall establish a system of sanctions to ensure the application of its provisions.

Article 9.

Nothing in this Convention shall affect any law, award, custom or agreement between employers and workers which ensures more favourable conditions than those provided by this Convention.

NOTE.—Articles 10 to 16 are identical with Articles 26 to 32 of the Draft Convention concerning the regulation of certain special systems of recruiting workers.

5. Recommendation concerning annual holidays with pay.

Formal preamble has been omitted.

The Conference,

Having adopted a Draft Convention concerning annual holidays with pay for employed persons,

Considering that the purpose of such holidays is to secure to employed persons opportunities for rest, recreation and the development of their faculties,

Considering that the conditions laid down by the Draft Convention constitute the minimum standard to which any system of holidays with pay should conform,

Considering that it is desirable to deal in greater detail with the methods of applying the system,

Recommends that each Member should take the following suggestions into consideration :—

1. (1) The continuity of service required in order to become entitled to a holiday should not be affected by interruptions occasioned by sickness or accident, family events, military service, the exercise of civic rights, changes in the management of the undertaking in which the employed person is employed, or intermittent involuntary unemployment if the duration of the unemployment does not exceed a prescribed limit and if the person concerned resumes employment.

(2) In employments in which work is not carried on regularly throughout the year the condition of continuity of employment should be regarded as satisfied by the working of a prescribed number of days during a prescribed period.

(3) The holiday should be earned after one year's work, regardless whether this period has been spent in the employment of the same or of several employers. Each Government should take effective steps to ensure that the cost arising from the granting of the holidays shall not fall entirely upon the last employer.

2. Although it may be desirable that provision should be made in special cases for holidays to be divided, care should be exercised to ensure that such special arrangements do not run counter to the purpose of the holiday, which is to enable the employed person to make good the loss of physical and mental forces during the course of the year. In other cases division of the holiday should be restricted save in quite exceptional circumstances, to division into not more than two parts, one of which should not be less than the prescribed minimum.

3. It would be desirable that the increase in the length of the holiday with the duration of service should begin to operate as soon as possible and should be effected by regular stages so that a prescribed minimum will be attained after a prescribed number of years, for example, twelve working days after seven years of service.

4. The fairest method of calculating the remuneration of a person paid in whole or in part on an output or piece-work basis would be to calculate the average earnings over a fairly long period so as to nullify as far as possible the effect of fluctuations in earnings.

5. It would be desirable that the Members should consider whether a more advantageous system should not be established for young persons and apprentices under 18 years of age in order to ease the transition from school to industrial life during a period of physical development.

STATEMENT OF THE COURSE OF ACTION WHICH THE GOVERNMENT OF INDIA PROPOSE TO FOLLOW IN RESPECT OF THE DRAFT CONVENTIONS AND RECOMMENDATIONS ADOPTED BY THE 20TH SESSION OF THE INTERNATIONAL LABOUR CONFERENCE.

The following statement gives particulars of the course which the Government of India propose to follow in respect of the Draft Conventions and Recommendations adopted by the Twentieth Session of the International Labour Conference.

I. (a) *Draft Convention concerning the regulation of certain special systems of recruiting workers.*

(b) *Recommendation concerning the progressive elimination of recruiting.*

No Resolution will be moved by Government. The Convention is designed to regulate the recruiting of indigenous workers in the territories of Members of International Labour Organization and the term "indigenous workers" is defined as including "workers belonging to or assimilated to the indigenous populations of the dependent territories of Members of the Organization and workers belonging to or assimilated to the dependent indigenous populations of the home territories of Members of the Organization". This definition was carefully drafted by the Committee so that it would only cover the conditions which the Convention was framed to meet. It is not designed to cover conditions in India, since India has no dependent territories and no workers belonging to or assimilated to the dependent indigenous populations of her home territories. In these circumstances, the Government of India do not propose to ratify it.

The Recommendations concerning the progressive elimination of recruiting is linked with the Convention for regulating certain special systems of recruiting workers and is equally not designed to cover conditions in India. In so far however as the principle underlying it, of encouraging the growth of voluntary offers of labour, is applicable to Indian conditions it accords with the settled policy of the Government of India.

II. *Draft Convention concerning the reduction of hours of work on public works.*

No Resolution will be moved by Government on the Draft Convention, as it is an application of the general principle of the 40 hours week which has been rejected by the Council of State and the Legislative Assembly.

III. (a) *Draft Convention concerning annual holidays with pay.*

(b) *Recommendation concerning annual holidays with pay.*

A resolution will be moved in this House.

NUMBER OF GUARDS RECRUITED FOR THE LAHORE DIVISION, NORTH WESTERN RAILWAY.

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner of Railways): Sir, I lay on the table the information promised in reply to a question, No. 159, asked on the 7th October, 1936 :

Government are informed as follows:—

(a) Two.

(b) The reply to the first part of the question is in the negative. The latter parts do not arise.

(c) Seniority of guards, grades III and IV, is on an inter-divisional basis. The basis for guards, grade II, is divisional but promotions into grade II are on an inter-divisional basis. Five guards surplus on the Multan Division were transferred to Delhi Division against vacancies existing on the latter division. They reckon seniority on the list of guards whereas men of the Delhi Division not yet promoted to guards reckon seniority in the categories in which they are employed.

(d) Eighteen.

(e) Yes.

MESSAGES FROM HIS EXCELLENCY THE GOVERNOR GENERAL.

THE HONOURABLE THE PRESIDENT: Honourable Members, I have to deliver to you four Messages from His Excellency the Governor General :

PANEL OF CHAIRMEN.

"In pursuance of the provisions of sub-section (2) of section 63A of the Government of India Act, I, Victor Alexander John, Marquess of Linlithgow, hereby nominate the following Members of the Council of State to be on the Panel of Chairmen of the said Council of State.

In the first place, the Honourable Sir Phiroze Sethna ; in the second place, the Honourable Rai Bahadur Lala Ram Saron Das ; in the third place, the Honourable Sir David Devadoss ; and lastly the Honourable Saiyed Mohamed Padshah Sahib Bahadur.

(Sd.) LINLITHGOW,

New Delhi :

Viceroy and Governor General."

The 10th February, 1937.

RAILWAY BUDGET.

"For the purposes of sub-section (1) of Section 67A of the Government of India Act and in pursuance of rule 43 of the Indian Legislative Rules and of Standing Order 70 of the Council of State Standing Orders, I, Victor Alexander John, Marquess of Linlithgow, hereby appoint Tuesday, the 16th February, for the presentation to the Council of State, and Saturday, the 20th February, for the General Discussion in the Council of State, of the statement of the estimated annual expenditure and revenue of the Governor General in Council in respect of Railways.

(Sd.) LINLITHGOW,

New Delhi :

Viceroy and Governor General."

The 5th February, 1937

GENERAL BUDGET.

"For the purposes of sub-section (1) of section 67A of the Government of India Act and in pursuance of rule 13 of the Indian Legislative Rules and of Standing Order 70 of the Council of State Standing Orders, I, Victor Alexander John, Marquess of Linlithgow, hereby appoint Saturday, the 27th February, at 5-30 p.m., for the presentation to the Council of State, and Thursday, the 4th March, for the General Discussion in the Council of State, of the statement of the estimated annual expenditure and revenue of the Governor General in Council in respect of subjects other than Railways.

New Delhi :

(Sd.) LINLITHGOW,

Viceroy and Governor General."

The 5th February, 1937.

"In pursuance of the provisions of sub-section (3) of section 67A as set out in the Ninth Schedule to the Government of India Act, 1935, and brought into force by paragraph 4 of the Government of India (Commencement and Transitory Provisions) (No. 2) Order, 1936, I hereby direct that the heads of expenditure specified in that sub-section, other than those specified in clause (V) thereof, shall be open to discussion by the Council of State when the budget for the year 1937-38 is under consideration.

New Delhi :

(Sd.) LINLITHGOW,

Viceroy and Governor General."

The 2nd February, 1937.

[The Council received the Messages standing.]

COMMITTEE ON PETITIONS.

THE HONOURABLE THE PRESIDENT: Honourable Members, under Standing Order 76 of the Council of State Standing Orders, I am required at the commencement of each Session to constitute a Committee on Petitions consisting of a Chairman and four members. The following members have at my request kindly consented to preside over and serve on the Committee. I accordingly have much pleasure in nominating as Chairman of the Committee the Honourable Raja Charanjit Singh and as members, the Honourable Mr. P. N. Saprú, the Honourable Diwan Bahadur Sir K. Ramunni Menon, the Honourable Mr. Reginald Heber Parker and the Honourable Kumar Nripendra Narayan Sinha.

GOVERNOR GENERAL'S ASSENT TO BILLS.

SECRETARY OF THE COUNCIL: Sir, information has been received that His Excellency the Governor General has been pleased to grant his assent to the following Bills which were passed by the two Chambers of the Indian Legislature during the Simla Session, 1936, namely:—

- The Indian Tea Cess (Amendment) Act, 1936.
- The Geneva Convention Implementing Act, 1936.
- The Indian Rubber Control (Amendment) Act, 1936.
- The Bangalore Marriages Validating Act, 1936.
- The Indian Tea Control (Amendment) Act, 1936.
- The Red Cross Society (Allocation of Property) Act, 1936.
- The General Clauses (Amendment) Act, 1936.
- The Chittagong Port (Amendment) Act, 1936.
- The Code of Civil Procedure (Amendment) Act, 1936.
- The Indian Companies (Amendment) Act, 1936.
- The Durgah Khawaja Saheb Act, 1936.
- The Cantonments (Amendment) Act, 1936.

BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL: Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the following Bills which were passed by the Legislative Assembly at its meetings held on the 25th January, 1st, 4th and the 9th February, 1937, namely :—

- A Bill further to amend the Indian Lac Cess Act, 1930, for a certain purpose ;
- A Bill further to amend the Land Customs Act, 1924, for certain purposes ;
- A Bill to amend the Hindu Law governing Hindu Women's Rights to Property ;
- A Bill further to amend the Indian Income-tax Act, 1922, for certain purposes ;
- A Bill to amend the Contempt of Courts Act, 1926, for a certain purpose ;
- A Bill further to amend the Code of Civil Procedure, 1908, for certain purposes. (*Insertion of new section 44-A*) ;
- A Bill to make certain further provisions respecting the law of arbitration in British India ; and
- A Bill further to amend the Code of Civil Procedure, 1908, for certain purposes (*Amendment of section 60*).

PRESENTATION OF THE RAILWAY BUDGET FOR 1937-38.

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner of Railways): Sir, I have the honour to present the statement of revenue and expenditure of the Governor-General in Council in respect of railways. Last year I had in my speech to take a gloomy view and, this year, although there is no room for pessimism there is also no ground for excessive optimism. Recently as the members of this Council know we have had a very considerable increase in traffic receipts. But the future, particularly the international future, is so uncertain that it would be rash to say that railways are yet out of the wood. It is true that, apart from the spurt given to trade by the war scare there are indications of a desire to adopt measures to increase international trade and we may hope that the devaluation of the currencies in certain countries may facilitate the trade of those countries with the sterling block. But railway earnings are dependent on so many factors that, in forecasting the future, it is best to be on the conservative side.

2. The fears which I expressed in my last budget speech as to the result of the year 1935-36 were not quite justified by the event. It looked at one time as if the total receipts in that year would fall below those for the previous year but actually they were in excess by about half a crore. Working expenses were slightly higher than we had estimated. The final deficit for the year was 4 crores. This was not of course as satisfactory as we had originally hoped for, but it was not a set back. The deficits in the 3 previous years had been 10, 8 and 5 crores respectively.

3. Before dealing with the results of this year's working up to date and comparing them with those of previous years and with those estimated for 1937-38, I must draw your attention to certain changes in the system of

accounting which must be allowed for if we are to draw correct conclusions. These changes are three. The first consists in charging to the Depreciation Fund, and not to Capital, any excess over the original cost when replacing an asset by an identical asset. This is the practice followed on the British Railways and is a safeguard against overcapitalisation. The second change is the charging to the Depreciation Fund of certain renewals that have hitherto been charged to revenue. The third change is the credit to the Depreciation Account, and not to Revenue, of sums received from the disposal of replaced assets. It is calculated that in a normal year the result of these changes will be—

- (a) a reduction in capital expenditure by $1\frac{1}{2}$ crores,
- (b) an increase in net expenditure from the Depreciation Fund of $1\frac{1}{2}$ crores,
- (c) a decrease in revenue earnings of about 1 crore and a decrease in revenue expenditure of $\frac{3}{4}$ crore, making a net decrease in revenue of $\frac{1}{4}$ crore.

These are the figures for a normal year. The effects of the introduction of the new system in the accounts for 1936-37 and 1937-38 are slightly different. The figures which I shall give for these two years, have been prepared on the new system but where necessary for comparison with previous years, I shall give figures prepared in the old way. While on the subject of accounts I may mention that we have altered the system of converting the sterling liabilities into rupees. Hitherto these liabilities have been converted at the rate of exchange prevailing when they were taken over. It has now, however, been decided to convert them at the statutory rate of exchange. This has resulted in a decrease in the capital account of 8 crores of rupees. As 1/60 of the capital at charge is taken each year to Depreciation Account this has the further result of reducing the amount required for depreciation by about 13 lakhs.

4. I come now to the results of this year's working as far as they can be predicted at present. You will remember, Sir, that last year I anticipated that this year would close with a deficit of 3·44 crores. This, however, was unduly pessimistic and was possibly inspired by the falling off in receipts in the weeks before I presented my statement. Actually now we anticipate a small surplus of 15 lakhs. If allowance is made for the changes in the system of accounting which I have just referred to the revised estimate of the year's working is better by 3·95 crores than the estimate which I presented to you last year. I am sure that, even though we must guard against over-optimism, Honourable Members will agree that this result is extremely satisfactory. We are progressing and my hope that last year's figure did not represent a return to the state of affairs existing when the slump was at its worst has been fully justified. I turn to the factors which have brought about this satisfactory result. Making allowance for the change in the system of accounting ordinary working expenses are really 62 lakhs more than last year. But this includes the restoration of the cut in pay of 8 lakhs. Making the same allowance, the budget estimate under this head will probably be exceeded by 24 lakhs. This increase is almost entirely due to the increase of traffic and is fully justified by it. We anticipate that traffic receipts will exceed the budget estimate by $3\frac{1}{2}$ crores and last year's actuals by $4\frac{1}{2}$ crores. This increase is almost wholly due to an increase in goods earnings by about 4 crores, compared with last year's actuals, and of $4\frac{1}{2}$ crores compared with the estimate. Both the tonnage carried and the lead have increased. In the first 7 months of this year tonnage has increased by 1 per cent. and ton mileage by 2 per cent. while the number of wagons loaded on class I railways

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has risen by 3 per cent. on broad-gauge lines and by 6½ per cent. on the metre gauge. The increase in goods earnings is very largely due to increased carriage of agricultural produce. The latest figures available show that oil-seeds are 34 per cent. better, cotton 22 per cent. and grains and pulses 8 per cent. Unfortunately these increases have been to some extent offset by decreases in coal and manganese. Last year I pointed out how the proceeds from the carriage of agricultural produce had decreased in recent years. The increase this year is therefore encouraging. It may be attributed partly to improved prices and partly, presumably, to a good season. The increase in the world price of wheat has resulted in the restarting of the wheat export trade from Karachi. In as far as the improvement in goods earnings is due to an increase in the cultivated area or to a general rise in commodity prices, resulting in improved trade, it may be expected to continue at least for some years. But the export of wheat was influenced to some extent by exceptional factors, and the vagaries of the monsoon in this country make agriculture so uncertain that in estimating for the future we must discount any increase in traffic attributable to a good harvest. We must therefore be cautious. But it is satisfactory to note that the principal increase in goods earnings has been in the last few months and that there has been an increase of 5½ per cent. in the earnings from miscellaneous smalls which is generally considered to give a good indication of conditions generally.

Although judged by goods earnings, the economic condition of the country is considerably better this year than it was last year, I regret that I have to record a probable fall in passenger traffic receipts. The revised estimate of these receipts have been put at 27·90 crores, 60 lakhs less than the estimate and 18 lakhs less than last year. Both goods and passenger earnings, as the Members of this Honourable House are well aware, started falling from 1929-30. The fall was of course due to the world economic depression. Goods earnings have been improving for several years in fact from 1932-33 but passenger earnings have so far shown no real sign of recovery.

5. What I have just said about our passenger traffic and about the uncertainty of some of the factors which have influenced our goods receipts justify us, I think, in not taking too optimistic a view of the future. Before giving the figures I must remind this Council that Burma will be separated from India on the 1st April of this year and so my budget figures do not include those of the Burma Railways. We have estimated that the year 1937-38 will close with a surplus of 15 lakhs against a revised estimate for this year, excluding Burma, of 42 lakhs. In spite of the recent history of our passenger traffic earnings we have budgeted for an increase under that head of 24 lakhs. This may surprise Honourable Members. But our passenger receipts increased slightly between 1933-34 and 1935-36. So although there was, as I have said, a fall in passenger traffic in the first 7 months of this year, we do not anticipate that the receipts from this head of traffic will be considerably less in 1937-38 than they were in 1935-36. We have therefore budgeted for 27·05 crores under this head which is still 12 lakhs less than the actual figure for 1935-36. In this connection it must be remembered that improvement in passenger earnings lags behind improvement in goods earnings and the increased prosperity of the country must eventually be reflected in increased passenger earnings. Our budget figure expresses the hope that this period of lag is now over. On the other hand we have felt it unsafe to assume that the recent boom in goods earnings will be permanent. Our estimate

under this head is therefore 94 lakhs less than the revised estimate for 1936-37 though 3.07 crores higher than the actuals for 1935-36. We have budgeted for an increase of 16 lakhs in working expenses mainly due to the fact that, after the setting up of Provincial Autonomy on the 1st April, we shall have to pay for the cost of order police on State-owned and worked railways. This cost has hitherto been borne by Local Governments. There will be a fall in interest charges owing to a fall in the rate applicable to the post 1916-17 debt and we expect an increase of 34 lakhs under the head Miscellaneous receipts principally due to the increase in the Depreciation Fund resulting in increased interest payments.

6. As regards expenditure not charged to revenue we are providing 30 lakhs for the construction of two new lines in Sind. These are the Sind Right Bank Feeders Line from Larkana to Jacobabad and a line from Pithoro to Tando Mitha Khan. These lines have been rendered necessary by the increase in cultivation brought about by the Lloyd Barrage. We propose to purchase 2,000 wagons, which are rendered necessary by the increase in traffic. The total programme is estimated to cost 11 crores but we consider it unlikely that more than 80 per cent. of this sum will actually be spent in the year. We have actually budgeted therefore for 8½ crores of which 6 crores will be met from the Depreciation Fund.

7. The figures which I have given, are for all State-owned Railways. If strategic lines are excluded, the figures, of course, make a better showing. Excluding strategic railways and the Burma Railways, there was in 1935-36 a deficit of 1.39 crores. Our revised estimate for 1936-37 shows a surplus of 2.31 crores and our estimate for 1937-38 is a surplus of 2.01 crores. There can be no doubt that the purely business side of the railways is under existing standards solvent. But, as Members are aware, it is our belief that under our present system of accounting we do not make adequate provision from revenue for minor improvements and additions. We have had to draw on our funds in recent years. But it must not be forgotten that these funds were built up out of profits in prosperous years. The Railway Reserve Fund was practically exhausted by the end of 1931-32. The Depreciation Fund was lowest in 1933-34 and 1934-35 when the balance was 9.50 crores. According to the figures, which I have just given you, the balance in this fund at the end of this year should be 15.40 crores of which 1.61 crores will be transferred to Burma. Excluding Burma, therefore, the opening balance in the Depreciation Fund in the year 1937-38 will be 13.79 crores and the closing balance in that year will be 20.38 crores. We estimate that our borrowings from this fund at the close of this year will amount to just over 31½ crores. It was originally intended that this loan should be repaid as soon as possible and should be considered a first charge on future surpluses. It has also to be remembered that according to the present financial convention, the contribution to Government of one per cent. of the capital at charge which has the next claim on the surplus is cumulative so that we are under a liability to Government to pay arrears of this contribution out of future surpluses. These arrears amount to about 30½ crores. Future surpluses are, therefore, burdened with a sum of about 62 crores which must be paid off before any annual contribution can be made from them or before railways can again start building up a Railway Reserve Fund. We have therefore decided to take the necessary steps to have the existing convention modified to this extent that arrears outstanding at the end of this year both of repayments to the Depreciation Fund and of contributions to the general revenues shall be cancelled. If our proposals are approved, we shall start the year 1937-38 with a clean slate. The railways will benefit by the wiping out of a

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contingent liability of 31 crores and the tax-payer will benefit by the wiping out of a debt to the Depreciation Fund of 31 crores which ranked before his own debt.

8. Last year in compliance with the wishes of Honourable Members, I made some general remarks on the factors which influenced railway finance and the steps that were being taken to improve our position. This year, however, I feel some diffidence in doing so, as, pending receipt of the report of Sir Ralph Wedgwood and his colleagues, Honourable Members will agree that it would be inadvisable for me to express my views now. Railways have, however, been prominently in the public eye in the past year and I feel that I should take this opportunity to make certain observations on our general position. In the debates in the Legislature and in the correspondence in the press, whether the subject has been ticketless travel or road competition, there has been a tendency to shelve both these problems on the ground that the losses from ticketless travel and motor competition were mere excuses put forward by the Railways to hide their own inefficiency and that until the railways take the beam out of their own eye, no responsible person need bother about motes in any one else's eyes. I am not here to claim that the railways are perfect. But I do claim that within human limitations they are reasonably efficient and in particular that they do their best to help, and not to hinder, the trade of the country and that they try to suit their policy to the changing economic conditions of the time.

9. Our critics urge on us the adoption of a policy of reducing fares and rates to facilitate movements, presumably in the belief that the present basis of charge operates against the free movement of traffic. The position in regard to passenger fares is somewhat different from that relating to goods rates, and it would enable Honourable Members to appreciate the situation if each is dealt with separately.

10. Taking passenger fares first, it is perhaps not generally realised that the average fare charged per passenger on railways in India is about the lowest as compared with other countries in the world. I am not, however, attaching any exaggerated importance to this fact as I realise that there are several other factors, such as the average income *per capita*, which have a bearing on the capacity of the railway's clientele to pay. A reduction, however, of even a quarter of a pie per mile in the basis of the third class fare, which would make the total fare for about every 50 miles one anna less than at present on all principal railways, would mean a reduction of about 95 lakhs in the gross revenue from passenger traffic. If the fare at present charged for a distance of 100 miles is, say, about Re. 1-8-0, a reduction to Re. 1-6-0 consequent on the lowering of fares by a quarter of a pie per mile will not, I suggest, result in a single additional passenger travelling. This one instance illustrates how serious the effect on railway revenues is of any general reduction in fares, and how remote is the possibility of recouping the loss by an increase in the number of passengers travelling.

11. As regards rates for goods traffic, I think I should explain to the House that the existing rates structure has been evolved as a result of many years' practical experience. As a writer on Railway economics has pointed out "it is often alleged, and rightfully, that Traffic Managers often times do not make rates at all. Their energies are bent to the analysis of those circumstances by which the rates are made for them". In view of the widely different

circumstances prevailing in the various provinces of a sub-continent like India, uniformity in the basis of charges on the different railways is impracticable. And yet our most persistent critics, and several of them friendly too, advocate uniformity. We are also told that Railways consistently follow the principle of charging what the traffic will bear. For the great bulk of the traffic carried, Railways have to be content with what they can get. They appreciate that it is good business to foster and develop traffic by adjusting their rates to meet conditions as they arise. Any inclination on their part to charge higher rates, on the principle of charging what the traffic can bear, brings them up against the maximum rates prescribed by Government. It would perhaps come as a surprise to Honourable Members to be told that about 80 per cent. of the traffic carried on railways is charged at rates below the maxima. As in the case of passenger fares, a general reduction in goods rates is not a practicable proposition in view of the substantial amount of revenue involved and the comparatively insignificant effect which such a reduction would have on the net rate charged in each individual case. But while general reductions may seem to be out of the question, Railways are constantly making reductions in special cases as is amply evidenced by the rate circulars issued by the various Railway Administrations from week to week. It is the flexibility between the maxima and minima prescribed that enables Railway Administrations to do this. These reductions do not unfortunately attract public notice, but their cumulative effect on traffic movements must in the nature of things be very appreciable, and in any case I would suggest that they absolve Railways from the charge of doing little or nothing to advance trade interests. I think, therefore, that Railways may reasonably claim that they endeavour in their day-to-day activities to balance the demands for the special rates made by trade for the development of its business against the need for protecting the interests of the general tax-payer by a needless sacrifice of revenue consequent on the general reduction.

12. I hope, Sir, therefore, that I have been able to show that Railways are not unsympathetic to business interest and that they do what they legitimately can to help the trade. I now turn briefly to the problem, which we have always with us, the rail-road problem, which has been much discussed during the year owing to the introduction of a Bill to amend the Motor Vehicles Act. This is not the occasion to suggest a solution to that problem and, as I have said, I am sure Honourable Members would rather I refrained from making any statement of policy until the Wedgwood Committee has reported. But I wish to take this opportunity to state the position of the Railways in this matter. I wish to emphasise that we fully realise that there are conditions in which motor transport may create its own traffic and that the resulting increase in trade may benefit railways. We also realise that for some purposes motor lorries may be more efficient than railways and the substitution of road for rail transport may be to the public advantage. It must not, however, be forgotten that in such circumstances in respect of goods traffic this is generally for the benefit of the minority at the expense of the majority. But we hold very strongly that mere cheapness in the transport of a particular class of goods is not the sole criterion by which this efficiency should be judged. If motor lorries are allowed to carry the highest rated goods, or to skim the cream of the traffic, the result must be a raising of other rates. Are those who complain now of the high price of the transport of coal prepared to see these rates further raised in the interests of the lorry owner? Or are those who are constantly demanding that railway rates should be fixed in accordance with some plan of economic development prepared in their enthusiasm for the doctrine of *laissez faire* to see the whole present system

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reduced to chaos, with consequent damage to the existing economic organisation ?

I agree that there is great need for development and improvement of communications in this country and that in this development the motor must play a great part. But nothing is gained by adopting the attitude of the ostrich and ignoring the essentials of the problem.

13. Until now rail-road competition has been mostly confined to passenger traffic but there are signs that lorries are gaining a greater and greater share of the goods traffic. And we must remember the possibilities of the Diesel Engine. I am amazed sometimes at the complacency with which the problem is regarded. I have even heard it said that, if the roads succeed in taking traffic from the railways, the tax-payer need not worry as what he loses on the swings he more than gains on the roundabouts.

There is an idea abroad in some quarters that the loss to railway revenues would be less than the gain to Government from the advent of the motor vehicle. No useful purpose is likely to be served by any detailed examination of the economics underlying suggestions of this kind. They may serve as debating points in the controversy, but they only tend to obscure the seriousness of the menace to the investment of about Rs. 800 crores of the tax-payers' money in railways. This investment is irrevocable and it is in the interests of the tax-payer that he should have a reasonable return on it. He can get this return as he was getting it before 1929, if the existing railway rates structure, delicately balanced as it is to assist in the free movement of low priced commodities at low freight rates, is not thrown overboard to meet the conditions that are being created by unrestricted and unregulated road motor competition. I repeat that we agree that motors have come to stay and that we do not wish to drive them off the roads. But we claim that the whole question of communications in this country requires dispassionate examination. That is why the co-ordination of means of communication forms an important item in the terms of reference to the Wedgwood Committee. I hope, Sir, that I have made it clear why we consider that in this matter neither the interests of the business community, nor those of the tax-payer, can best be safeguarded by giving free rein to unrestricted competition.

14. I have endeavoured to state quite frankly the railway position as I see it. I know quite well that some at least of the Honourable Members of this House will disagree with me and hold that railways have fallen short in their efforts to maintain solvency. For this reason the decision of the Government of India to appoint a committee to enquire into the working of railways in India was particularly welcomed by all railwaymen in India. We have been fortunate in having as the Chairman of the Committee such a distinguished railwayman as Sir Ralph Wedgwood, Chief General Manager of the London and North-Eastern Railway, together with his distinguished colleagues Mr. W. A. Stanier, Chief Mechanical Engineer, London, Midland and Scottish Railway, and Mr. H. Cheadle, Chief Traffic Manager, South African Railways. I can assure this Council that in placing the railway case before Sir Ralph Wedgwood, no attempt has been made to gloss over our faults or to blame others for our misdeeds. We have endeavoured to give a true appreciation of the present position as we see it. We now await the Report. If this shows that we have gone astray in certain respects, every endeavour will be made to rectify these as early as possible. Honourable Members may, I think, rest assured that, whatever may be the policy decided on as a result of the recommendations of the Committee, it will not fail through lack of co-operation by the railway staff. In the heat of the controversies which wage round Indian

Railways, many hard and unfair things are said about the subordinate railway official. Amongst 700,000 of people there are sure to be some bad and a certain number not too good. The railwayman may be no better than his neighbour. He is certainly not worse. As the Chief Railway Executive Officer in this country, I maintain that railway servants are no whit less devoted, or less efficient than the public servants of any other department, and I wish to take this opportunity of thanking them for what they have done in the past year to maintain the high standard which we set for ourselves and of which we are constantly reminded by the Members of the Legislature. Hope deferred maketh the heart sick, and the past six years with their apparently endless series of deficits have been a discouraging time for the staff. I feel sure that, when they hear that we can now with reasonable safety budget for a surplus, a result to which they have been the main contributors, they will be stimulated to even greater efforts. Before sitting down, Sir, I am sure that Honourable Members will join with me in congratulating our Financial Commissioner, Sir Raghavendra Rau on his well-earned distinction. Sir Raghavendra has now worked with me as Financial Commissioner for five years. These have been five very trying years. He has always given of his best. (Applause).

THE HONOURABLE THE PRESIDENT: Sir Guthrie Russell, regarding the reference in your speech as to wiping out the debt due to the Depreciation Fund, I presume you will move a Resolution in this House to that effect, because the sanction of the House will be necessary ?

THE HONOURABLE SIR GUTHRIE RUSSELL: Is the sanction of this House necessary ?

THE HONOURABLE THE PRESIDENT: I should think so, because when the Resolution regarding the Railway Separation Convention was passed, it was brought before this House for discussion and this House gave its agreement to the separation of the Railway from the General revenues.

THE HONOURABLE SIR GUTHRIE RUSSELL: I shall look into it, Sir.

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

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Education, Health and Lands Member) : Sir, I beg to move :

"That this Council do proceed to elect, in such manner as the Honourable the President may direct, two non-official Members to serve on the Standing Committee to advise on subjects other than 'Indians Overseas—Emigration' and 'Haj Pilgrimage', dealt with in the Department of Education, Health and Lands."

The Motion was adopted.

STANDING COMMITTEE FOR THE DEPARTMENT OF INDUSTRIES AND LABOUR.

THE HONOURABLE MR. A. G. CLOW (Industries and Labour Secretary) : Sir, I move :

"That this Council do proceed to elect in such manner as the Honourable the President may direct, two non-official Members to serve on the Standing Committee to advise on the subjects other than 'Roads' and 'Posts and Telegraphs', with which the Department of Industries and Labour is concerned."

The Motion was adopted.

STANDING COMMITTEE ON EMIGRATION.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Education, Health and Lands Member): Sir, I beg to move:

"That this Council do proceed to elect, in such manner as the Honourable the President may direct, four non-official Members to serve on the Standing Committee on Emigration."

The Motion was adopted.

STANDING COMMITTEE FOR THE DEPARTMENT OF COMMERCE.

THE HONOURABLE MR. H. DOW (Commerce Secretary): Sir, I move:

"That this Council do proceed to elect, in such manner as the Honourable the President may direct, two non-official Members to serve on the Standing Committee to advise on subjects in the Department of Commerce."

The Motion was adopted.

GOVERNING BODY OF THE INDIAN RESEARCH FUND ASSOCIATION.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Education, Health and Lands Member): Sir, I beg to move:

"That this Council do proceed to elect, in such manner as the Honourable the President may direct, one Member to sit on the Governing Body of the Indian Research Fund Association."

The Motion was adopted.

STANDING COMMITTEE ON THE PILGRIMAGE TO THE HEJAZ.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Education, Health and Lands Member): Sir, I beg to move:

"That this Council do proceed to elect, in such manner as the Honourable the President may direct, two Muslim Members to sit on the Standing Committee on Pilgrimage to the Hejaz."

The Motion was adopted.

THE HONOURABLE THE PRESIDENT: With reference to the 6 Motions which have just been adopted by the Council, I have to announce that nominations to each of the 5 Committees and the Indian Research Fund Association will be received by the Secretary up to eleven o'clock on Saturday, the 20th February, 1937, and the dates of election, if necessary, will be announced later.

CONGRATULATIONS TO THE RECIPIENTS OF HONOURS.

THE HONOURABLE THE PRESIDENT: Honourable Members, it is the customary privilege of the President of the Council of State, on behalf of the Council, to offer congratulations to the recipients of honours in the last Honours Gazette. The first name that attracts our attention is the name of

[Mr. President.]

Sir T. A. Stewart. He was in our Council for many years and as the Secretary to the Commerce Department he rendered very valuable services not only to Government but to this Council. He was a skilful debator, quiet and composed in his manners and always ready and willing to meet his opponents on all points of differences of opinion with sauvity of manners and with great tact and consideration. He was a very able man and though some time ago we lost his services as he had been translated to more important duties, we shall, owing to his very important appointment as Honourable Member in charge of Industries, look forward to see him more frequently in our Chamber before long. I offer him on behalf of you all our heartiest congratulations on the great honour conferred on him. (Applause.)

The next reference which I have to make is to our sitting Member, the Honourable Sir Charles Arthur. He has rendered very valuable services in other walks of life in his own way and especially in the Chamber of Commerce of Calcutta and other institutions in the Bengal Presidency. During the short time he has been with us, though he has spoken very rarely, when he has spoken he has said something most valuable. I am sure his honour is well deserved and you will all join with me in tendering him our hearty congratulations. (Applause.)

But the name which invites our special and considerable attention is the name of our friend, the Honourable Mr. G. H. Spence, our former Secretary, who has received the honour of C. S. I. on this occasion. He is one of the most capable civilians of the day. He is very astute, learned in law and is a great repository of all information. His knowledge is really of a versatile character. As Secretary of this Council for some years he rendered very valuable services and he was always ready and willing to help all Honourable Members when they had difficult points to settle and in many other matters. I am personally indebted to him for the reason that during the first two years of my office as President of the Council of State he rendered me most valuable services and gave me much assistance in many ways. We look forward to his return back to India very shortly, when he will again take charge as Secretary of our Legislative Department, which has to render most difficult and useful work in many directions. His honour is most deserved and I know you will all agree with me that we should offer him our sincere and hearty congratulations, especially as it is only a precursor of many other honours soon to follow. (Applause.)

Nothing now remains to be done to-day and therefore I shall adjourn this Council till 11 A.M. on Saturday, the 20th February, 1937, to discuss the Railway Budget.

The Council then adjourned till Eleven of the Clock on Saturday, the 20th February, 1937.