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COUNCIL OF STATE DEBATES

THURSDAY, 23rd SEPTEMBER, 1937

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OFFICIAL REPORT



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COUNCIL OF STATE.

Thursday, 23rd September, 1937.

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

MEMBER SWORN :

The Honourable Mr. Dhirendra Nath Mitra (Government of India : Nominated Official).

MOTION FOR ADJOURNMENT *RE* APPOINTMENT OF A NON-INDIAN AS ECONOMIC ADVISER TO THE GOVERNMENT OF INDIA.

THE HONOURABLE MR. G. S. MOTILAL (Bombay : Non-Muhammadan) : Sir, I rise to apply for leave to move :

“ A Motion for Adjournment of the House today for discussion of an urgent matter of public importance, namely, the move to appoint a non-Indian as Economic Adviser.”

I need not give the reasons at this stage and if the House gives me leave, when the Motion is taken up I shall put before the House all that I have to urge.

THE HONOURABLE MR. H. DOW (Commerce Secretary) : Sir, I would like to take objection to this under Standing Order 39. The subject of an Adjournment Motion must be a specific matter of recent occurrence. I submit, Sir, that there has been no recent change in this matter. The intention of Government to make this appointment has been before the public for at least a year now, and even the particular matter of appointing a non-Indian to this post has been discussed at great length in the popular press. I submit that if any Member wished to associate this House with the view that only an Indian could be appointed to this post, there has been ample opportunity during the last year for him to have proceeded by way of an ordinary Resolution, and that nothing has occurred to justify this being raised by way of an Adjournment Motion.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan) : May I say that the announcement that an Economic Adviser would be appointed was made by Mr. Dow the other day in this House.

THE HONOURABLE MR. H. DOW : I have made no such announcement. The announcement I made was limited to the fact that the post had been

[Mr. H. Dow.]

offered to an European. There has been no decision to make this appointment on racial grounds, and it is quite possible that the offer which has been made will not be accepted, and the matter will still be open.

THE HONOURABLE MR. P. N. SAPRU : That is a matter of argument. The point I was—

THE HONOURABLE THE PRESIDENT : May I draw your attention to the fact that when a Motion for Adjournment is made it is not usual in this House for Members to offer explanations in support of it.

THE HONOURABLE MR. P. N. SAPRU : I was just trying to reply to the point of order raised by the Honourable Mr. Dow, so that you might have our point of view before you before you give your ruling. I am in your hands.

THE HONOURABLE THE PRESIDENT : The Motion in writing says :

“ A definite matter of urgent public importance, namely, the move to appoint a non-Indian in preference to an Indian Economist ”.

In view of the objection taken by the Commerce Secretary, I have to decide whether the Motion is in order or not. The Commerce Secretary has pointed out two main facts, that this matter has been under discussion for a year in the public press—and so far as my knowledge goes it has also been before the Standing Finance Committee.

THE HONOURABLE MR. H. DOW : That is correct, Sir.

THE HONOURABLE THE PRESIDENT : It was before the Standing Finance Committee and discussed there completely.

THE HONOURABLE MR. G. S. MOTILAL : And there a sort of assurance was given that an Indian would be appointed.

THE HONOURABLE MR. H. DOW : No such assurance was given ever.

THE HONOURABLE THE PRESIDENT : It therefore remains first to be seen what is the exact position. Before I decide that I must ascertain the exact position in which matters stand. The exact position has been explained in answer to a question put the other day, Monday last, and it was then elicited that an offer of the post has been already made. At present I shall leave out of consideration the objections taken by the Honourable Mr. Dow. But apart from those objections, the offer being already made to a certain person, the question for me is to consider whether the question of urgency now arises in view of that offer. An Adjournment Motion is a motion of censure. It has always been regarded as a motion of censure. Perhaps the gentleman to whom the offer has been made may not accept it and it may be still open to the Government of India to make an offer to an Indian in compliance with the wishes of Members of this House. It may yet prove that perhaps the man to whom the offer has been made is a man of exceptional ability ; he may be a man whose presence would be of great value and importance to India and whose service may be of great value to this country. You are not, therefore, at this juncture in a position to state whether the selection made by the Government, if that gentleman accepts the offer, is a good selection or a bad one or whether Government have erred in the matter of making a proper and suitable

selection. There may be time enough for this Council to wait and see what is the result of that offer and then, in my humble opinion, it would be suitable time, after the appointment has been made, to give a Motion for Adjournment. All the same if I felt at this moment that the matter is of urgent public importance, I would allow the Motion. But that plea of urgency is lost by the fact that an offer has been made whether the mischief is done or not. I am not prepared to say, in fact no Member can say, whether the selection is suitable or not. How is it going to alter the situation by moving this Adjournment Motion? Because you make a Motion Government cannot retract their offer from the gentleman to whom they have made it. No definite appointment has been yet made. Until the definite appointment is made I think it is rather untimely or premature to make this Motion for Adjournment. Further, it is a matter of discretion with Government. There is no legal bar to the appointment of an European. I am afraid, this is rather a Motion for Adjournment which anticipates developments. If the Honourable Mr. Dow had said on Monday last that the man has been finally appointed, certainly your request for a Motion for Adjournment would have some justification. That is not the position; and especially in view of the fact that Mr. Dow has informed the House that this matter has been before the public for a year, that it has been discussed in the press, and as I have said, to my knowledge it has been discussed in the Standing Finance Committee, there was reasonable time enough for any Member to have anticipated this event and given notice of a Resolution that the appointment should be given to an Indian. I feel, therefore, taking all the circumstances of the case into consideration, that a case has not been made out for the Adjournment Motion and I am therefore compelled (though I must admit the Motion is a very laudable one) at this stage not to hold that the Motion is in order.

RESOLUTION *RE* REPORT OF THE INDIAN RAILWAYS ENQUIRY
COMMITTEE—*contd.*

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner for Railways): Sir, I have no intention of inflicting a lengthy speech on the Council at this stage. My main reason for proposing this Resolution* was not to express my own opinions but to give Honourable Members of this Council an opportunity of expressing their views on the Railway Enquiry Committee, popularly called the Wedgwood Report, so that Government and the Railway Board might have their advice before them when they have to come to decisions on the various recommendations contained in the Report. There are, however, a few preliminary remarks which I should like to make as they may facilitate discussion on certain aspects of the Report. From observations in the press and various representations the Railway Board have received from public bodies throughout India there would appear to be a feeling abroad that the Government of India may take this opportunity, on account of certain recommendations in the Report in regard to the future policy of recruitment of altering their existing policy of progressive Indianisation of the Railway

*“ This Council recommends to the Governor General in Council that the Government of India should consider the Report of the Indian Railways Enquiry Committee, 1937, in the light of the discussions in this Council.”

[Sir Guthrie Russell.]

Services and calling a halt in the recruitment of Indians to these Services. I should like to assure the Council that Government have no such intention and I am quite certain that Sir Ralph Wedgwood and his colleagues never intended that their recommendations should encourage Government to take such a step. My reading of the recommendations is that they were formulated with the definite intention of giving further and further responsibility to our Indian officers. For example, in discussing the strength of the commercial departments on Railways the Report states as follows :

“ The difficulty is a real one, though our knowledge of material available does not enable us to pronounce on it with finality. It is certain, however, that special steps must be taken to select and train suitable commercial representatives. Consideration should be given to the desirability of careful recruitment in Great Britain at least for some of the higher posts ”.

It appears to me that the object of this recommendation is to give further and further opportunities of training to our young officers who are mainly recruited in India. Sir Ralph Wedgwood came to India with an entirely unbiased mind and so far as the Railway Board are concerned, I can assure you that nothing was done to bias his mind. In his Report he has made an attempt to point out what he considers to be our shortcomings. He has also made an attempt to suggest methods for overcoming these shortcomings. We may not agree with certain of his recommendations. We may consider that our difficulties can be got over in other ways. But that is no reason for discarding his suggested methods without due consideration or of throwing the Report into the waste paper basket as was suggested by a Member of the other House. As I have indicated, these remarks mainly deal with the future policy of recruitment on Indian Railways. I shall leave it to my Honourable friend the Railway Member to deal with the major matters of policy such as how the railway surpluses should be dealt with, whether they should go into a Reserve fund or to General revenues, and the question of State *versus* Company management, etc. Sir, when considered in a calm atmosphere, the atmosphere of this House, are Sir Ralph Wedgwood's recommendations so very reactionary ? He has made four main recommendations regarding the recruitment of staff and I propose to deal with each of these separately. He considers that one of the weakest links in Indian Railway administration is the organisation of the commercial departments on Railways, and he has suggested that it is a matter for consideration whether it would not be advisable to strengthen the department by the recruitment of a certain number of senior commercial railway officers from home. We have to decide whether this, in our opinion, is necessary or not. If it is necessary, we must recruit from abroad. There is no field of recruitment in India for this type of officer except our own Railways. If we decide that recruitment from abroad is not necessary, the question does not arise. The considered opinion of the Railway Board is that the commercial organisation of the Railways needs strengthening but they are confident that the senior railway officers at present on our Railways can carry out this reorganisation themselves, if their staff is strengthened by a considerable number of junior officers who will mainly be recruited in India.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Mainly ?

THE HONOURABLE SIR GUTHRIE RUSSELL : Yes! Actually under the present convention, 75 per cent. of the officers are recruited in India and 25 per cent. in Great Britain. It is the considered opinion of the Railway Board that only in very exceptional circumstances should it be necessary to recruit specialist officers from abroad. I may say in passing that steps have already been taken by two Railways to strengthen their commercial departments on the lines I have indicated. We may be wrong in our estimate of our capacity for improving our commercial organisations. This time alone can prove.

The second most important recommendation of Sir Ralph Wedgwood regarding staff—and probably the most controversial one—is that it is necessary to strengthen the subordinate supervisory personnel in our large workshops, and for this recruitment from abroad is necessary. There is no doubt that the subordinate supervisory staff in our large workshops does need strengthening and it is the considered opinion of the Railway Board that sufficient material for doing this does not today exist in India. In saying this I am not expressing an unsupported opinion. I am expressing an opinion based on facts. As an evidence of the good faith of the Railway Board and as an evidence of their endeavours to run their workshops with men recruited and trained in India, I may tell the Council that in one of our largest shops the actual number of covenanted European foremen has dropped to either three or four. About two years ago, in order to strengthen our workshop organisation, an attempt was made to recruit men in India to take up posts as foremen. It was found that suitable material in sufficient numbers did not exist. Inquiries were then made to see if we could get out men from Great Britain on short term contracts so that we would not commit ourselves to a long period of European supervision. These inquiries were made and it was found we could not get men on a temporary basis except on scales of pay very much higher than our standards. But I believe it would be possible to get men on reasonable rates of pay if they were given reasonable security of tenure. The present situation may be due to defects in our training methods in the past, but that does not alleviate the situation and if our workshops are to be worked to their full capacity and to their full efficiency, which I am certain is the desire of all Honourable Members of this House, we must recruit a limited number of subordinate supervisory staff from abroad. At the same time, I realise that it is the wish of this Council that our Indian Railways should be run for India by Indians, and I think they have a right to ask that further steps should be taken to improve our training methods so that men recruited and trained in India may be available to take the place of foreign supervisory staff so that these need not be replaced. The Railway Board have under consideration a scheme for the improvement of the existing training methods with the object of removing the deficiency of adequate subordinate supervisory staff which at present exists in India, and this, I may say, is one of the main recommendations of the Wedgwood Committee.

Sir Ralph Wedgwood next recommends that a statistical officer should be appointed to the Railway Board. He does not recommend that this statistical officer should be appointed from abroad. He merely recommends that a statistical officer should be appointed. The Railway Board are definitely of opinion that this recommendation should be accepted. If such an officer is

[Sir Guthrie Russell.]

available in India, there will be no hesitation whatsoever in appointing him. The Railway Board would much prefer that course. But to the best of their knowledge, such an officer does not exist. It has to be remembered that the interpretation of railway statistics is really an exact science and requires years of study and opportunities are seldom available for this study outside Railways. Our proposal is, that we should recruit an experienced man from Great Britain for a period of two to three years only, one of whose duties would be to assist in the training of existing railway staff so that these may be able to take his place.

The next recommendation is that the Railway Board should appoint a Press Liaison Officer with adequate staff to constitute a Railway Information Office and that as a first approach a young and enterprising journalist from Great Britain should be appointed to take over the task of organising the Railway Information Office for the Railway Board. It will again be noted that the recommendation is only to organise the Information Office in the first instance. There is no suggestion that a journalist from Great Britain should be appointed as a permanency. Here, again, the Railway Board are not entirely in agreement with the Wedgwood Committee. They consider that sufficient material should be available in India and that an attempt should be made to find someone in India to take over this task. At this stage I should like to make it clear that the Railway Board have two functions to perform in their recruitment of staff. They have to carry out the quite clear policy of Government, the progressive Indianisation of the Services, but they have also to the best of their ability to ensure that Railways are run efficiently and economically and that Indian recruits are given opportunities for proper training. I do not think that there is any inconsistency in these two functions. Though as I have tried to explain that it may at times be necessary to recruit a limited number of officers and subordinate supervisory staff from abroad, any such recruitment is based on necessity, not on racial considerations. Now, Sir, that is all I have to say about recruitment. And now I am up against rather a difficult problem.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Will the problem say anything with regard to the appointment of a permanent Traffic Member of the Railway Board ?

THE HONOURABLE SIR GUTHRIE RUSSELL : No definite decision has been arrived at but if a permanent Traffic Member is appointed on the Railway Board, he will be an officer from the Indian Railway Services, he will not be an outsider.

As I said, I am up against a difficulty. In the Report there are over a hundred recommendations—105 actual recommendations—and if I were to go through the Report paragraph by paragraph, we should probably take not one day but a week. I am afraid I can therefore only make a very few sketchy remarks on the recommendations and what we are doing. A careful perusal of the Report will show that almost every recommendation suggests as a preliminary certain investigations. A large number of the technical recommendations, which are the only ones which I propose to deal with at present, can

be done by our " Job Analysis " organisations with the necessary strengthening. Each Railway Administration has been asked to put forward proposals for the strengthening of their organisation so that they can carry out the necessary investigations. The Railway Board propose to appoint with immediate effect, or as soon as the particular officers are available, two officers, one on the traffic side and one on the locomotive and mechanical side, to co-ordinate the efforts of Railways. These officers will be drawn from our existing staff and no assistance will be sought from abroad. If the Council will bear with me, I would like to mention the implications of, say, two of the more important of the technical recommendations. One is the speeding up of goods traffic. That, I think, every one would agree, is necessary. But it may involve a considerable amount of expense in the first instance. The policy in India in the past has been to run the heaviest loads for the longest distance and that is the cheapest method of operation. If we decide to speed up the transit of goods, it may involve a reduction in train loads and in loads of wagons ; it may involve increasing the capacity of certain sections as a reduction in load means additional trains. All these things have got to be gone into, before we can come to a final decision and the financial implications have to be considered. That is an example of what has to be done before we can come to an absolute final decision on the general speeding up of goods traffic.

Take another recommendation, that dealing with hot boxes. I presume Honourable Members of Council know what a hot box means. It means the heating of axle bearings. That has been one of our greatest difficulties for years past. Many experiments have been tried but none have proved fully successful. We have now before the Railway Board a proposal to conduct about seven different types of experiments to try and solve the problem. This will take time and money. These are examples of investigations which have to be carried out before we can finally decide on the action to be taken on these two particular recommendations. What I want the Council to realise is that we must move slowly in this and we cannot possibly expect all the improvements suggested within a short period of a week or a few months.

That is all I have to say, Sir, for the moment.

THE HONOURABLE THE PRESIDENT : Resolution moved :

" That this Council recommends to the Governor General in Council that the Government of India should consider the Report of the Indian Railways Enquiry Committee, 1937, in the light of the discussions in this Council."

The debate will now follow. I may point out to Honourable Members that each Honourable Member, if he desires to speak, will be entitled to speak for 15 minutes only, except the Mover of the Resolution and the Government Member in charge. Unless the discussion terminates earlier in the day, I propose to call upon the Railway Member to address the House at 4 P.M.

THE HONOURABLE MR. HOSSAIN IMAM : May I, with your permission, Sir, suggest that we follow the procedure of the other place and simply move our amendments first without making our speeches, and the speeches follow afterwards ?

THE HONOURABLE THE PRESIDENT : Your request seems to be reasonable, but I do not undertake that for every time this will be a precedent. But on this occasion I will allow each Mover of an amendment first to move simply, and later on call upon the Members to speak.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I want to make a request, Sir. You might kindly ascertain the number of Members who are likely to speak on this Resolution and then you might kindly fix the time for each.

THE HONOURABLE THE PRESIDENT : I said "unless the debate terminates earlier". If the debate concludes earlier than 4 P.M., then I will call upon the Railway Member immediately.

THE HONOURABLE MR. G. S. MOTILAL : On a point of order, Sir. Do I understand—

THE HONOURABLE THE PRESIDENT : That is not a point of order. That is a point of information.

THE HONOURABLE MR. G. S. MOTILAL : On a point of information, Sir. Do I understand that Members will be allowed first to move their amendments without a speech, and thereafter they may make their speeches ?

THE HONOURABLE THE PRESIDENT : Yes.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, I move :

"That for the original Resolution the following be substituted, namely:—

'This Council having considered the Railway (Wedgwood) Committee Report, recommends to the Governor General in Council to form a joint committee of the two Houses to review the financial and economic aspects of the investigation.'

THE HONOURABLE MR. RAMADAS PANTULU (Madras : Non-Muhammadan) : Sir, I move :

"That for the words 'in the light of the discussions in this Council', the following be substituted, namely:—

'and, on such consideration, this House recommends to the Governor General in Council that they should accept the recommendations of the Public Accounts Committee on the accounts of 1935-36, on the Report of the Indian Railways Enquiry Committee.'

THE HONOURABLE RAO BAHADUR SIR A. P. PATRO (Madras : Nominated Non-Official) : Sir, I move :

"That to the end of the Resolution the following be added, namely:—

'on such consideration the House further recommends to the Governor General in Council that—

- (i) the recommendations contained in Chapters III, IV, V, VI, XI and XII relating to economies, administration, statistics, improved railway facilities and public relations, may be adopted generally with any alterations found necessary ;

- (ii) the Chapter relating to Staff Discipline and Training may be adopted. The recommendations contained in Chapter VII;
- (iii) the recommendations contained in Chapter VIII may be held over until Government had consulted public opinion concerned in the matters regarding increase of revenue and rates, etc.;
- (iv) in regard to the recommendations in Chapter X it is necessary that the 'Motor Vehicles Amendment Act' also should be considered. That Bill may be brought forward as early as possible;
- (v) amalgamation of Railways should take place only when the contracts with the Company-managed Railways cease to operate;
- (vi) the recommendations of Chapters XIV and XV require further consideration of the Central Legislature. The recommendations relating to Financial Outlook and Federal Railway Authority."

THE HONOURABLE THE PRESIDENT: These amendments have been read and the List of Business is before you and, therefore, in order to save time, I will not read them again to the House.

THE HONOURABLE SIR SULTAN AHMED (Commerce and Railway Member): I take it that there will be a general discussion on the Resolution as well as the amendments?

THE HONOURABLE THE PRESIDENT: Yes.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab Non-Muhammadan): Sir, I welcome this opportunity which has been provided to us to express our views with regard to the recommendations of the Wedgwood Report. The Report has been discussed in another place and I will refer later to the matters which arise out of that discussion.

Every one knows that the personnel of the Committee roused universal protest in this country and the fears entertained by the critics of the body have been amply borne out by the Report of the Committee.

I would like, in particular, to record my protest against the fact that the Committee has gone beyond even its terms of reference and has made recommendations on matters which were not its concern.

Indeed, Sir, this truly Gilbertian spectacle of foreigners from thousands of miles away inspecting the complex and varied conditions of a whole continent within a period of six weeks and writing a report on each aspect of its railway conditions in another country could come to life only in India.

I will now review some of the major recommendations of the Committee. Taking first the proposal that the Railways should not make contribution to the general revenues of the country I feel that this proposal was not only outrageous from the point of view of Indian finances but was perhaps based on the wrong conception regarding the future of Railway administration. Some people think that because a Statutory Railway Authority is to run the Railways therefore they become a distinct administration. On the other hand, the Statutory Authority will be subject to the Central Legislature through the Federal Railway Minister and the Railways which represent two-thirds of the

[Rai Bahadur Lala Ram Saran Das.]

national debt can not stand apart from national finances. I am glad, Sir, that the proposal of the Committee has been rejected by the Government of India and that the Neimeyer Award which has been embodied in an Order in Council will continue to hold the field. We require contributions from Railways to general revenues and we need the surpluses which may accrue for distribution to the Provincial Governments who wish to push forward their programmes of rural uplift. In this connection I must also express my strong conviction that the proposal of the Committee in favour of writing off Rs. 63 crores which the Railways owe to general revenues is unfair to the general taxpayer. On the balance the general taxpayer has paid more towards the losses of the Railways than he has received in the form of contributions. If Rs. 63 crores were written off the general taxpayer will be dealt with even more unfairly than has been done in the past.

Another sphere in which the Committee have gone beyond their terms of reference is in regard to their recommendation regarding State *versus* Company-management. It is amazing, Sir, that this Committee after such a brief survey of the conditions in India gave its verdict on a matter on which the Acworth Committee had reported so deliberately after a prolonged investigation. The Government of India and the Indian Legislature stand committed to the policy of State-management. It is therefore reasonable to expect that the recommendations of the Committee favouring the continuance of the Company-management in the case of the Companies whose contracts fall due to expire should not be accepted.

Another reason why the suspicion is confirmed that the Committee echoed the feelings of foreign interests is that it has made no recommendations regarding the adjustment of freight charges nor has it recommended the conversion of the Rates Advisory Committee into a Rates Tribunal. We all know how the rates and fares have been framed in this country to help foreign trade and we were hoping that at least in this regard the Committee would bring an independent outlook to bear on the question.

Then, again, I may ask pertinently as to whether the Committee's function was to suggest measures of retrenchment or to suggest measures for promoting extra expenditure? The Committee has certified as fair the present scale of expenditure and has suggested the engagement of more European experts. In making these recommendations it has completely revealed its prejudices in favour of foreign interests. I acknowledge gladly that the Railway Member, the Honourable Sir Sultan Ahmed, has by his statement in another House removed partly the fears of the public in regard to the employment of foreign experts. He has given a pledge on behalf of the Government of India that foreign experts suggested by the Committee will not be imported but that appointments of the character suggested by the Committee will be made from among those in this country. This is satisfactory so far as it goes. I would, however, warn the Railway Member against the probability of this decision being given effect to in a manner contrary to what he may have in view. It is possible that in selecting experts and commercial men for these posts the Railway Administration may confine its attention to the

foreign officials in its employ and that the sons of the soil may be left out. After a life-long experience in business spheres I can claim that commercially Indians can hold their own against any other race in the world and that in the business and commercial life of India there are numerous men who can be employed by the Railways with profit to themselves.

Indeed, Sir, there is a tragic aspect about the question of recruitment of experts. Railways have been running in this country for over half a century. Was any attempt made during this period to train Indians to fill places of responsibility? Would it have been necessary for an expert Committee in 1937 to recommend recruitment from abroad if the Railway Administration had been alive to its responsibilities to the people of this country?

I will now state briefly my views about some of the recommendations of the Committee in detail.

The Committee has given a certificate of efficiency to the Railways and has drawn false comparisons with the Railways in other parts of the world. The Railways of India have in fact been running their services on an extravagant scale as was commented on by the Inchcape Committee. After the separation of railway finance also there has been the same tale. While the total earnings in 1929-30 rose to 198 per cent. the expenditure had increased to 247 per cent. In 1928-29 the gross traffic receipts amounted to Rs. 103·7 crores and the ratio of working expenses stood at 63·8 per cent. In 1932-33 while the receipts were down by Rs. 19·3 crores the expenses had risen by another 9·2 per cent. While since then there has been some improvement the extent of adjustment is still very incomplete. In 1935-36 the traffic receipts amount to Rs. 90·7 crores or Rs. 13 crores less than that of 1928-29 whereas the ratio of working expenses was at 69·5 per cent. or 5·7 per cent. higher than that of 1928-29. The cost of staff employed by the Railways also tells the same tale. The salary bill which constitutes the largest single item of railway expenditure has gone on mounting. The wage bill of the Railways stood at Rs. 13·62 crores in 1913-14 and at Rs. 26 crores in 1920-21. By 1930-31 the wage bill trebled. Although this period was one of railway construction, the continued increase in wages regardless of what is warranted by traffic or earnings or even the additional mileage cannot but be condemned. In 1935-36 the cost of staff amounted to Rs. 36·34 crores. Then out of the working expenses of Rs. 49·77 crores (1935-36 figures) Rs. 36·37 crores goes by way of staff establishment, one could very well imagine the extravagant nature of the salaries paid. Between the pre-war years and 1935-36 the gross traffic receipts have increased by 58 per cent. while the cost of staff has risen by as much as 167 per cent. And yet the Committee have neither any serious suggestions to make or even any strong words to criticise the Railway Administration.

I may, in passing, refer to one recommendation of the Committee, namely, that suggesting the raising of surcharge on coal from 12½ per cent. to 15 per cent. This, Sir, is another indication of the mentality of the Members of the Committee and how they did not take into consideration the industrial interests of India. Equally has the Committee shown its disregard of the popular feeling by the recommendations it has made in respect of the rail-road competition. I

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maintain, Sir, that the competition between rail and road is proving most beneficial. It has opened up the interior, it has reduced rates and fares for the millions of India's people; it has relieved the people of the burden of incivility and corruption of the railway staff which they had to bear. Indeed, Sir, for the first time in the history of transport in India are the people feeling happy that the railway monopoly has been broken and that they can travel fast and at convenience to themselves and on fares which are cheap. Could, for instance, any one have imagined that if the railway monopoly had been there the poor passenger could travel, as he does today, from Lahore to Amritsar for four annas a trip. I admit that the Railways are the greatest national asset and that national well-being is linked with their solvency. But the way to bring about that solvency is not to penalize motor competition but to reduce the extravagant scale of expenses, to lower rates and fares and to be civil to the travelling public. Indeed, the Committee has rendered a valuable service—perhaps the only valuable service to the people of India—by the manner they have written against the corrupt and incivil railway staff and pressed the need for better travel facilities and comforts for third class passengers.

Perhaps it will surprise the Railway Administration if I tell them how other countries deal with the problem of fall of income in their earnings. When the German Government found that the number of 2,000 million passengers in 1928 had come down to only 1,500 millions in 1935 it began to grapple with the problem in all earnestness. Fares for group travelling underwent extraordinary reduction, special reductions were allowed in the case of trips undertaken by certain organisations, and steps were taken as a result of which rail and motor serve the travelling public.

The Committee give comparative figures and observe that the level of rates and freight figures in India compare favourably with those of any other country with which a comparison can profitably be made. At least three countries, namely, Japan, Canada and the U.S.A. show lower freight rates than India's. India's average receipt per ton kilometres is 2.50 while for Canada and the U.S.A. it is 1.84 and for Japan it is only 1.39. How could the Committee's findings in the face of these figures be taken as correct?

I next come to the technical part of the recommendations of the Committee. I have expressed my view time and again, that both in respect of locomotives and wagons India is overstocked. The Railway Administration did not accept this view and kept on sending orders abroad to keep the factories going. The Wedgwood Committee have worked out figures which show that there is excess of locomotives and carriages and that while tonnage miles carried is less the number of wagons is increasing. Surely, this does not speak well of the commercial outlook of the Railways or of the interest of the taxpayer, that they profess to have at heart. In regard to movement of goods traffic, the Wedgwood Committee has pointed out how slow their movement is and how there should be acceleration of train services. Suggestions of this nature have often been made in the past by commercial men in India but the Railways have always turned a deaf ear to them. I hope that the findings of the Wedgwood Committee will itself rouse them from their slumber.

The Committee has recommended that the Accounts staff should be under the Agent of the Railway. They have made this recommendation in utter ignorance of the conditions prevailing in this country. As it is the Accounts staff find it difficult to make independent investigations and report but if their promotion were to depend on the goodwill of the Agent they will lose their independence entirely. I strongly recommend to the Government to continue the existing arrangement whereunder the Accounts staff will remain under the Financial Commissioner for Railways.

I do not find the Wedgwood Committee having devoted any part of their Report to the question of purchase of railway stores. Was it because foreign interests were involved? The opinion is held strongly in all sections of this country that Railways should purchase all their stores through the Indian Stores Department.

I would like to take this opportunity of voicing the feeling of disappointment of the commercial community over the failure of the Wedgwood Committee to make any recommendation with regard to revision of present risk note forms and the introduction of the British practice by imposing certain statutory obligations upon the railway companies as regards the carriage of goods entrusted to their charge. The Committee merely suggest that the Railway Board should examine the case with a view to voluntary adoption of a similar system suited to the special conditions of India. This was a matter on which the Committee's expert advice should have been given.

To sum up, Sir, I feel that to expect the Committee as constituted and within the time at its disposal to make helpful recommendations was impossible. The Committee has merely echoed the feelings of the Railway Board or has brought together a number of recommendations which had been kept buried in the archives of the Railway Board as a result of previous enquiries and that only in the sphere of duty which the Railways owe to the travelling public that the Committee has made refreshingly frank and useful remarks.

The state of railway finances may look improved but it will be a sad day if the present improvement in traffic receipts is taken as a proof of the permanent turn of the tide. The railway finances are fundamentally unsound and every attempt should be made to reduce the scale of salaries, to introduce commercial principles as against those of the Secretariat and to enforce economies in working expenditure. The Wedgwood Committee may have failed to give us a solution but we have enough knowledge to determine what is needed. It is only the will that is lacking. I hope, Sir, that a new leaf will be turned in the history of the Railways and that a determined attempt will be made to meet the popular view and that Railways will be run efficiently and economically and mainly by Indians.

THE HONOURABLE THE PRESIDENT : Honourable Mr. Hossain Imam, I may remind you that the Mover of an amendment is not entitled to a reply.

THE HONOURABLE MR. HOSSAIN IMAM : Mr. President, before I commence my remarks on the Motion before the House, permit me to welcome the Honourable the Railway Member to this House. (Applause.) It is to me, Sir, also a personal pleasure, because not only do we come from the same province, but we have family relations of longstanding. The Honourable

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the Railway Member has served India in his short period of service here so well, that not only the Members of the two Houses but entire India feels grateful to him for his service to the motherland, and the great personal sacrifice which he has made for the country. (Applause.)

Mr. President, coming now to the matter before the House, there is not much difference between the original Motion which our friend Sir Guthrie Russell has moved and the amendment which I have suggested. I think he will agree with me that the matter before us is so great and its implications are so important that it would not be possible to make any valuable suggestions in a general discussion of the nature in which we are going to indulge. He has himself confessed, Sir, that having regard to the 105 recommendations it will be impossible for him to deal with them in the space of a single speech. The same is our difficulty. We realise that there is much to be said on behalf

of Government for their own case, and there is a lot more to be said from our side for condemning the past activities or rather inactivities of the Railway Board. So that it is not possible for us to make any useful contribution to the subject without going into committee. A complaint was made the other day that the Central Advisory Council for Railways has been neglected. That, Sir, is perfectly pertinent because we do not find a place either on the Standing Finance Committee or the Public Accounts Committee. And the manner in which the Report will be probably brushed aside in the Central Advisory Council—I am not indulging in any prophecy but merely speaking from past experience—is hardly appropriate to the discussion of this enormous Report, which should be given more than a few hours' time. Nor will it serve any purpose if papers are not given to us by the Railway Board to substantiate their claims.

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Now, Sir, coming to the Report itself, I find that Sir Ralph Wedgwood and his Committee tried to do the impossible, with the result that we see at the present moment. He tried to please all, with the result that he has pleased none. If you look into the Report, Sir, the general remarks here and there are very laudatory of the Railway Administrations, but if you go into the details you find that they have condemned most of their actions. Therefore the Railway Board are angry with him and they have practically rejected all the recommendations regarding the locomotive and the carriage and wagon department.

THE HONOURABLE SIR GUTHRIE RUSSELL: The Honourable Member has much more information than I have!

THE HONOURABLE MR. HOSSAIN IMAM: Well, Sir, I will give chapter and verse for the statement that I have deliberately made—that the Railway Department has set the recommendations of the Wedgwood Committee at naught.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: The Honourable Member has said nothing today in regard to the Report in his speech.

THE HONOURABLE MR. HOSSAIN IMAM: Here we have the Finance Committee's Report and I will show you that every single recommendation

with regard to these items, which are the most costly items of the whole, have been given the go-by by the Railway Board.

Then, Sir, they tried to please the Legislature by dittoing all our former recommendations under these three heads. But they denied to us our share from the surplus of the Railways, with the result that all of us are angry and some of us want that the Report should be thrown into the waste paper basket. At least that was the impression which an Honourable Member drew from the discussion in the other place.

Well, Sir, then he tried to please the press. But the papers finding that a Press Liaison Officer is to be imported at headquarters have turned against him. So we find, Sir, that they tried to please all but they have succeeded in pleasing none, and they have incurred the displeasure of all.

Now, Sir, in considering the Wedgwood Report, we must take into account the genesis of the formation of this Committee as well as the terms of reference which were given to it. I shall not indulge in tracing its history. Suffice it to say that the Public Accounts Committee, as the Wedgwood Committee has itself noted, recommended that an inquiry should be held to establish the Railways on a better footing. The terms of reference of the Wedgwood Committee contemplated the same thing, in more specific terms. How on earth Sir Ralph Wedgwood and his Committee came to think themselves competent to become oracles and prophets, I for one cannot make out. They have taken upon themselves to prophesy that the Railways will always continue to be in a bad way, and will not be able to make money. Otherwise, what was the necessity of recommending the following three items: first, that the Railways must not contribute anything to the Central revenues; second, that they must have a fund of Rs. 50 crores to draw upon whenever they are unable to pay the interest charges? To have Rs. 50 crores in reserve means that you contemplate the concern which you are managing as being liable to be in a bad way off and on—rather more often. Then, Sir, as the Honourable the Chief Commissioner has himself pointed out, most of their recommendations are hedged in by the saving clause that further investigation into the matter should be made. Now, what I wish to say, Sir, is that if further investigations are to be made, how can we take the recommendations as final?

Sir, as I was saying, let us take the case of the Depreciation fund. The Wedgwood Committee have stated that, although they have agreed to the former method of calculating it at 1/60th of the total capital at charge, as being easy to work out, yet it is necessary that modifications should be made from time to time in the contributions to the Depreciation fund. Now, the contribution that we have to make for the Depreciation fund is an important factor in framing an estimate of what will be surplus and what will be "deficiency." I think the Railway Board has had ample time to find out whether the Depreciation fund contribution is based on the present-day usage of other Railways or not. The Wedgwood Committee was impressed by the multiplicity of the items whose life was taken into consideration when the original scheme of depreciation was thought out. But they also thought, Sir,—that taking into view the possibility of the lengthening the life of many

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of these—that they could suggest that the life could be prolonged indefinitely. They suggested that the expenditure on railway lines could be very much reduced by using welding, by re-conditioning the fish-plates, etc. All these items will reduce the incidence of depreciation charges. Considering these aspects, I submit that the Railway Board have no definite figure now, if they accept the recommendations of the Wedgwood Committee, they have no definite figure for what ought to be their Depreciation fund. I also remember, Sir, the criticism which was made during the budget time by the Honourable Mr. Parker. Now, Sir, the Wedgwood Committee have gone out of their way to recommend that there should be a Reserve fund. I, for one, Sir, have been for long advocating that a huge concern like the Railway Board, which has so much capital at its back and which has been by competent authority declared to have over-capitalised itself, must write-down capital. It has been said by Sir Ralph Wedgwood that capital has been written-up by Rs. 24 crores due to a wrong method of Depreciation fund allotments. If we adopt the present formula of the Depreciation fund being debited by revised present-day value, and not the original value of the assets, that alone would be responsible for over-capitalisation of Rs. 24 crores. Over-capitalisation has got to be written down if you want to have a stable concern. I was also glad to find that the Honourable Mr. Nixon endorses the remark in the Public Accounts Committee that any provision for amortisation of the debts would not in any way upset the Neimeyer award. He offered that this could be taken as contribution to the Central revenues, and taken into that account. That, Sir, is a very welcome suggestion, and one to which we, on this side of the House, would give full support. I refer to page 75 of the Report of the Public Accounts Committee.

I now come to another point, namely, whether the Railways are able to contribute to the general revenues or not. The fact is that Railways have to contribute to us, and we on our part make a contribution to the Sinking fund. If the Railways make their own contribution to the Sinking fund account, there will be no necessity, from the strictly financial point of view, for us to burden the Central exchequer with the highest quota under this head. It will make no difference whether this is done by the Railways or by the Central revenues. The only difference will be that if it is done by the Railways, as I have said often that it should be done, the Railways will reap the benefit, as they are in equity entitled to the benefit. Our uncovered by-assets debts are reduced by things which are, strictly speaking, not part of our income. Now, Sir, the Railways can either be regarded as one unit—the State Railways—or each should be regarded as separate units. Government must make up its mind to treat them either in one way or the other. But I find it strange that for certain purposes, each Railway is treated as a distinct unit. We spent Rs. 18 lakhs just to find out how to distribute the money which has already been collected in the Railway Clearing Accounts Office. After having taken all this care, what do you do? All the profits of one Railway go to the other Railways to make up their losses. What is the good of spending public money, is it just for the sake of personal pleasure, or should I say, impish pleasure, to find out what the advantage of the thing

is? Sir Ralph Wedgwood has recommended that there is no necessity of going into such detailed accounts of the Indian State Railways, if it is to be treated as one concern. His recommendation is that a formula can be found by which you can distribute the proceeds of the coaching and traffic departments, and after some interval you might review the figures by actual census.

THE HONOURABLE THE PRESIDENT: Order, order. I may point out that the Honourable Member has already exhausted his time, and yet he has not touched on the merits of his amendment.

THE HONOURABLE MR. HOSSAIN IMAM: In two minutes more I will finish, Sir. I have made the allegation that the Railway Board have rejected the recommendations of the Wedgwood Committee and therefore we have no confidence in them. I want a Committee to examine these matters. Sir Ralph Wedgwood has given us a very valuable Report. I shall only deal, as time is short—

THE HONOURABLE THE PRESIDENT: Your time is exhausted.

THE HONOURABLE MR. HOSSAIN IMAM: That is what I mean, Sir. The stock of locomotives for broad gauge is 5,360. Those available for use are 4,403 and the maximum number in use on any one day was 3,638. There is thus an excess of 1,722 or nearly 40 per cent. and as if this is not enough margin, the Railway Board have this year ordered a number of locomotives. (*An Honourable Member*: "Rs. 4 crores.") Not Rs. 4 crores exactly on locomotives. This includes wagons, carriages and locomotives.

THE HONOURABLE THE PRESIDENT: Will you please bring your remarks to a close?

THE HONOURABLE MR. HOSSAIN IMAM: My recommendation is that this Report should be referred to a Joint Committee of both Houses and the reason for this is, that having looked into all the accounts, I am of opinion that the only method by which we can deal with this question and reduce the expenditure of the Railways is to adopt the model of retrenchment committees which was constituted in 1931, consisting of Members of the two Houses. That model served India well and I do hope that Government will consider the advisability of availing themselves of the same procedure.

THE HONOURABLE THE PRESIDENT: In view of past experience do you think the Assembly will agree to it?

THE HONOURABLE MR. HOSSAIN IMAM: Sir, whether the Assembly agrees or not does not matter with the Government. What they wish, they do. The Assembly never agreed to the continuance of the Ottawa Agreement, they will never agree to have the Sugar Agreement, and yet Government are carrying on. It is the will of the Government, and not the will of the Assembly, which prevails in India. The day when we have the Assembly ruling and having sovereign powers, that will be a happy day for India.

THE HONOURABLE THE PRESIDENT: Let me point out that under the Standing Orders it rests with the Assembly to accept this suggestion or not.

THE HONOURABLE MR. HOSSAIN IMAM: Government may make an effort, Sir. The onus will be on the Assembly but not on the Government.

THE HONOURABLE MR. RAMADAS PANTULU (Madras: Non-Muhammadan): Sir, the great public interest which an inquiry into the working of the Indian Railways has roused was due mainly to one cause, namely, that it was expected that as a result of the inquiry, means would be found to make the Indian Railways a paying business concern so as to give some relief to the general taxpayer, and also to provide some financial help to the new autonomous provinces. Therefore, the public were looking forward to the recommendations of this Committee with considerable interest. The general feeling that is created by the Report is, however, one of disappointment. The Public Accounts Committee, in fact, preface their Report by saying that they were considerably disappointed with the Report. Sir, my amendment asks the Government to accept the recommendations of the Public Accounts Committee on the Wedgwood Report. I do not propose to attempt an exhaustive analysis of the several recommendations of the Public Accounts Committee. They fall under four main heads. First of all, they refer to the recommendations of the Wedgwood Committee which are wholly outside the scope of the reference to that Committee, and with regard to these their recommendation is that they should not be considered by the Government of India. Sir, having carefully read the Wedgwood Committee Report I find it deals with at least nine matters which do not expressly fall within the scope of their reference. I merely mention them and I will not take any time over the discussion of them :

- (1) Whether Railway Administrations should be State-managed or Company-managed ?
- (2) Question of purchase of Railways whose terms of contract expire in the near future ?
- (3) Creation of a Depreciation fund and a Reserve fund ?
- (4) Railways' contributions to general revenues ?
- (5) Political interference in railway administration ?
- (6) Raising of capital by the Railway Authority in the open market ?
- (7) Government audit and the relations between the Accounts officers and the Agents of Railways ?
- (8) Qualification of the Presidents and Members of the Federal Railway Authority ?
- (9) Location of the Head Office of the Federal Railway Authority at Calcutta ?

Sir, there may be difference of opinion as to whether some of these nine matters may not be said to fall within the scope of the terms of reference indirectly, if not expressly. It is a moot point and I do not wish to say much on it. There are, however, certain matters which seem to me to be not either directly or indirectly within the scope of the Railway Enquiry Committee's investigation, and those recommendations have been severely criticised not only by the Legislative Assembly and the Public Accounts Committee but

also by the outside public. Sir, it is not now necessary to go into the composition of the Committee and to show that the public were justified in their apprehensions that they could not have a favourable or fair report from them. I will not now refer to that matter because it is an old story and we have discussed it very fully in the General Discussion of the Railway Budget. But it will be relevant now to point out that the composition of the Committee was such as not to make it a competent body to pronounce final opinions on railway finance and matters of policy. Of the three members one is a Chief General Manager, another a Chief Mechanical Engineer and the third is a Chief Traffic Manager. They may be competent to deal with departmental technique and report upon the operation of Indian Railways in regard to the departmental management and on the commercial side ; but I do not think they are competent to report on matters of policy which are rightly not included in the scope of the investigations of a Committee of this nature. I think the Government of India wisely excluded those general matters of vital interest to the finance of this country from the scope of the reference to the Committee. With regard to the Committee's general conclusion that our Railways cannot be expected to contribute anything to the general revenues, I must say is a matter of very sad disappointment to this country. We have been looking forward to relief ; in fact, we have been told that conditions are improving, that deficits are falling and that the time when there will be a surplus is not far off. The recommendation of the Committee gives a death blow to the expectations so confidently roused by the recent Reports of the Railway Administration. Sir Otto Neimeyer in his Report urged the necessity to find out whether by retrenchment and suitable economies Railways could not be made a sound and remunerative State concern so as to give relief to the general taxpayer and also to help the provinces to get a portion of the income-tax raised by the Government of India ; and the recommendations of this Committee negative such a hope. I hope the Government of India will not accept the Committee's conclusion.

With regard to the purchase of the Company-managed Railways when their terms of contract expire and regarding the amalgamation of Railways the recommendations of the Wedgwood Committee I think go directly against the present policy of the Government of India and against the recommendations of the Acworth Committee of 1920-21. I am, however, glad to find that the Honourable Member for Railways in the other House has assured the Assembly that the Government of India will not accept those recommendations without fuller inquiry and further investigation. But that is not enough. I think the Honourable Member might have given a more definite assurance that the Government of India's hitherto declared policy would be adhered to and in 1941, when the time comes to acquire some of the Company-managed Railways, they would be acquired. In fact some of them ought to have been acquired in 1936 and five years extension was given. Now, the Railway Enquiry Committee say that short extensions will not do and further extensions must be given and that in any case till 1945 no acquisitions should be made. I consider that this is a very retrograde recommendation which will prove highly detrimental to Indian railway administration as well as the country's finance.

With regard to their recommendation for the creation of a Depreciation fund and a Reserve fund all I would say is this. I think the Public Accounts

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Committee is right in saying that the Depreciation fund should not be maintained at a level of Rs. 30 crores and should be only a repairs and replacement fund. And with regard to the Reserve fund, while we agree that the Reserve fund might be a sort of equalisation fund from which interest charges in years of deficit may be rightly derived, no portion of that fund should be utilised for amortisation of the capital at charge. These are the recommendations of the Public Accounts Committee and I hope the Government of India will accept them.

There is one other matter which comes within the category of matters not falling in the terms of reference and that is the functions and the constitution of the Federal Railway Authority. This portion of the Report is really most disappointing. They say that when the Federal Railway Authority is constituted the Government of India's position should be one of debenture holders who must look to the payment of the interest and to the process of amortisation of the capital debt and should not interest themselves any further. That is frankly a position which I think is very dangerous to the interests of this country. The Federal Railway Authority, it also recommends, should have the power to go into the open market to raise necessary capital along with the Provincial Governments and other bodies like port trusts and municipalities. I think this is a recommendation which is patently untenable. After all, the Federal Railway Authority is a Department of the Government of India ; is each Department of the Central or Federal Government to go into the open market and raise capital in competition with Provincial Governments whenever it feels that funds are required ? I think it will lead to chaos in the finances of this country. I think it ought not to be accepted.

The recommendation about the relations between the Accounts Officers of Railways and the Agents is again a very retrograde one. I think the present arrangement is much better suited because the Government of India will have some control over the finances of the Railways, and there is no reason why the Accounts Officer should be merely a subordinate of the Agent. That would, I think, remove the entire check of the Government of India over the finances of the Railways. It is giving a blank cheque to Railway Administrations.

With regard to the qualifications of the President and Members of the Federal Railway Authority, these have been already prescribed by the Government of India Act and it was not the function of these gentlemen to advise the Government of India whom to appoint to that body when already the Constitution has laid down the qualifications of the personnel of that Authority.

Sir, I do not wish to deal with other recommendations falling in this category in detail. The Public Accounts Committee, while saying that they should not be considered by the Government of India, have themselves considered those recommendations and made their counter-proposals and in regard to them I agree with the view of the Public Accounts Committee. The Government of India should not attach that authority or value to the recommendations of

the Railways Enquiry Committee on matters not referred to them, which they would ordinarily attach to the recommendations of committees who report within the terms of their reference.

The second category of recommendations of the Railways Enquiry Committee that are dealt with by the Public Accounts Committee are those which should not be accepted without further opportunity to the Central Legislature to examine and pronounce their opinion upon them. I do not wish to discuss them. I believe the Government of India themselves are prepared to consult both Houses of the Legislature before taking action upon them. Those proposals relate to matters involving further expenditure, creation of new posts, and so on. The third category of recommendations are those which the Public Accounts Committee recommend to be definitely rejected; and these are the continuance of recruitment of experienced European supervisory staff with attractive salaries, the recruitment of properly qualified young men of European domicile for gazetted posts, a Press Liaison Officer, and the like. A correspondent in the *Statesman* has said that what the Committee wants is less gatemmen and more gazetted men. Then comes the appointment of Deputy Agents, the appointment of a Commercial Manager and staff at the outset from Great Britain, while steps are being taken to train Indians. I have not got the time to go through them. These recommendations are in themselves enough to cause us a great deal of anxiety. But we are greatly relieved by the statement made by the Honourable the Railway Member in the other House. He has categorically assured us on some of these matters; with regard to the Commercial Manager and commercial staff he said that Government were definitely of opinion that necessity for the recruitment from outside for these purposes did not exist at all. In regard to subordinate and supervisory technical staff, he said that the remarks which he made in connection with the commerical staff would equally apply to this staff—

THE HONOURABLE SIR SULTAN AHMED : Will you kindly read the next sentence, the sentence immediately after that ?

THE HONOURABLE MR. RAMADAS PANTULU : I will read it.

“ The remarks I have made in connection with the commercial staff and the commercial manager hold equally good in their cases. And I again would like to assure the House that no recruitment in those posts and those I have already referred to will be made from abroad until Government are convinced that suitable recruits cannot be obtained in this country ”.

I hope the Government of India will not find difficulty in getting recruits in this country and there will be no emphasis on the reservation. With regard to the Press Liaison Officer from outside, the Railway Member said that here again Government were fully satisfied that many young and enterprising Indian journalists fully capable of organising could be found in this country. But with regard to the Statistical Officer his assurance was not quite so satisfactory. At least temporarily for two years it is said he may have to get one from outside. I hope he will find it possible to get the Statistical Officer in India even for these two years. Therefore, Sir, we feel somewhat relieved in regard to this group of the recommendations and to hear that the Government of India are not prepared to accept these recommendations too readily.

[Mr. Ramadas Pantulu.]

Sir, there is only one other category of recommendations dealt with by the Public Accounts Committee and under that category falls road-rail competition. All that the Public Accounts Committee say is that further investigations are necessary, Provincial Governments are to be consulted, the Motor Vehicles Bill has to be re-considered and various other factors have to be taken into consideration. We are equally interested in Railways as well as in roads. We have sunk a large amount of money in Railways. We are anxious that nothing should be done to diminish the earnings of the Railways. We are equally anxious that in the provincial sphere regard must be had to the development of roads constructed in the provinces and that agriculturists should be helped to take their produce to the markets and the industrial concerns to take raw material to the factories and take the finished products for distribution to the markets through means of motor traffic. Means should be found to expand them together and not make one work to the detriment of the other. But, on the whole, the recommendations of the Railways Enquiry Committee are somewhat biased in favour of the monopolist railway concerns and are somewhat injurious to the interests of road traffic. Therefore, in this matter I hope the Provincial Governments will be consulted before any action is taken. In other countries we are told that a great deal of improvement has been effected and competition has been brought down by bringing down rates and fares, improving the amenities provided to passengers and establishing contacts with the travelling and trading public.

THE HONOURABLE THE PRESIDENT : I will thank you to close your remarks.

THE HONOURABLE MR. RAMADAS PANTULU : If these steps are taken as they were, I am told, in the U.S.A. and Germany, there will be a great deal of improvement in the matter of competition between rail and road. Sir, I hope the Government of India will not take any hasty action to cripple the utility of motor vehicle transport and that they will seriously consider the problem because it is intimately connected with agricultural and rural economy in this country ; it is a most important economy.

There are certain recommendations which are really good and my not mentioning them is due to want of time and not to want of appreciation. There are Chapters dealing with various technical matters, like Chapters 2 to 7, and the recommendations show the fitness and competency of the Committee to pronounce on these matters. They have said a great deal about improving the amenities of third class passengers. I hope the Government of India will give due weight to those recommendations. They have also said that the upper class passengers get this proportionately larger amenities in relation to the earnings of the Railways from them. All these recommendations are good. They have also dealt with matters of long-standing complaints like want of discipline, uncivility and corruption among the railway staff, and I have no doubt that suitable action will be taken on them to ensure better treatment to the travelling public.

My amendment is really covered by the main Resolution, because discussion of these amendments is also a part of the discussion of the Report itself.

I am not asking anything more of the Government of India than requesting them not to accept any recommendation of the Railways Enquiry Committee which is against the recommendations of the Public Accounts Committee unless further investigations are made and a further opportunity is given to the Central Legislature.

THE HONOURABLE RAO BAHADUR SIR A. P. PATRO (Madras : Nominated Non-Official) : Mr. President, I do not think I will go into details of the various items which are given in my amendment, but I shall content myself with touching only some of the main points in the Report. The real question before the House is whether the Report satisfies the conditions of reference. If they have carried out the terms of reference substantially, faithfully, then the Report is to be commended. The Committee was appointed to examine the position of State-owned Railways and suggest such measures as may be otherwise than at the expense of the General Budget secure an improvement in net earnings, regard being had to co-ordination of road and rail transport, safeguard of public investment, at a reasonably early date place railway finances on a sound and remunerative basis. On the first item of reference they have examined the position of the State-owned Railways. They have investigated the whole matter and compared it with the Railways in other countries and their opinion has been given at page 9. They say that both in the period of active depression and in the years of partial recovery succeeding it the Railways of India showed more favourable results than the Railways of the countries which passed through a similar crisis. Then, in paragraph 22 they say that the financial results are better than those of comparable railway systems. There has been substantial advance in efficiency and economy of management. So far as the first item of reference is concerned, they are of opinion that the position of Indian Railways is that they have been substantially stable and they have earned much more than the Railways in other countries during the times of depression and afterwards. Therefore, so far as the first item of reference is concerned, their opinion is to be accepted. There is nothing to challenge that opinion. Even the Public Accounts Committee in the drastic—if I may be permitted to say so—comment that it has indulged in has not stated anything against this finding of the Committee, that the position of the Indian State Railways is that they are financially sound, efficient in administration, and not only in themselves but in comparison with the Railways of other countries. It is a great testimony paid to the administration of Railways of this country,—either to the Railway Board or to those officials concerned with their administration. We should gratefully appreciate the amount of efficiency they have introduced into the Railway Administration.

Then, on the second point, the reference is to secure an improvement in net earnings, regard being had to the co-ordination of road and rail transport. This is a very difficult subject and wisely the Report does not attempt to solve the problem. It only gives an indication of the direction in which it could be solved and leaves the rest for the consideration of Government because it recommends that the Motor Vehicles (Amendment) Act should be brought in as early as possible and during their investigation they found that co-ordination is not at all possible under present circumstances. We all accept that the provinces are interested in developing the road traffic. At the same time,

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we have to see that the Central finances are not depleted or in any way the sources of Central finances are discouraged. There is this conflict between the two: on the one side the provinces desire to earn by road development: on the other, the Central Government wishes to earn as much as possible in order not only to be self-supporting but also to contribute to the Provincial revenues. Therefore, there is this conflict between Provincial management and Central management. The Committee's Report very wisely suggests that the Railways should themselves carry on road development which they have neglected hitherto. But the important point to remember is that the conflict between these two interests must be reconciled, and this the Committee have not solved. They have wisely left the matter to be considered by the Government and a policy to be laid down.

They have suggested in what ways the revenues of the Railways could be improved. In fact, as the Honourable Mr. Hossain Iman has very rightly observed, the rolling stock, the wagons and locomotives, are much more than necessary involving an undue expenditure, the investment in all of about Rs. 4 crores which has been found necessary. That is a matter, therefore, which the Railway Board and the Railway authorities should consider very carefully. And they have further suggested that the commercial department and the publicity department have not been working at all in the Railway Administrations. They have suggested that these two departments must be developed with a view to see that the commercial agents employed in the Railways should go about and come in contact with merchants, with industrialists, with all these people, with a view to see that Railways become popular and in order to accommodate trade and commerce, that they should also consider whether their rates should be increased or lowered. These are ways by which they suggest the revenues could be improved.

The third is, at a reasonably early date, to place railway finances on a sound basis. In view of the prosperous condition of Railways, namely, that Rs. 4 crores 80 lakhs was the surplus for last year, it is really encouraging to see how usefully the Administration has been carrying on in spite of the defects pointed out by the Committee. Therefore, in this matter of finance, the Committee have been able to arrive at some understanding.

Sir, the disappointing feature in this matter is that certain sections of the press and certain publicists have condemned the Report before us and said that it is simply for the purpose of Europeanising the Service that the Report has been published. I am confronted with the remarks of Honourable Members in the other House and I have got a report here of a speech which shows that very intemperate language was used, the Report of the Committee was characterised as only worthy of being thrown into the waste paper basket, and torn and destroyed and eliminated, and so forth.

THE HONOURABLE THE PRESIDENT: Leave the Honourable Members of the other House alone.

THE HONOURABLE RAO BAHADUR SIR A. P. PATRO: Then, Sir, that has led to a great deal of misapprehension in the minds of the public, but this misapprehension or misunderstanding in regard to the merits of the Report

was cleared up by the statement made by the Honourable Member in charge of Railways in that House when he clearly stated what is the nature of the recommendations made by the Committee. The nature of the recommendations is not that no opportunity should be given to qualified Indians but that qualified Indians would be preferred, and it is only when qualified Indians are not available after advertisement that temporary appointments will be made so that Indians may be trained properly to take up their responsibilities. For they are serious responsibilities. It is not like the work of clerks or briefless vakils but it is technical knowledge which calls for technical training before a person can be taken in. That aspect is entirely forgotten by those who make out a case where there is none at all. This aspect is forgotten in the criticisms that are levelled against the Report. We must remember that both the statements made by the Honourable the Railway Member in the other House and the very lucid statement made by Sir Guthrie Russell here clearly show that there is no intention whatever to Europeanise the Service. On the other hand, every encouragement will be afforded for the purpose of training our own people. If that were not the case, certainly I would oppose the Report.

Then there are two or three other matters which the Committee suggest in regard to policy, with which I am not in agreement at all. For instance, in regard to the question that Railways should not be able to contribute to the general revenues. This is too wide a statement. The functions of the Committee were such that it was not necessary for them to make that statement. The Honourable Member has shown in the other House that they are not going to accept it at its face value but they are going to enter into the details with a view to seeing how far this statement can be accepted. And it is a matter of encouragement to see that there is a likelihood that railway earnings should contribute to the Central revenues so that the Government of India may be able to help the provinces in the matter of economic development. The Honourable Member has shown that whatever may be the conclusion that Government may arrive at with regard to the statement, Government are prepared to carry out the recommendations in the Report of Sir Otto Neimeyer. That is the assurance which the Honourable Member gave in the other House. After that assurance there should be no misapprehension in the minds of the public with regard to that.

Then, I have touched briefly on the importance of road development. I have no time to go into details. The various recommendations in the Report with regard to road and rail competition will also be considered by the Government. They have not accepted any of the recommendations, though there is, as my Honourable friend has said, a little railway bias in the recommendations. Amalgamation of the Railways is also an important matter of policy, and they wisely say that they are not going to lay down any rule for the Government of India, but that it is a matter of financial concern. We have to pay a large sum of money to the Company-managed Railways in order to acquire them. But from time to time, Government have stated what their policy is in regard to the amalgamation of Railways. The Honourable Member also assured the House that Government are not going back on the policy that had been stated before. On that ground also there should be no misapprehension. The

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Report is not at all conclusive on this matter. It only says that, if possible, the Government of India should hold it over till 1945 and that the Government of India should not have their hands full in regard to railway administration considering the financial responsibility involved therein. Such a wide area of management by the one authority may not lead to very efficient administration or a very remunerative concern. Therefore, they say only that Government may consider this matter. This does not form part of their recommendations at all.

THE HONOURABLE THE PRESIDENT: Please bring your remarks to a close.

THE HONOURABLE RAO BAHADUR SIR A. P. PATRO: Then, Sir, as regards the suggestion that the Reserve fund and the Depreciation fund should be strengthened and that Rs. 30 crores must be set apart so that in times of depreciation, when the Railways fail to earn sufficient sums, this fund should be available for the purpose of paying the interest on the capital of the Railways, this is based on a very sound financial principle. But there is another side to the question. Though the Depreciation fund and the Reserve fund are necessary, as there is already the Report of Sir P. R. Rau as to how this Depreciation fund could be worked out, and how by 1/60th contribution the whole difficulty could be solved. Government have not accepted that also and they have said it is a matter for consideration, so that where important questions of policy are involved, the Government of India have very rightly expressed no opinion at all. So far as the Report deals with improvements in technical and administrative matters we must accept it because it is the Report of an expert Committee. They have knowledge and experience of the working of Railways, of rolling stock, and other details, and I think it will be presumptuous on the part of this House to go into a criticism of the details of technical and administrative matters. Therefore, I submit that so far as the portions relating to technical details are concerned, we must accept the Report.

On the whole, Sir, I am of opinion that the Committee has done its work very well, and we must appreciate what they have done. The present position of the Railways has been conveyed to us in clear terms. They also suggest methods by which the finances of the Railways can be improved. These are the two really important items which they have discussed, and we must recognise them. We cannot put the Report into the waste paper basket. It is ridiculous to say that we should throw out important recommendations of such an expert Committee, whom you have appointed to suggest improvements.

THE HONOURABLE THE PRESIDENT: You have exhausted your time.

THE HONOURABLE RAO BAHADUR SIR A. P. PATRO: One minute more, Sir, and I have done. With regard to the amendment that Government should follow the line of recommendation of the Public Accounts Committee

on the accounts of 1935-36, on the Report of the Indian Railways Enquiry Committee—

THE HONOURABLE MR. B. N. BIYANI: I have not moved that amendment.

THE HONOURABLE RAO BAHADUR SIR A. P. PATRO—

“That this House recommends to the Governor General in Council that they should accept the recommendations of the Public Accounts Committee on the accounts of 1935-36 on the Report of the Indian Railways Enquiry Committee”.

That is Mr. Ramadas Pantulu's amendment. That means, in other words, that you do away with the Report and you take instead the Report of the Public Accounts Committee. What is the object with which the Public Accounts Committee are appointed under the rules? Under the rules, they are only to perform *post mortem* examination of the accounts of the previous year and the reports of the Audit in connection therewith. They should take the report and accounts as furnished by the Government and then consider what was already done in the past year, not what is done in the present or what is going to be done in the future. That is the duty of the Public Accounts Committee—

THE HONOURABLE THE PRESIDENT: You need not dilate on that. The Honourable the Railway Member is quite aware of it.

THE HONOURABLE RAO BAHADUR SIR A. P. PATRO: If this Committee's recommendation is to be accepted, there is no use of having this Report and all this discussion. The Report of the Public Accounts Committee stands there as it is, a matter of opinion. It has no connection with the Railway Committee's Report. The two are quite different and distinct.

THE HONOURABLE MR. R. H. PARKER (Bombay Chamber of Commerce): Sir, I would like, in the first instance, to express my appreciation of Sir Ralph Wedgwood's work. I was in Berlin at an International Conference on Transport matters in July and I gathered there that he was regarded as “the British Railway Brain”. That I believe to be true. One most peculiar thing about the Report is this: the reference is for a report on matters including the question of “effective co-ordination between road and rail transport”. Now, there is quite a lot of reference to co-ordination between motor and rail transport but no reference at all to the five million bullock carts! Why, I do not know. Everyone knows the enormous damage they do to roads: they probably carry more than anybody else. That, I think, is a most unfortunate and in a way rather serious omission, because it must mean that certain of the recommendations, not having taken into consideration the bullock cart question, cannot be regarded as sound as they might be. I think, for instance, section 143 inclines to excessive restriction resulting in a lack of healthy competition. It is certainly not a fact that all competition results in waste. That seems to be rather the point of view that they take. Then section 144 suggests that fares ought to be fixed absolutely. I must say that I think that it is a very difficult thing to do. If you fix them, I still do not know how you are going to enforce them. You would want a special C.I.D. as large as the Soviet O.G.P.U. or something of that kind.

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(An Honourable Member: "You might get a rebate.") Section 145 deals with the question of special regulation of public goods by road transport. Here there seems to be an inclination to regard feeder services to the Railways as being the only services likely to be of any advantage. I think myself that each case requires to be dealt with on its own particular merits. There are many cases where even a parallel service to the railway is necessary. The motor transport service or the bullock cart does give a very different type of service because it is a service more or less from door to door and from village to village while you could not afford to provide a railway station at those intervals.

Another recommendation is, I think, bad, and that is the restriction as to the class of goods which may be carried. If you are going to have any restriction of that kind, I would suggest that you ought to have a restriction of the class of goods that are not to be carried and not a restriction as to the exact type of article to be carried.

Section 146 deals with the regulation of private lorries. I quite agree that private lorries should be governed by the same regulations as the public service lorry as regards safety and such matters as are dealt with in section 142, but I would like to remind the House of what Sir Frank Noyce said in another place on the 4th September last year during the discussion there on the Motor Vehicles (Amendment) Bill where he said :

" My Honourable friend raised the question of the private lorry and I think it might make things easier, shall I say, if I said at once that I agree with the point he raised. I should like to make it perfectly clear that we have no intention of interfering with the private lorry carrying private goods, carrying goods belonging to its owner and no other goods ".

I hope the Government of India will remember their views when they are considering this point.

Section 161 deals with passenger road services and says that all Railway Administrations should immediately examine the possibility of engaging in passenger road services. I am not quite clear here why it is suggested that the proposals should be submitted to the Provincial Governments. Possibly the Honourable the Chief Commissioner for Railways can throw some light on this point. I certainly agree that Railways should be allowed to operate motor services on exactly the same conditions as others.

Section 162 deals with freight road services and expresses the view that there is little, if any, advantage to a railway in providing parallel freight services on the road. As I have already said, I do not agree with this view.

Then I would like to come to the part where they deal with the question of finance. With much of that I am in agreement. I have always said that nothing more than a reasonable rate of interest could be expected on the large sum which is invested in the Railways and I have more than once urged that a reserve fund ought to be created. In some respects the Committee do take a rosier view than I do. I do not feel at all satisfied that
 1 P.M. Rs. 30 crores is a proper sum to have in the Depreciation fund. I would put it probably at Rs. 200 crores, certainly not less. I cannot see how it is possible to accept a figure of less than 5 per

cent. of the capital at charge in an undertaking of this kind as a reasonable sum to have in your Depreciation fund. (*An Honourable Member* : "Five per cent. ?") They suggest a fund of Rs. 30 crores. As regards the Reserve fund, personally I think Rs. 50 crores would be appropriate. That is a good figure. Then there is a reference to amortisation. In dealing with this you have to bear in mind that if you are wanting more money for expanding undertakings, there is no particular point in amortisation of your existing debt. I think the Committee are on dangerous ground there.

THE HONOURABLE SIR SULTAN AHMED : Will the Honourable Member say how he arrives at that figure of Rs. 200 crores ?

THE HONOURABLE MR. R. H. PARKER : Well, briefly, your rough and ready method of getting at a proper Depreciation fund in an undertaking which has been going on for a long time and which is likely to go on for a long time is the sum (about half the cost of the assets) which would increase to the cost of the assets at the future date on which the average of those assets would die, the use of them would expire : that is it roughly.

I think the Committee are on dangerous ground in section 209 of Chapter XIV. They refer to the custom of Company-managed Railways charging the cost of replacement by a like asset to revenue and the balance, representing the additional cost of improvement, to capital. But in the next paragraph they confuse the issue by suggesting that an additional burden could properly be thrown upon the depreciation fund. You can only properly charge to the Depreciation fund something which has in fact been put into that fund. The amount which you normally have to provide in the Depreciation fund is the original cost of an asset less the residual value, and when an asset is taken out of use, that can be the only sum properly charged to the Depreciation fund. If you charge anything more to that fund you are taking out of it something which is not there and you are understating the cost of your new asset upon which your future depreciation must be calculated if the amount in the fund is to be found adequate to provide for the asset at the end of its life. In one way, as I have observed on previous occasions, I think you are putting in too much to the fund, because you are not contributing on the Sinking fund basis and you are ignoring the incidence of interest.

There are one or two other points I would just like to touch on very briefly. In paragraph 74 they say they consider that many administrations have been too lavish in their capital expenditure and they suggest an annual return of 10 per cent. on all proposed capital projects. Broadly speaking, I think that is extremely sound but I think you must take a rather broad view of the subject. You must not necessarily say, "I am going to make 10 per cent. more". Sometimes you have to protect revenue which you would otherwise lose.

Then, on the question of recruitment of staff, I think both the members of the Committee and the Honourable the Chief Commissioner for Railways are agreed with my point of view. In the public utility service which I manage we take a purely business point of view. If we can get an Indian who can do

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the work properly we naturally take him on, partly because it is cheaper, but also it is our policy and if we cannot we go somewhere else. And that is, I think, the only line to take.

I think there is danger in connection with purchasing through the Indian Stores Department. I do not mean that it should not be done always. I mean it cannot necessarily be done always. For instance, you may have to have double examination which is both waste of time and money, and I think you want to be a bit gentle on that point.

Then as regards advertising, I am entirely of opinion that advertising ought to be tried out. I myself tried it out rather against my own belief and I must say it was a great success.

As regards reductions in rates, my belief is that a railway will be giving itself the best chance of making a good profit if it improves its services rather than reduces its rates.

That, Sir, is all that I can say in the time at my disposal.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern: Non-Muhammadan): Mr. President, the Wedgwood Committee was appointed to make suggestions for improving the net earnings of the Railways and for placing the railway finances on a sound and remunerative basis. By reason of the obligation laid upon it by Government, it has considered various subjects and made recommendations with regard to many matters which though they may not be original deserve the serious consideration of all those interested in Indian Railways. Those suggestions may have been made over and over again by representatives of the Indian public and of Indian business men, but they gain in importance because of their reiteration by the Wedgwood Committee with all the authority that it could command. If I were to single out any one subject in order to illustrate my remarks I would refer to the recommendations made with regard to third class passenger traffic. If I may refer to another important matter. We have been exercised a great deal over the competition between rail and motor transport. I am glad to see that the Committee recommends that all omnibuses at present on the roads should be licensed. That I hope will enable the various suggestions that it has made for the consideration of rail and motor transport to be discussed in a calm atmosphere. The subject is one that is bound to rouse strong feelings and we should do all we can to try and impress on the public that it is our earnest wish to reconcile interests that are divergent but not ultimately conflicting. In my opinion some of the recommendations on this head go too far, but in view of the procedure that has been adopted by Government as announced by my Honourable friend the Railway Member in another place, let us hope that the conclusions that are finally arrived at will be such as to carry the assent both of the Provincial Governments and of the interests concerned. There are many other recommendations to which I should like to refer, the recommendations for reduction of expenditure, for increase of revenue, and for dealing with goods traffic, recommendations regarding rates and fares and recommendations regarding the accounts and the financial and general administration of the Railways. But unfortunately the Committee travelling outside its terms of

reference has expressed opinions on matters which overshadow in importance the recommendations made by it in regard to the subjects falling within its terms of reference. Those matters are of such fundamental importance that one is obliged to refer to them on an occasion like this. I greatly regret that I should have no time to refer to some of the constructive suggestions made by the Committee, but this is due to no fault of mine.

I know, Sir, that the points to which I refer have been dealt with—both in the other House and in this but my excuse for referring to them again is that I shall not go over ground that has been traversed already. I shall refer first to the question of importing foreign agency for certain purposes as recommended by the Committee. I shall not deal with it because my Honourable friend the Railway Member has given a thoroughly reassuring answer on behalf of Government on that point. If he will allow me to say so, his reply shows that even at the present time, even with the present constitution of the Government of India, an independent Indian Member can do something in order to get Indian opinion on cardinal matters accepted by the Government of India. (Applause.) For illustration, I would refer to the position taken up by the Railway Department with regard to the Press Liaison Officer. The other day my Honourable friend Mr. Maxwell said that Government found it impossible to get a competent Director of Publicity in India, and today my Honourable friend the Chief Commissioner said that the Railway Board were of opinion that men of proper journalistic experience and ability could easily be had in this country! Could there be a more glaring contrast between opinions expressed by two Departments of the Government of India—one presided over by an Indian and the other by an European?

THE HONOURABLE SIR GUTHRIE RUSSELL: Sir, I think in fairness to the Honourable the Home Member, I must say that the functions of the two officers are entirely different.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I will not quarrel with my Honourable the Chief Commissioner for standing up for Government. That after all is his job. But in view of the duties assigned to the Press Liaison Officer by the Committee and the duties expected of a Publicity Officer, any one can see whether there is any substantial difference between the two.

Now, Sir, I shall pass on to other questions which seem to be of cardinal importance. The first question that I shall deal with is the financial one. The Wedgwood Committee has expressed the opinion that Government should reconcile themselves to the present position and should surpluses accrue in future, allow them to remain with the Railway authorities for railway development. Now, the Committee was asked to make suggestions for improving the revenues "otherwise than at the expense of the General Budget", yet it has ventured to ask the Government seriously to consider its proposals for leaving all future surpluses with the Railway authorities. It should have known that its recommendation would deprive the General Budget of the substantial revenue that we expect to receive from the Railways when better

[Pandit Hirday Nath Kunzru.]

times come. Now, my Honourable friend the Railway Member made a reassuring statement on that subject also in the other House, but there is, I am sorry to say, a loophole in it.

THE HONOURABLE THE PRESIDENT : Please do not read the statement, you can use it as your own.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : I will not read it, Sir. He said, speaking on behalf of Government, that whatever their financial position might be, it would not be allowed to prejudice the giving of relief recommended by Sir Otto Neimeyer to the provinces. This is good so far as it goes, but we have to consider the General Budget of the Central Government themselves. Now, the revenues of the Government of India may increase. There is the Report of the Income-tax Enquiry Committee. Action taken by the Government in pursuance of the recommendations of that Committee may lead to an increase in income-tax. Other measures of a similar kind may be taken which will add to the Central revenues. But I trust that this will not be regarded as an adequate reason for agreeing with the views of the Wedgwood Committee and allowing the Railway Authority of the future to retain any surpluses which might accrue. I hope that my Honourable friend will be able to make a clear statement on the subject so that no doubt might be left in the public mind on that point.

The second question relates to the management or purchase of Railways not managed by or belonging to the State at the present time. Now, I thought that the policy of State-ownership and State-management had been once for all accepted by the Government of India (*An Honourable Member*: "I hope not.") when the Acworth Committee's Report was considered by the Assembly. But my Honourable friend the Railway Member's remarks on this subject in the debate in the Assembly tend to show that Government are weakening on this subject. He says that when this matter is considered the previous declarations of policy made by Government would be fully borne in mind and that before any change of policy is decided on by the Government of India the fullest opportunity will be given to the Legislature to consider the matter. I do not see how any need for the consideration of the matter arises.

The Government of India have, contrary to our views, already failed to take steps to acquire the M. and S. M. R., the R. and K. R. and the B. and N.-W. R. Is it intended, Sir, to allow Railways not in the hands of the Government to continue to be Company-managed indefinitely? The only ground given by the Wedgwood Committee for making a recommendation in favour of Company-management is that the basis on which the Acworth Committee recommended State-management had not been accepted by Government in practice. Now, Sir, is that so? I turned to the Report of the Acworth Committee yesterday to find out in what respect its recommendations had been departed from. The Wedgwood Committee states that the Acworth Committee recommended that railway revenues should be completely independent of general revenues and that Railways should not be asked to contribute to the general revenues. Now,

I draw the attention of my Honourable friend the Railway Member to paragraph 75 of the Acworth Committee's Report in which the Committee while expressing the opinion that it would be desirable to leave all surpluses with the Railway Board, goes on to say :

" But we desire to point out that this is not necessarily involved in the separation of the Railway Budget. It would be possible, however undesirable, for the Government to impose a surtax on railway traffic such as is now in force, or even to call upon the Railways for an emergency contribution to the necessities of the State. Neither method would involve interference by the Finance Department with the Railway Department's control of its finances "

This makes it clear that the Committee insisted only on freedom in financial administration being granted to the Railway Board and not on their exemption from contributing to the general revenues.

Now, there is one other expression of opinion or rather one other fact recorded by the Acworth Committee which also is deserving of being seriously considered by Government. When considering the question of the future management of Railways the Acworth Committee pointed out that the Government of India in their Despatch to the Secretary of State, dated the 17th August, 1917, had stated that it was their

" unanimous view that so far as efficiency is concerned, there is really nothing to choose between a Company-managed line in this country and one under State-management "

Now, it was a great thing that in those days the Government of India should have said to the Secretary of State that in their opinion State-management could be as good as Company-management. I think that was a definite triumph for those who were advocates of State-management. And this is not all, Sir. The considered opinion of the Railway Board in a written statement which they submitted to the Acworth Committee was that—

" Judging from the evidence of results and from our own experience in administration there is no ground for supposing that either system of management is intrinsically superior to the other "

Well, since then, Sir, our experience has gone to show that State-management is definitely preferable to Company-management. There is no time for me to go into details but any one who is conversant with the discussion of Railway matters in the Central Legislature will bear me out when I say that in the last resort the responsibility for disposing of all questions whether financial or administrative in all Railways, whether State-managed or Company-managed, has fallen on the shoulders of the Government. This was one of the strongest points which led the Acworth Committee to decide in favour of State-management. I hope, Sir, for these reasons that the Government of India will not think now of going back on the policy accepted by them after full consideration of all the issues involved in it. If they do, the Report of the Wedgwood Committee, instead of being seriously considered even on those points on which its recommendations appear to me to be of value, will raise such strong prejudice, will rouse such strong feelings against itself, will be met with such invincible hostility by the representatives of the public, that the best interests of the Railways would thereby be adversely affected.

Now, Sir, as my time is over, I will not refer to other points but perhaps you will allow me, Sir, just half a minute to refer to one more topic. The Wedgwood Committee Report has given

[Pandit Hirday Nath Kunzru.]

a certificate to Indian Railway authorities for the efficiency of their management. I do not grudge it. I am always glad to hear good things said about our Railways and I can say from my own experience that the Railway Department have exercised their brains very considerably in connection with the handling of third class passengers during the last 20 years. Indeed, in important *melas*, apart from mistakes here and there, I am free to confess that their management in the United Provinces is, on the whole, a credit to them. But, when it is said that the charges made by the Railways in India for services rendered by them are the lowest made in any country, I think I must demur to it. The Wedgwood Committee has given figures on that point. There is no doubt that the charges, if you take merely the absolute figure, the charges are lower here than in any country except Japan. But if you consider these figures in relation to the relative earnings *per capita*, I am sure nobody will say that either the railway charges here are the lowest in the world or even adequately low. Another important point which ought to be borne in mind in this connection is the amenities provided for third class passengers in this and other countries. I am not familiar with the U.S.A. and with many of the other countries mentioned in the list in this Report. But I have travelled in Great Britain and France. Well, I have nothing to say with regard to third class traffic in France because I think nothing of it but, so far as Great Britain is concerned, there is no comparison whatsoever between the amenities provided for third class passengers there and in this country. Who thinks in England of travelling in any class except the third? (*An Honourable Member*: "Quite a lot of people".) Well, those who have plenty of money and want to spend it in some way or other may not travel third class, but nobody merely for the sake of comfort need think in Great Britain of travelling in any class but the third. Well, if the Railway authorities here carry out the recommendations made by the Wedgwood Committee for the improvement of third class travel, then I think they will in a measure justifiably be able to come forward and say that for the charges that they are making they are providing a fair return in the shape of travelling facilities and comforts for passengers. The recommendations made on this subject by the Wedgwood Committee are among the most important of their recommendations and it is finally on the degree to which you carry them out that your ability to cope successfully with motor transport will rest.

Sir, I do not wish to take up the time of the House any more but I do hope that when my Honourable friend the Railway Member speaks he will be able to make a reassuring statement on the questions of policy which I have ventured to bring to his notice.

The Council then adjourned for Lunch till a Quarter to Three of the Clock.

The Council re-assembled after Lunch at a Quarter to Three of the Clock, the Honourable the President in the Chair.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadian) : Sir, may I, with your permission, first join in the welcome which has been extended to our respected Railway Member by my Deputy

Leader, the Honourable Mr. Hossain Imam. Sir, during the short time that he has been here, Sir Sultan Ahmed has distinguished himself very greatly and we of all provinces, not only of Bihar, are proud of him.

Sir, I am not unappreciative of the valuable work which the Wedgwood Committee has done, and if I strike a critical note, it is because there are wider issues which have to be considered by the Council and it is in regard to these wider issues that we find ourselves in disagreement with the recommendations of the Wedgwood Committee. Sir, when the Committee was appointed, the reason given for the exclusion of Indians from it was that the Government wanted it to be a technical committee of experts, who would be free from any political bias. It was thought that the association of Indians with a committee of this character would make the report of a tendentious and political character. Indian opinion, as the House will remember, was against the appointment of an exclusively British committee. Further, it was urged by Indians that foreigners were not acquainted with the actual conditions of this country and were not likely to produce a report of much value. It was thought that the problems would be new to them, that they were unacquainted with the peculiar conditions which obtained in this country and that they were not without the co-operation of those who have an interest in the country, likely to arrive at satisfactory conclusions. Sir, the Report of the Committee, if we examine it from a wider point of view and not merely from the technical point of view, justifies the apprehensions that were entertained in regard to it. I recognise that the Report is written in excellent style. I have enjoyed reading the Report myself. But I also find that the Committee have travelled considerably beyond the terms of their reference and have shown a distinct—I will not say racial bias, but a distinct political bias in the handling of some difficult and important problems. Sir, I do not suggest that all their recommendations are to be condemned. I am particularly impressed with their recommendations in regard to third class travel, and I should like the Government to give special attention to the recommendations made with regard to the provision of amenities for third class passengers. But on all big issues, the line that they have taken is one which is not likely to commend itself to Indian political opinion. Let me briefly refer to the circumstances under which this Committee was appointed. The Neimeyer Report took the view that the condition of our Railways was grave and disquieting and as the relief which they contemplated for the provinces depended upon the solvency of railway finances, they suggested a thorough examination of railway finances. An examination of the financial position of the Railways was made by the Public Accounts Committee of the Legislature and the Public Accounts Committee also suggested that the Government of India should obtain the services of an expert to conduct an examination into the whole question of railway finance so that we may be able to take steps and improve the unsatisfactory condition of railway finances. Both Sir Otto Neimeyer and the Public Accounts Committee wanted a committee which would make the Railways a commercial proposition from the point of view of the Indian taxpayer, which would make it possible for the Central railway revenues to be increased and provincial developments made possible. Sir, the Railways have cost us about Rs. 800 crores, and the scheme of Sir Otto Neimeyer is based on the assumption that Railways will begin to pay their quota under the separation convention to the Central

[Mr. P. N. Saprú.]

revenues. Now, the provinces will not be able to get a share of the Central revenues until the Railways begin to pay. In the last cold weather, Sir Guthrie Russell suggested that a sum of Rs. 63 crores due from the Railways on account of the Depreciation fund and the general contribution under the separation convention should be written off. It will be within the recollection of Sir Guthrie Russell that I was generally inclined to agree with that proposal, and though I was not unaware of its possible political results and implications, I was generally inclined to favour that proposal for the reason that I was anxious that the provinces, which are starting on a career of responsible government, should be able to do so under conditions which will ensure the success of provincial autonomy. The Committee, surprisingly enough, say that the Railways should no longer be looked up to as a possible source of revenue for the relief of general taxation. We are just going to be mere debenture holders and we are not going, according to them, to have any further interest in railway finances. Our provinces cannot look to any relief from an increase of railway revenues. That is a recommendation which we on this side of the House cannot accept and I hope that Government too will not accept that part of the recommendation of the Wedgwood Committee. Sir, the whole object of the inquiry was that our Railways should be made a solvent proposition, a paying proposition, from the taxpayers' point of view. And I would say that the Committee have not, in recommending this particular proposal, kept that point of view in mind. It is not enough from our point of view that the Railways should be able to pay the interest charges. The whole basis of the separation convention has been attacked by the Committee, and that is a very serious matter from the point of view of the general taxpayer who wants the Railways to pay, and who wants Central revenues to be released, for the development of the provincial services. The Committee had restricted terms of reference and they have gone much beyond the terms of reference. Now, the gentlemen who constituted the Committee were very eminent practical railway administrators but I do not think that they were statesmen and politicians. Questions, for example, like those of Company *versus* State-management raise wide political issues. They cannot be looked at from the mere commercial point of view. Political principles are involved in arriving at conclusions in regard to them. I have never heard the Labour Party in England which stands for the nationalisation of Railways asking for the opinion of railway experts on the question whether Railways should or should not be nationalised. I personally do not look upon Railways as a commercial concern. I look upon them as a public utility service, and therefore I have always been in favour of greater State control, intervention and regulation; and it is not from the point of view of Indian exploiting interests that I want Railways to be nationalised. I want this process of nationalisation of Railways to continue because I think it is only in that way that we can improve the condition of the Indian worker. I think the Indian worker under a State-owned railway is better off than under a Company-managed railway. Sir, we had some experience of how railway companies handle strikes in the case of the B.N.R. I would therefore say that that point of view was completely absent from the mind of the Committee when they recommended that the whole question of State *versus* Company railways should be re-examined.

Then there is another suggestion to which I should like to invite the attention of the House. They suggest that new scales of pay may prove insufficient to attract the right type of recruits in certain grades. They are, generally speaking, opposed to the new scales of pay introduced in 1933-34 for the reason that those new rates of pay will not prove adequate for the recruitment of Europeans in the gazetted ranks. Now, they proceed upon the assumption that European recruitment is necessary, an assumption which can only be attributed to their general bias considering that they were in this country for only a few weeks. They have also suggested the creation of new posts, such as the Railway Information Officer. They have also suggested that new Deputy Agents should be appointed. I was glad to find that on the question of the Central Press Bureau Sir Guthrie Russell does not take the view which was taken by the Enquiry Committee. Now, so far as this question of pay is concerned, there are one or two considerations which must be borne in mind. We have to bear in mind the income per capita of the average man in India. The national income in India is much lower than the national income in England and other western countries. There must also be some relation between the salary that you pay to your superior staff and that which you pay to your inferior staff. I believe there is no country where the difference between the salaries paid to the superior and inferior staffs is so great as in India. These were points which were absolutely ignored by the Committee in making the recommendation that they did.

Then, generally speaking, I am opposed to all the recommendations that they have made in regard to the Europeanisation of the services.

Then, there is another point on which I should like to say just a few words. I think that they have not a clear conception of what the Federal Railway Authority is intended to be under the new constitution and their recommendations are likely to free that Authority from the control of the responsible Government of the future at the Centre. They want the Authority to have the power of raising capital for railway expenditure. I think that that is financially absolutely unsound. If such a power were vested in the Federal Railway Authority then that Authority would be free from the control of the Federal Government so far as the raising of loans in the market was concerned. The Federal Railway Authority would also become a competitor with Provincial Governments so far as the raising of loans was concerned. I think that that is a recommendation which we on this side of the House cannot support.

THE HONOURABLE THE PRESIDENT : Your time is exhausted. Please bring your remarks to a close.

THE HONOURABLE MR. P. N. SAPRU : I have a very great deal to say and it is very difficult to say it within a very short time. But I would just add one word more and that is that they have not taken into consideration the fact that our total working expenses in this country are very high. I have certain figures about the wages bill of our Railways and also about the total working expenses on our Railways. I will not go into those figures but I should like to point out that our working ratio is very much higher now than it was in the pre-war period, and I should have thought that a Committee of experts would have examined the question of the working ratio of Railways also carefully.

[Mr. P. N. Saprú.]

Sir, as I have exhausted my time I would just content myself with saying that I cannot support the political part of the Report of the Wedgwood Committee. So far as the technical part of the Report is concerned, undoubtedly there is much that is of value in it. Therefore, Sir, while dissociating myself from the political part of the Wedgwood Committee's Report, I would support the amendment of my friend the Honourable Mr. Hossain Ímam.

*THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY (East Bengal: Non-Muhammadan): I rise to support the amendment moved by my Honourable friend Mr. Ramadas Pantulu. When the Wedgwood Committee was appointed I pointed out that it was not wise to import people from outside with their foreign bias, and submitted that we should rather send out some one in authority here to foreign countries to study how Railways are being administered there so as to profit by the experience thus gained, and I think my fears have been amply justified by the results obtained from the Wedgwood Committee. What are the main recommendations of that Report? They are: that the Railway Authority should be composed not of men who have any experience in railway affairs in this country but men of general business experience imported preferably from abroad who should act merely as directors

3-5 P.M.

of joint stock companies receiving fees for attendance, leaving wide powers in the hands of the Managing Director and the Railway Board; that Accounts Officers should be placed more exclusively under the control of the Railway authorities than now and made independent of Government control, that no contributions should be made to the Government of India or to the provinces for a long time to come; that the Railway Authority should have its office located at Calcutta, far off from executive control by the Government of India, who should be treated merely as debenture-holders and that they should be authorised not only to deal with the Railways which are the property of the Government as they like but raise further loans upon it independent of the Government and without the liability of making any contribution to the coffers of the Government who are the proprietors by way of profit. Then they propose that the Railways should be administered not on an economic basis but on a commercial basis as if it were not a national but a proprietary concern and funds should be raised for creating large reserves in various ways lying idle in a well as is being done in some of the Indian States in India at the expense of the people at large by not lowering the rates and fares for passengers and goods traffic and creating further posts and departments and filling them by men from abroad. Sir, Mr. Satyamurti when he opened discussion on this subject in the other House observed as follows:—

“ This Committee was appointed on a recommendation of the Public Accounts Committee into which I was led to acquiesce by the very plausible language of my esteemed friend—”

THE HONOURABLE THE PRESIDENT: Please drop the quotation from the other House.

* Not connected by the Honourable Member.

THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY : I am only referring to it on the ground that the object of the appointment of the Committee was stated by the Honourable the Finance Member as follows :

“ I was led to acquiesce by the very plausible language of my esteemed friend the Honourable Sir James Grigg, the Finance Member. You must have heard him swearing at the Railway Board, their methods of extravagant expenditure and the keen—”

THE HONOURABLE THE PRESIDENT : Order, order. It is not usual for any Honourable Member to quote a passage from a speech delivered in the other House during this session. That is a parliamentary practice which has been steadily enforced in this House. If you wish to say anything about it, you can speak in your own language about it, but you should not quote that speech.

THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY : This is what the Honourable Sir James Grigg said. I am quoting the effect of his speech. What he said purported to be this. He wanted a Committee to be appointed to check the extravagant expenses of the Railway Board. When this Committee came, I thanked them for pointing out how, while there are the military and civil administrations which I would rather prefer to call the police administration of the country, there is another administration, namely, of the Railways of India, which may be called uncivil and it is rotten from top to bottom. Like the other administrations it is not only overladen at the top but also at the bottom—by the large number of fictitious gangmen who are not to be found on the lines but whose names appear in the books of the Railways and who only appear at the time of drawing their pay, paying handsome contribution to those above them from out of it. Then there is the cost of extravagant repairs which are repeated again and again and charged for but never performed, to swell the cost of the Railway Administration and the excessive quantity of stocks purchased from abroad instead of being manufactured here as need arises, for which of course the Member in charge now apportioned the blame upon the broad and unsuspecting shoulders of the Members of the Legislature. Now, Sir, if the recommendations of the Wedgwood Committee Report are given effect to in full and the Railway authorities are made absolute masters of the situation without either the Government or the Legislature having any effective control over them, until the Railway authorities become insolvent, I am afraid that state of affairs would be reached in no time and the whole of the Railway Administration would come to a collapse.

Coming now to the speech of the Honourable Sir Sultan Ahmed in the other House, I find this is what he said about supervisory technical establishments at page 723. I will only give the substance. With regard to the subordinate supervisory establishment he said that his remarks about the commercial department applied to them and that provided suitable candidates were available here he would recruit them from Indians alone. Barely a month has passed and what does the Honourable Sir Guthrie Russell say on this point ? He says that there are no suitable Indian officers to fill those posts, that Europeans have to be imported and that they cannot be imported on a temporary basis and must be appointed on a permanent basis. Some friend over there said that there were two Members speaking in different tones, one European and the other an Indian. Here you have a difference in the same Department

[Mr. Kumarsankar Ray Chaudhury.]

between an Indian and an European. If such differences occur so soon I do not understand what is the value of any guarantee given by the Member in charge to this House or elsewhere?

THE HONOURABLE MR. V. V. KALIKAR (Central Provinces: General): Sir, this Railway Committee owes its origin to the remarks made by Sir Otto Neimeyer and the demand made by the Public Accounts Committee for examining the railway accounts and placing the finances of the Railways on a sound basis. When the personnel of the Committee was announced, we on this side of the House at the time of the Railway Budget protested against the personnel, because we knew that the gentlemen who were being imported from abroad to inquire into the finances of the Railways and make suggestions were not acquainted with the actual facts and the condition of agriculture and commerce of India. We, therefore, apprehended that a Report which would be appreciated by the public in India would not be produced by this Committee. And our apprehensions have proved correct. Sir, the Public Accounts Committee made a demand for examining the finances and suggesting ways and means by one expert and in spite of that the Government of India appointed a committee of three who practically were unacquainted with the circumstances of India. It is quite natural that the Report which has been submitted is not appreciated by everybody. I do not say, Sir, that there are not good points in the Report of the Railways Enquiry Committee. There are certain good points in the Report as regards the technical department. The other points and suggestions made by the Committee are quite opposed to the views held by politically-minded people and even by laymen in India. Therefore, the charge is made against the Report of that Committee that the aims of the Committee are to Europeanise the services of the Railway Administration in India, to take control of the Legislature which is being exercised up till now by the Central Legislature over Railway affairs and to make the administration more costly. Sir, it is said that they have not made any recommendations which go to substantiate the charge that has been levelled against the Report that the Committee has brought forward a Report to Europeanise the services. Sir, I would refer to their suggestions about certain appointments. They say that the Principal of the Jamalpur School should continue to be a European of experience. Then they say that 25 per cent. of the appointments in the mechanical department should continue to be filled by young men of European domicile, that the supervisory posts in the workshops should be filled by persons of European extraction, that the recruitment for some of the higher posts in the advertisement and publicity department and the commercial department should be made in Great Britain. They suggest this on the ground that it does not appear to them that Indians of requisite qualifications are available. Indeed, for the proper development of the Department it is in some respects at a disadvantage.

Then, Sir, they say that, with regard to the creation of a new appointment of a Press Liaison Officer, that a young and enterprising journalist from Great Britain be invited to take over the task of organising the office of the Railway Board. Now, in view of these suggestions, Sir, I put it to the House whether they would come to the conclusion that they have recommended for Indianisation of the services or the Europeanisation of the services. Sir, in regard to

this last appointment to which I referred just now of a Press Liaison Officer, the words used by them are such that anybody can draw the inference that the aim of the Committee is to appoint a European officer and not to give a chance to any qualified Indian. Thank God, Sir, that the Government of India and our Honourable friend the Railway Member has given an assurance in the other House and I hope he will do so here today that he will appoint Indian officers to the posts if he finds Indians of the requisite qualification in India. But, Sir, the suggestions of the Railway Committee lead one to the conclusion that it is their aim to anti-Indianise the services of the Railways in India and not to give a fillip to the Indianisation of the services in that Department.

Sir, another charge against the Committee is that they have gone beyond their terms of reference. Sir, they have discussed the question of State-management *versus* Company-management of Railways. Now, on this question, public opinion in India has been fully crystallised and the lower House has passed a Resolution in, I believe, 1936, to the effect that Government should take over charge of those Railways whose contracts were to expire. It was no business of the Committee, Sir, to make any suggestions on this matter when they were not invited to do so.

Then, Sir, my other charge against the Report is that they want to take away whatever control the Central Legislature has over the affairs of the Railways by suggesting that the accounts department should be under the Agent and not under the Financial Commissioner. Sir, the Public Accounts Committee have given facts which conclusively prove their point and even the Finance Member has admitted that the Railways in India are responsible to some extent for spending money over the budgetary estimate. But, Sir, here the Wedgwood Committee not only wants to take away the power of the Legislature but they want to give the go-by to the statutory provisions about the Auditor General also. They say that the whole of the Railway Department should be under the control of the Agent. Well, under the provisions of the Government of India Act the Auditor General is the only man who is entitled to examine the accounts and bring pressure on the administrations of the Railways so far as the expenditures of the Railways are concerned. So, Sir, I think I am correct in saying that they have gone beyond the terms of reference when they were not invited to make any suggestions on these points. Not only that, Sir. They want to create further trouble in the provinces on account of the suggestions about rail and road co-ordination. The road transport business is completely in the jurisdiction of the provinces. I do not at all say that there ought to be no suggestions for co-ordination between rail transport and road transport. But my view is that suggestions should not be made in such a way that the monopolistic position of the Railways should be strengthened and motor transport should be crippled. This branch of transport is of very great interest and is much appreciated by poor peasants where there are no railways. They are of very great interest to the small industries which can take their goods at a very small cost to the markets, and at the same time they provide some pressure on the Railway Administration who have now begun to realise their difficulties and have begun to treat third class passengers more civilly than they used to do in the past. This useful and most important branch of transport should not be stopped by suggestions like this. Th

[Mr. V. V. Kalikar.]

Committee have assumed that the Federal Railway Authority will be independent of the Federal Government. They have made this assumption indirectly by making a suggestion that the Federal Railway Authority will be entitled to float a loan in the open market as if the Federal Railway Authority would be a separate authority and not a department or branch of the Federal Government of India. The Federal Railway Authority, according to me, will be a department of the Federal Government and as such, one department of the Government should not be allowed to float a loan in the open market without the consent of the Federal Government. That will also recoil on the provinces. The position of the provinces is quite different from that of the Federal Railway Authority. Therefore, I submit that these suggestions of the Wedgwood Committee seem to be too reactionary and therefore Government should not take action on these suggestions.

THE HONOURABLE THE PRESIDENT : Please bring your remarks to a close.

THE HONOURABLE MR. V. V. KALIKAR : I will in a minute, Sir. I therefore submit that though I do not wholly appreciate the view that the Report should be burnt or destroyed, still, there are so many suggestions in the Report which seem to me to be so reactionary that I would request the Government not to take action on many of the suggestions made by the Committee.

THE HONOURABLE SARDAR BUTA SINGH (Punjab : Sikh) : Sir, I must congratulate the Wedgwood Committee on their most business-like Report. The Report has definitely pronounced against the policy of restricting road communication to feed the Railways. The Government of India who pursued this policy for the last five years, I trust will now help the opening out of communications and will no more insist on Provincial Governments restricting their road programme. The one thing that emerges clear from this Report is that in days of prosperity capital was lavishly spent ; and now our Railways are over capitalised. The only radical remedy is to pay off some of the borrowed capital, and to reduce interest as far as possible.

The economies and improvements recommended by the Committee should be adopted and are likely to effect substantial savings. The recommendation to abolish first class accommodation on all branch lines is sound. There should be only two classes even on main lines, the first and the third. The reduction in fare for the first class will attract larger traffic.

The recommendations to earn additional revenue is sound. There is only one source from which revenue can be drawn, that is prosperity of the people. A slight rise in prices is reflected in the increased income of the Railways in the current year. It has falsified the prediction of our financial advisers as well as that of the Wedgwood Committee. Just imagine if this vast population could enjoy holiday trips as they do in Europe, the income of the Railways may expand beyond our wildest computations.

I am sure it would pay the Railways if they have an Indian business man at the head of the commercial side of all our main railway systems. Railway Administration should be decentralized. The Railway Board and the Federal

Authority should only deal with larger questions of co-ordination, etc. ; and set the local Administration free to work their system to the best advantage of the provinces they serve. There should be closer touch between Railway authorities, commercial classes and Provincial Governments.

Finally, the Committee proposes the setting aside of Rs. 30 crores a year and placing it in a Depreciation fund. The Depreciation fund, I presume is to be used for repairs and small renewals. I would strongly recommend, that instead of sterilizing Rs. 30 crores a year, Rs. 20 crores a year should be spent in carrying out renewals and in using our workshops to the full. The Railways should be directed within five years to manufacture all their requirements in India itself. If the demand of the Railways for locomotives, etc., is too small, there is no reason why railway workshops should not cater for the army and private demand for motors and the like and thus provide employment for the unemployed. The remaining Rs. 10 crores should be used for redemption of debt as the revenue of the Railways increase, larger sums should be used for the payment of Railway debt. Government should take steps for funding of this debt on a reasonable basis. Money both in England and India is cheap and special measures are necessary to take advantage of the money market. Government is in a position to take such measures.

THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN (United Province^s West : Muhammadan) : Sir, the Report and its contents have been thrashed out so much that really it is not necessary for me to speak at length on the subject. In the press as well as on the platform of the Assembly and here it has been so much discussed that all the pros and cons have been brought to the notice of the public and the Government. No doubt the formation of this Committee was unfortunate. But it is now only crying over spilt milk. The members of the Committee worked hard and no doubt they spent much time on their Report and many of their recommendations are good and sound. As regards their technical recommendations it is not possible for me to criticise them because I know nothing about them. Of the recommendations which a layman can understand some are good, but I will only deal with those in which they have gone wrong. I am not going to deal at length with all the points which, in my opinion, are not quite right but will take up a few of them. One of those is the power proposed to be given to the Railway Authority to raise loans without consulting the Government of India. In my view this is too big a power and that is one of the recommendations which certainly ought not to be accepted.

Another point is about filling higher posts by men recruited direct from England. There is almost general agreement with what has been said by the Opposition on that point and it would certainly be a great mistake to accept that recommendation.

The third point is in regard to the payment of the railway contribution to the general revenues. I think the Opposition need not labour on that point as I am quite sure the Government of India will see to it that the contribution which the Railways should make to them is not curtailed, and I think that is only right.

[Haji Syed Muhammad Husain.]

The fourth point is the recommendation that the Company-managed Railways should not be purchased on the due date. I must strongly urge that that is a very wrong proposal. Many of the Company-managed Railways are a great nuisance and there is a general all-round complaint as to the management of those Railways. They are naturally concerned merely with making money and as much money as they can, regardless of the comforts of the passengers and of every other consideration. I have myself seen on one of those Company-managed lines that they have not even got a wire fencing along their line, and once I saw an old woman killed simply because there was no restriction anywhere to prevent people and cattle from getting on to the line at any point they had a mind to. There is no doubt that there are a thousand things which one could bring up against the Company-managed Railways which will do no credit to them. I therefore very strongly say that the recommendation in this regard should not be accepted.

There is another thing which the Report does not touch upon but which is one of the most important matters and that is railway catering. I know that an Honourable Member of this House suffered from ptomaine poisoning after visiting one of the famous restaurants on the N.W.R. This is a matter which has to be looked into. Great attention has to be paid to catering and particularly to the matter of the Indian refreshment rooms. They require to be dealt with very sympathetically, because the prices they are paid are not nearly as high as the European refreshment rooms receive for their food. I understand that in the Central Advisory Council meeting held in 1936 it was decided that only a nominal rent should be charged from those who take up the catering in the Indian refreshment rooms for the use of the rooms, so that they may be able to run them properly and charge reasonable prices. But in spite of this recommendation that only a nominal rent should be charged, I see that in the Delhi Division particularly an exorbitant rent is proposed. I have been told of a case where the profit of a refreshment room was only Rs. 800 in the year and where a tax of Rs. 1,200 is proposed to be charged. I think that is very unfair. The accounts which have been examined and passed by the Income-tax Officer ought to be sufficient for the Railway Administration and rent should be levied accordingly so that the food and management of such refreshment rooms may be kept up to the mark.

The next point to which I wish to refer is the incivility and dishonesty of railway servants and to the recommendations made in that behalf. There is no doubt that those recommendations are most valuable. I wish that the railway staff, would only act upon half of the recommendations made by the Committee so far as incivility and treatment of passengers are concerned. I would point out that the railway organisation in this country comes into contact with the public very much more than even the Police Department, and I am quite prepared to say that one of the causes which has greatly contributed to the discontent with the British administration, is the treatment which railway servants meted out to first, second and third class Indian passengers 25 years ago. In those days, particularly, the uneducated people could not differentiate between an European and Anglo-Indian or even an Indian who wore a hat. They were all *Sahiblogs* and the treatment which the poor third class passenger

received on the railway, and were kicked and cuffed about, naturally made these people think that it was the *Sahiblog* who were treating them like that, and I am quite certain that that has played a very important part so far as the general discontent among the masses is concerned. That was 25 years ago, but I will mention a case of a couple of months ago, a case of my own, which happened at Delhi. In fact I nearly lost my life, but my time had not come ! I was suffering from high blood pressure and very acute heart trouble. I had gone to Delhi to consult a doctor and was staying in the rest room where, curiously enough, lifts did not work between 11 A.M. and 7 P.M. The Station Superintendent, an European, treated me well; he came up to me and said that he would make arrangements for me to use the lift during those hours, and that he would particularly instruct the luggage lift man to do so. The next day when I was going to catch the train I had to cross the overbridge and for that purpose I asked permission of the Assistant Station Master to use the luggage lift. In fact I was told by the Ticket Collector to do so. He said, " Yes, Sir, you can go ". I thought I had better ask the Assistant Station Master and the man said, " No ". I said, " I am in a bad condition of health and suffering from heart trouble ". He said, " You can use the invalid chair ". I said, " A man who is six feet high and almost four feet round being carried by coolies on an invalid chair on top of the stairs with his legs bumping against the steps is very risky " ! He said, " I cannot help you ". Then I took his refusal in writing. And when I wrote to the Divisional Superintendent, his reply was that the lift was not tested for passengers ! It is too absurd. It was tested for tons of luggage, but for me it was not safe ! However, that type of railway official must go. I had to walk up the stairs and I had to sit down on the floor of the bridge almost exhausted and had to wait for five minutes. Then I went on and lay in my compartment for three hours before I recovered. I got myself examined by the doctor and he said he would not have been surprised if my heart had failed and he advised me to remain in bed for three weeks. That is the treatment which is accorded not to a third class passenger but a first class passenger. I do honestly hope that the recommendation contained in the Wedgwood Committee Report would at once be acted upon. I was not present at the time when some of my friends put a question about my incident and I did not like to be present at that time. My Party wanted to move an Adjournment Motion, but I had a talk with some high official, and I persuaded my Party not to move the Adjournment Motion. I hope the matter will be looked into.

So far as catering is concerned, just one word. My opinion is that, as far as Indian refreshment rooms are concerned, except a nominal rent for the rooms as recommended by the Central Advisory Committee, no tax should be levied on them.

THE HONOURABLE MR. SITAKANTA MAHAPATRA (Orissa : Non-Muhammadian) : Sir, let me, at the very outset, congratulate the Honourable the Railway Member for his very definite statements in another place regarding some of the most mischievous recommendations of the Wedgwood Committee which were greatly agitating public mind, thus trying to remove our apprehensions to a large extent. Coming as I do from Orissa, which till recently formed a part of Bihar and Orissa, I am really proud of the Railway Member for his

[Mr. Sitakanta Mahapatra.]

bold declarations. But I may tell him at the same time that my cup of joy would have been full had there been no qualifying provisos to his statements. I can feel that he made those declarations under most difficult and delicate circumstances perhaps. But my apprehensions are that when he or one of his strength will not be there to control the affairs of the Railways, the fully Europeanised Railway Board will discover ample excuses for not giving effect to his declarations through those provisos.

Sir, the Railways Enquiry Committee was appointed with the hope that they would make thorough suggestions for placing the railway finances in India on a sound and remunerative basis. Their Report has blasted all those hopes. While making recommendations for creating innumerable new and high salaried posts, for creating whole new departments, for importing Europeans for at least a long time to come in all railway departments from a press officer to mechanical supervisors by offering tempting salary which, if adopted, may involve the Railways in an increase of their annual expenditure to an extent of a crore, the Committee frankly admit: "We are unable to point to any economies of any first class magnitude at present realisable". A sad irony of fate! The Committee entirely failed us!

Sir, the B.N.R. loses over two crores of rupees each year. During the last Delhi session I moved a Resolution for appointing a committee to go into the causes of this deficit. The Honourable the Chief Commissioner found a good plea in the Wedgwood Committee. He said:

"The trouble with the B.N.R. is that they cannot reduce their working expenses because they are carrying low-rated commodities. I think the Honourable Member suggested that I would hide myself behind the Wedgwood Committee. Didn't he try to do the same thing as a justification for the committee he proposes: he quoted the Otto Neimeyer Report? The justification for the Wedgwood Committee was the paragraph in the Otto Neimeyer Report which he quoted. The Wedgwood Committee, as the Council knows, has spent three months in India this cold weather and they went into the finances of the B.N.R. in exactly the same way as they went into the finances of other Railways. When they were in India they had the opportunity of meeting practically every Provincial Government. They had the opportunity of visiting all the principal towns; the principal Chambers of Commerce submitted memoranda stating what they thought Railways could do to improve themselves and these have all been considered and we expect to get that Committee's Report about the end of next month".

He has gone thoroughly through the Report by this time. Have his expectations been realised? It is no good mincing matters. The Wedgwood Committee mountain produced a mouse only! I would still insist on the Government to look to the deficits in the B.N.R. with the seriousness they deserve or I may safely predict that these deficits in the B.N.R. which are heavier than deficits in the strategic Railways and which are up this year, will eat up all profits in other railways and Government will never be able to make any contributions to provinces in spite of their pious wish to do so according to the Neimeyer award. The result will be that the much-vaunted provincial autonomy will ignominiously fail and with it the much-spoken of Government of India Act of 1935 will go to wall.

Sir, from a very reliable source, I heard that when the Honourable the Chief Commissioner went through the Report he found to his disgust that the Report from beginning to end contained severe reflections against his own capacity to manage State-managed Railways. Let me quote one or two passages from innumerable such passages :

"The history of State-management in India is not encouraging and it seems clear that present methods are unsatisfactory".

Then in another place :

"Indeed we feel bound to urge a radical reconsideration of the whole question of State-management and a fresh examination of the possibility of creating privately-managed companies with Boards of Management domiciled in India".

He was so vexed that he threw the Report into the waste paper basket and asked his orderly to burn it!

THE HONOURABLE THE PRESIDENT: Did you see that with your own eyes ?

THE HONOURABLE MR. SITAKANTA MAHAPATRA: I was surprised and began to go through my copy. I found that it was really so and then realised why the Committee did not write their Report in India but went to the cool atmosphere of London. We are all for State-management of Railways in preference to Company-management, how so ever defective the State-management may be. The Government of India are in full agreement with us in this respect. So, let us all imitate the Chief Commissioner in throwing the Report into waste paper basket and then burn the basket itself!

Sir, may I be permitted to put one very pertinent question to the Chief Commissioner? Is there any suggestion in the Report which is new to him, which he did not know before and for which the Railway Board did not move before? I pause for a reply.

THE HONOURABLE THE PRESIDENT: Order, order. He need not reply at all. Proceed further.

THE HONOURABLE MR. SITAKANTA MAHAPATRA: If there be any such new thing, I would say that the Government of India acted very unwisely in appointing him to his office!

THE HONOURABLE THE PRESIDENT: I would remind the Honourable Member that in debates, no personalities should be gone into.

THE HONOURABLE MR. SITAKANTA MAHAPATRA: I will be careful, Sir. But my own impression is that any subordinate but experienced railway official could write a better report if supplied with adequate facts and figures!

Sir, while relinquishing the need of providing further amenities for third class passengers it is very mischievous on the part of the Committee to recommend taxing of lower class food supply in the Railways. There is no denying the fact that third class passengers supply 90 per cent. of passenger earning. Short-distance third class passengers prefer bus travel to railway travel on account of dishonesty and incivility of railway Staff and the attendant inconveniences.

[Mr. Sitakanta Mahapatra.]

Long-distance third class passengers such as *mela* and pilgrimage passengers have a horror for railway travel because on account of very bad and defective food supply in Railways it is almost impossible to travel long distances with females and children. People do not like to fall ill for eating bad food or to starve because they must go on pilgrimage. Hence, they do not go out at all. I come from rural areas myself and I know their mind. If Government see to it that better and cheaper food is supplied to third class passengers, their passenger earnings will go up at once. But the Committee which consisted of men who did not know rural India, recommended otherwise, catering arrangements in Indian Railways are deplorable. Much attention is paid everywhere to improve upper class catering but no attention is paid to improve lower class catering. Spencers and Kellners are not only not charged anything but are given ample help and subsidy. Yet they charge a lot for a meal. The same kind of meal can be had in Indian refreshment rooms for one-quarter the price.

In the B.N.R. lower class food supply is heavily taxed and all this is devoted to improve upper class food supply departmentally. Yet the precious Committee recommend that platform food supply should be further taxed by a fair and reasonable rent. They do not say a word about upper class refreshment rooms and the European companies that manage them. All ridiculous!

Sir, the Indian Railways lose much more due to dishonesty and incivility of railway staff from top to bottom than for any thing else—road competition or ticketless travel. The buses, more often than not, bring long-distance passengers from interior to railway stations. Ticketless travel is encouraged by railway staff. The Railways must set their own houses in order first and then ask the roads to help them in their distress.

One word more. It is deplorable that the Government did not consider it desirable to place the Report before Central Advisory Council for Railways. If such an epoch-making document is not placed before the Central Advisory Council, it is better that it is abolished. It has not met during this year and the Wedgwood Committee Report was considered too big for this Committee to consider. I would urge the Honourable the Railway Member to take this matter into serious consideration and place the Report before the Council for exhaustive revision by both officials and non-officials sitting together.

THE HONOURABLE SIR SULTAN AHMED (Member for Commerce and Railways): Sir, I feel deeply grateful to the House for having given me a most cordial welcome. I feel that the tradition of the House has been maintained in welcoming a new Member who comes to make his maiden speech. And if the House will not take it as a mere conventional compliment, may I respectfully congratulate the Honourable Members on the high standard of debate in this House? Not only that, but at least the last speech showed to me that the House does not lack in humour either!

Sir, as the Resolution stands, it is very comprehensive in character and covers a very wide area, and I am sure that the House will appreciate that the

object of the Resolution has been certainly well achieved in as much as we have had a full discussion on practically every part of the Wedgwood Committee's Report. Sir, having discussed this Report in the lower House only a few weeks back, I feel a certain amount of hesitation in covering the same ground which I covered in the Assembly. At the same time, the House certainly must demand of me, if to do no more, to repeat the assurances that I gave in the lower House on various important points which are agitating the minds of the public in India.

There are two or three aspects which are very important in the Report and which must be very carefully considered. But before I do so, I must pay my humble tribute of compliment to those who were responsible for that Report. I have paid that compliment in the lower House. I think this House, constituted as it is of elder statesmen, will join with me in paying that compliment to those who came out to this country under severe stress. (Applause.) We may differ with them, if we like, on all the conclusions arrived at by them. There may be difference in the angle of vision; there may be various improvements which we may suggest on the recommendations made by them. At the same time we must not withhold our courteous compliment from those who really deserve our compliment.

One thing more, Sir. It is said that Railways in India are the worst railways in the world. That is what is said by irresponsible people in different spheres of life. I have heard this being said by those who ought to have known better. Some of them may be excused because they are ill-informed. Others deliberately withhold the compliment from those who are in charge of the administration of Railways in India. The Wedgwood Committee Report, I am glad to say, Sir, has paid a most generous compliment both to the working of the Railways and also so far as the curtailing of the expenditure is concerned. At any rate, I, as the head of the Administration at present, even though for a short time, feel happy to join my own tribute with the tribute already paid by the Wedgwood Committee so far as the administration of Railways by the different Administrations and the Railway Board is concerned.

I come now to the recommendations of the Committee. This Council will not expect me, I am sure, nor is it possible for me, to give detailed views of the Government of India on the various points involved. Some points are such that a final decision thereon cannot be reached even after three or four years. Some recommendations of the Committee cannot be given effect to at least for another 20 years to come, just as for instance, the recommendation that all railway compartments of first class—they want to have the first and second combined into one—should be converted into coupes. If the Government of India decide to convert all these compartments into coupes, the result will be that first of all you will have to sanction about Rs. 4 crores, and even then you will have to wait for the construction of these carriages for a few years more. Therefore, it is idle to expect that we must either give effect to all the recommendations at once, or to read the Report and throw it into the waste paper basket. If we were to follow the course suggested by two Honourable Members of this House, namely, that the Report should be thrown into the waste paper basket, what would happen to those recommendations with respect

[Sir Sultan Ahmed.]

to third class passengers which have been made by the Committee? Are we to ignore those recommendations also? Therefore, there is no good saying light-heartedly, "Throw the Wedgwood Committee Report into the waste paper basket". I do not propose to do anything of the kind. We propose to examine the Report on its merits, and in order to do that, we have come to you, elder statesmen of the Central Legislature in India, for advice, and in the light of the discussions in this House and in the light of the observations made by responsible legislators, as you are, we shall try and formulate our conclusions.

The first point which agitated the minds of the public soon after the Report came out was the question of recruitment of officers from abroad. I have made a very clear pronouncement on this subject in the lower House and I want to repeat it with all the emphasis that I can command, and I stick to every word that I said there. (Hear, hear.) Let there be no misapprehension about it. There is no difference between the Railway Board and myself on that question, and nothing has been said by the Honourable Sir Guthrie Russell on the floor of this House which is inconsistent with the statements and pronouncements I made. Please bear in mind the two fundamental principles which were laid down by Sir Guthrie Russell earlier in the morning. One is that the Government of India are determined not to depart from the policy of Indianisation of the Services which was laid down years ago. He coupled with that the principle that Railways in India, as elsewhere, have to be run on certain well-known and well-defined financial principles. At the same time, it involves technical handling. Therefore, Indianisation must be pursued but subject to efficiency. I have clearly explained the position of the Government in the lower House. It is simply impossible for the Government of India even when a suitable Indian is available for any post, to say, "I am going to import somebody from outside". That will never be allowed. But there are many things which we would like to do tomorrow but for which, unfortunately, we must wait for a few days more. We are not in a position to man the Railways in all its branches with Indians at once.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: There is not a single Indian Agent on any of the State Railways at present. Why?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: And, Sir Muhammad Zafrulla promised last year that when a vacancy occurred, a suitable Indian would be thought of. The vacancy occurred on the E.B.R. but an European was appointed.

THE HONOURABLE SIR SULTAN AHMED: This is, Sir, what happened in the past. I do not know and I am not in a position to say. But I feel confident that Sir Muhammad Zafrulla must have considered the claims of Indians and I cannot persuade myself to believe that if a suitable Indian was available, he was not given the post if he deserved it. Anyhow, I am talking about the recommendations of the Wedgwood Committee. They have not recommended that an Agent of a Railway should be brought from England. I am talking about the recommendations which are contained in the Report. I am thinking of those recommendations which they have made, for instance,

in the commercial department, the technical and supervisory department, liaison officer, and so on. I am thinking of those recommendations and I submit that the views of the Government of India are perfectly clear. Indians must be found and if Indians are available, there is no good thinking of anybody from outside. Personally speaking, I feel confident that it will be possible for the Chief Commissioner and for the Agents of the different Railway Administrations to find suitable men in India for all these posts. But if such men could not be found here for these posts, I have no doubt that this House at any rate will agree with me that these men should be imported. But this process of importation cannot be allowed to go on for ever. These new officers who may be imported of necessity must give training to new men here, so that they may replace these officers as quickly as possible.

Sir, I will not trouble the House further with respect to Indianisation.

Now, possibly the recommendation which came in for most severe criticism by the general public and which has been repeated in this House was the question of the disposal of the railway surplus. I should like to read two or three quotations from two or three reports on this question simply for the purpose of showing the differences of opinion as regards the method in which this surplus should be disposed of. The Public Accounts Committee in their Report on the Accounts for 1934-35 say as follows :—

“ This is an alarming prospect and in our view things cannot be left where they now are. We would urge therefore that the Government of India should immediately obtain the services of an acknowledged expert in railway management to conduct an examination of the whole field and recommend steps which will secure definite (i. e., other than mere hopes of increased revenue due to improving trade) improvements in railway finances to the extent of something like Rs. 3 crores a year immediately and ultimately of such magnitude as is required to maintain full solvency on a strict accounting basis. And to avoid misconception we add that the terms of reference should exclude the possibility of securing this end by a mere transfer of liabilities to general revenues.

“ In making this recommendation that there should be such an enquiry, we do not wish to imply for a moment that Railway Administrations have made no attempt to restore Railways to a position of financial stability ”.

These are the remarks of the Public Accounts Committee on the Accounts of 1934-35.

“ We are satisfied from the evidence which has been placed before us that strenuous efforts have been made during the past few years to effect economies and to stimulate railway revenues, but we feel that nothing should be left undone to secure a re-establishment of the commercial solvency of Railways, and we consider that an independent enquiry conducted by a railway expert which we have suggested will be of great value in attaining the object we have in view ”.

Please bear in mind that this was how the reference was made to the Wedgwood Committee. This suggestion was made when the financial results of the year 1935-36 were already known, in which the loss of the Railways was approximately Rs. 4 crores. Now, the House will remember that Sir Otto Neimeyer submitted this Report some time in April, 1936, and I will just take a quotation from that Report :

“ The position of the Railways is frankly disquieting. It is not enough to contemplate that in five years' time the Railways may merely cease to be in deficit. Such a result would also tend to prejudice or delay the relief which the provinces are entitled to expect.

[Sir Sultan Ahmed.]

I believe that both the early establishment of effective co-ordination between the various modes of transport and the thorough-going overhaul of railway expenditure in itself are vital elements in the whole provincial problem ”.

In paragraph 20 of the Wedgwood Committee Report, which is the latest pronouncement, the Committee say :—

“ Our general survey of the Indian State-owned Railways from 1924 to 1936 shows their financial results are better than those of other comparable railway systems, whilst their operating statistics indicate that there has been a substantial advance in efficiency and economy of management since the depression began in 1930. At the same time, the figures suggest certain directions in which improvement might be effected and we deal with these in later paragraphs of this Report ”.

They further say in paragraph 213 :

“ In view of the necessity of building up funds of the character we have discussed, and of the heavy demand which this would make upon any surplus railway revenue, we do not consider that there is any prospect, consistent with sound management, of balances accruing which could be used in relief of general taxation ”.

This is what has been so severely criticised.

“ It would in our opinion be unsound to estimate for such relief at the expense of the depreciation fund or of the general reserve fund, having regard to the purposes for which these are urgently required. On the other hand, the existence of these funds will afford the best insurance that is possible against default by the Railways in the payment of their interest charges ”.

I apologise for these long quotations, but they go to show that there was a conflict among financial experts on the correct policy to be followed. The Public Accounts Committee of last year, on the results of 1935-36, considered that an immediate minimum increase of Rs. 3 crores on net earnings should be aimed at. I would like to give a few figures which I gave in the lower House. During the year 1936-37, gross traffic receipts were Rs. 95·48 crores as against 90·65 crores for the year 1935-36, whereas working expenses showed a decrease of Rs. 64 lakhs. The net revenue, taking into account the miscellaneous receipts and charges, was Rs. 32·01 crores against Rs. 27·40 crores in the previous year, *i. e.*, an increase of Rs. 4·61 crores. The net surplus after meeting the interest charges was thus Rs. 1·20 crores against a deficit in the previous year of Rs. 3·99 crores, *i. e.*, the betterment of the net position was Rs. 5·19 crores.

Now, so far as the prospects of the year 1937-38 are concerned I will just give you the position. Up till the 10th of this month the gross earnings on State-owned Railways exceeded the gross earnings of the year 1936-37 by Rs. 3 crores and there has been a small falling off in working expenses. Thus, while we cannot be prophets, if the present position of the earnings is maintained we can safely say that at the end of the year our position in regard to the net surplus will be very substantial and very satisfactory all round.

Now, the next question is how is this surplus to be disposed of, and in fact the question must inevitably be raised how are these surpluses in future to be allocated, whether to general revenues or to the railway reserve fund ? It is

such an important question that I will feel very uncomfortable if I even try to say anything definite. Judging from the purely commercial aspect of it, a lot could be said in favour of the view taken by the Wedgwood Committee. On the other hand we cannot in this country ignore political and other considerations. Both sides, the commercial and the political, will have to be balanced up before any final decision can be given. But as far as this Council is concerned and so far as the provinces are concerned, I would like to repeat the assurance which I gave in the lower House, which I am glad to say was also supported by the Finance Member later on in answer to a question, that whatever may be the final decision with respect to the allocation of these surpluses in future the amounts payable to provinces under the Neimeyer Report will be fully met and the pledges strictly honoured.

Now, I would like to say something about some other recommendations of the Wedgwood Committee. Now, it is quite clear from a perusal of that Report that they were of opinion that no major economies can be effected in railway operation. But this was nothing new. This was also the opinion of the previous Committee, the Pope Committee, though it was thought that there were quite a large number of smaller economies which if put into effect will in the aggregate give considerable savings. Now, the Report suggests this, that you must try to increase your revenue and increase your earnings, though the cost may be considerable in order to secure those increased earnings. A lot of criticism has been levelled against the recommendation of the Wedgwood Committee on the question of rail-road competition and on some other points too. I will take up the proposal with respect to the rail-road problem. In the lower House this point was also placed before the Assembly by the Members of the European Group particularly and I find that it has been repeated here. Now, the problem is not very easy of solution. One can very easily dogmatise and give advice here and there, but I submit to the House that the matter is not so easy as it is imagined. Honourable Members of this House, I am sure, are fully aware that the whole question has been under consideration of the Government of India for some time past and perhaps the House is aware that a Bill has been drafted and during the past two months officers of the Industries Department have gone round to the provinces for discussion of the draft Bill and also to get inspiration, if possible, from Provincial Governments. It is very difficult to say definitely what the upshot will be, but it is hoped that the Bill will be placed before the Assembly and then later on before this House in the Delhi session. But before this is done the Bill itself must be referred to the Transport Advisory Council for their opinion. This was a suggestion which was made by the European Group in the lower House, a suggestion which was not only reasonable but was exceedingly sound, and the House will remember that this Advisory Council is composed of representatives from all provinces and it is an important body. It is an official body, but I can assure the House that any representatives of the motor trade or any other transport interests who desire to make any representations will be quite welcome.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DÁS : Will members of the public or the transport interests and the Legislature be co-opted on this body ?

THE HONOURABLE SIR SULTAN AHMED : No, Sir. The Advisory Council is an official body, but they will be quite pleased to receive representations from the motor trade and from transport interests if they like to send representations.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will you invite them to discuss the matter and send nominees, if any, for this purpose ?

THE HONOURABLE SIR SULTAN AHMED : Representatives of transport interests will be quite welcome and I am sure the Advisory Council will be pleased to give them full hearing. I heard today, as I heard before in the lower House, and I had also seen reports that the recommendation of the Wedgwood Committee on this point is rather reactionary, but it must be remembered that their recommendations were based on the experience of the rail-road problem in Great Britain and other countries and I do not think that their recommendations generally are very unfair to motor interests. They aim at co-ordination of services and each form of transport performing its legitimate functions, but, as I have said before, the Bill after having been considered by the Advisory Council will come up before the House and the House will have ample opportunity of discussing the pros and cons of the Bill and you will be in a position to express your views. Now, Sir, all the steps that are considered necessary and proper for the solution of the rail-road problem are being taken and let us hope that with the help of the lower House and afterwards with your help we will be able to find a solution of this problem.

There are one or two other points to which I should like to refer before I finish. Now, the question is as regards the recommendation that certain contracts with the guaranteed Railway companies should be extended in order to give the Federal Railway Authority a chance of considering the future railway policy to be adopted in regard to the management of Railways. The House will remember that this again is a very big problem. It is impossible, for instance, to have amalgamation of the N.W.R. with the E.B.R., but contiguous railways can be amalgamated, but that will depend also on the question when their leases expire ; and therefore it is idle to contend that tomorrow we should go and amalgamate these railways. We have to wait before any final decision is taken and it was with that object in view that the contract of the M. and S.M.R. in the south of India which had expired earlier was extended up to 1945 to make it coterminous with that of the S.I.R. so that at that time it may be possible to bring about the amalgamation.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Does it mean, Sir, that the Government of India will go back on their well considered decision in this matter of acquiring Company Railways which policy was recommended by the Acworth Committee also ?

THE HONOURABLE SIR SULTAN AHMED : There is no such intention at present and nobody has suggested that as far as I know, apart from the Wedgwood Committee ; and on that point I clearly stated in the lower House—which I want to repeat here—that no departure from the policy laid down by the Government on various occasions is contemplated at present, and if any departure is ever contemplated, it will not be without consulting the two

Houses. (Applause.) One of the Honourable Members suggested that the position taken up by the Government is now weakening. Well, I do not see any justification for that statement, but here is a Report of an important Committee, constituted by the Government, which has made certain recommendations. We decline to throw those recommendations into the waste paper basket. We must consider and give the fullest consideration to the recommendations made by them but—

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : This matter was never referred to them.

THE HONOURABLE SIR SULTAN AHMED : I have not said for a moment that the Government of India have gone back on the policy laid down by them within the last few years and enunciated by them on the floor of this House as well as in the lower House, but there is the recommendation of the Committee which must be considered. Supposing, leaving aside the Wedgwood Committee, supposing a very important body of men in India suggested to the Government that there are extraordinarily good reasons for a departure from the accepted policy, the Government of India would be bound to consider those points in spite of the fact that they have made pronouncements on the floor of the House ; but if they want to make a departure they are bound to come back to you and try to convince the House that it is possible to go back upon those decisions. But I assure you that there is not the slightest intention at present to go behind the accepted policy and I do not see why the House should have any apprehension at present.

THE HONOURABLE MR. P. N. SAPRU : What is the significance of the words " at present ", Sir ?

THE HONOURABLE SIR SULTAN AHMED : Because I am speaking today and I cannot speak for all time. Indeed, it would be wrong, and I think the House has got a right to change its views just as much as Government has, and if the House has a right, the Government must have it too. But please do not understand by the statement which I have been forced to make that there is the slightest intention, so far as the Government are concerned, to go back upon their policy. The Government are amenable to reason and it may be possible for the House to force the Government to change its policy. Supposing you did, would I here, standing as a Member of the Government, say that I will not listen to you ? I may still listen to you and change my opinion on behalf of the Government and say that the Government will go back upon the policy that they had accepted before. So do not expect the Government to be obstinate in any way. But as I said there is no reason why there should be any apprehension about it.

Now, Sir, there are various other recommendations of the Wedgwood Committee. There are a number of criticisms by the Public Accounts Committee, there are a number of observations criticising that Committee, apart from those which I have dealt with here. But it is very difficult for the Government to come to any definite decision off-hand. And if the Government could make up its mind on every point, there was no object in coming to you with a Resolution like this so that we might have the mature

[Sir Sultan Ahmed.]

opinion of men of experience and knowledge of the world so that in finally making up our minds we could give the fullest weight to all the observations that have been made here and outside.

THE HONOURABLE MR. SITAKANTA MAHAPATRA : Will the Central Advisory Council be consulted ?

THE HONOURABLE SIR SULTAN AHMED : I never thought that after discussion in both the Houses it would be necessary for the Central Advisory Council to be consulted on these points.

THE HONOURABLE MR. P. N. SAPRU : Sir, may I know what is the attitude of the Government on the Federal Railway Authority being invested with the power of raising loans independently of the Central Government ?

THE HONOURABLE SIR SULTAN AHMED : As regards the powers of the Federal Railway Authority I would only draw the attention of the Honourable Member to the Government of India Act. Leave aside the Wedgwood Report, go to the Government of India Act and you have got all the powers there. No Committee, not even the Government of India, have any right to go beyond the Government of India Act. All the powers are given there. If they have the powers they will raise loans ; if they have not they will not. That is all—that is my answer to this question.

Now, I submit the amendments, apart from the amendment of the Honourable Mr. Hossain Imam, are really covered by the Resolution of the Honourable Sir Guthrie Russell, and we are grateful to you all for having given us the benefit of your advice, and the Government of India will certainly decide the various matters in the light of the discussions here. But the amendment of the Honourable Mr. Hossain Imam, however, goes further and wants the composition of a Committee to consider the various recommendations made by the Wedgwood Committee. Now, one Committee has come in for all this criticism and if we constitute another committee in order to consider this Committee's Report, I do not know whether it will not come in for severe criticism also. But, apart from that, my Honourable friend knows that there are already so many committees in existence which can give us the greatest help. To begin with, we have got the Public Accounts Committee. The Public Accounts Committee is to be really congratulated for the great pains it took over these recommendations. Not that the Government will straightaway go and accept all the recommendations. But the help that you expect from a committee is valuable because they gave consideration to all the points raised by the Wedgwood Committee. Now, there is the Central Advisory Council of Mr. Mahapatra who is very anxious about it ! I understand that on that Council this House is also represented. I do not know whether Mr. Mahapatra is a member of that committee or not. If he is, then we will have his help certainly, and I am very glad that his assistance will be available and we shall certainly place this matter before the Central Advisory Council and on any major question of policy the Advisory Council will be able to give its opinion, and I would suggest, if I may, to the Honourable Member to write to the Advisory Council or to the Chief Commissioner that this matter should be brought before it for discussion. But he must remember that the discussion that we are having today in this

House is not a discussion which is useful in a Committee. He must specify the subjects which he wants to discuss before the Central Advisory Council and I have no doubt that he will get a full discussion there. Now, that being the position, I would respectfully suggest to my Honourable friend, the Honourable Mr. Hossain Imam, that this purpose that the recommendations should be considered by a committee would be served and to a great extent has been served by the Public Accounts Committee and will be served if specific points are discussed before the Advisory Council. I again repeat, Sir, that, if I have not discussed all the points which were discussed by the Honourable Members in this House, it is not that they are not important points or that they do not deserve consideration, but I have taken up only the major issues and assure the House that all the points (and that is the real object of this Resolution) discussed here will receive the fullest consideration.

THE HONOURABLE MR. RAMADAS PANTULU : May I know, Sir, what the attitude of the Government of India is in regard to the relation of the Accounts Officer to the Agents of the Companies ?

THE HONOURABLE SIR SULTAN AHMED : We have not come to any definite conclusion.

Now, Sir, that is the position with regard to the Report of the Committee. I still maintain that, with all the frailties of the Report, the authors are entitled to our congratulations. I still maintain that, though we may disagree on some of the recommendations of that Committee, there are valuable materials in that Report which should be adopted by the Government. What those recommendations will be it is very difficult for me to say at present. But the matter is being considered in various departments and various sections of the Railway Board, and there is one suggestion that I am going to make and I hope that that suggestion will be accepted by the House. Now, the Wedgwood Committee's Report is being examined, as I said, in various departments of the Railway Board. If it is the desire of the House that they should be kept informed of the progress that our examination is making, I am prepared to make this offer on behalf of the Government of India, should it meet with the acceptance of the House. I propose to direct that a progress report of the examination of the Wedgwood Report should be submitted to the Members of this House, say, every six months or so, or whatever the period may be. The moment we come to any conclusion upon any point, we are prepared to submit that progress report to the House. (Applause.) This has been done in the case of Reports of Royal Commissions sometimes. We will not deny the House the report of the progress that we make in the examination of this Report in which people in the country seem to be vitally interested.

I have nothing more to say, Sir, except to thank Honourable Members for the courtesy they have shown me in listening to me.

THE HONOURABLE SRI RAI BAHADUR LALA RAM SARAN DAS : The Honourable Member has not said anything on paragraph 146, Regulation of Private Lorries. I think, Sir, that private lorries ought not to be subject to any restriction or regulation.

THE HONOURABLE SIR SULTAN AHMED : Those are matters of detail which surely will be considered when the Bill comes up for discussion.

THE HONOURABLE THE PRESIDENT: Honourable Members, in a Resolution of this special nature, where a Report of a Special Committee is placed before the House for consideration, it is not the usual practice to put first the usual Motion to take the Report into consideration. I will therefore dispense with the formal Motion and proceed with the amendments. (Addressing the Honourable Mr. Hossain Imam): In view of what the Honourable the Railway Member has said, do you wish to press your amendment to the vote?

THE HONOURABLE MR. HOSSAIN IMAM: I wish to ask the Honourable Sir Guthrie Russell if he will allow us to submit a memorandum on behalf of our Party on this Report? If he will consider that memorandum, Sir, I do not think it will be necessary for me to press this amendment.

THE HONOURABLE SIR GUTHRIE RUSSELL: The Honourable the Railway Member has already said that we will submit a Report, possibly six-monthly, to this House. If, however, the Progressive Party wish me to deal with any particular memorandum from themselves, I shall endeavour to do so.

THE HONOURABLE MR. HOSSAIN IMAM: I do not press my amendment, Sir.

The amendment* was, by leave of the Council, withdrawn.

THE HONOURABLE THE PRESIDENT (to the Honourable Mr. Ramadas Pantulu): What is your decision? Do you wish to press your amendment?

THE HONOURABLE MR. RAMADAS PANTULU: Yes, Sir.

THE HONOURABLE THE PRESIDENT: Amendment moved:

"That for the words 'in the light of the discussions in this Council' the following be substituted, namely:—

'and, on such consideration, this House recommends to the Governor General in Council that they should accept the recommendations of the Public Accounts Committee on the accounts of 1935-36 on the report of the Indian Railways Enquiry Committee'."

The Question is that this amendment be adopted.

The Motion was negatived.

THE HONOURABLE THE PRESIDENT (to the Honourable Sir A. P. Patro): In view of what you have heard from the Honourable the Railway Member, do you wish to press your amendment?

THE HONOURABLE RAO BAHADUR SIR A. P. PATRO: Apart from that, the Resolution is comprehensive enough. I do not press my amendment,* Sir.

THE HONOURABLE MR. P. N. SAPRU: I object to his withdrawal.

THE HONOURABLE THE PRESIDENT: If even one single Member objects to the withdrawal, I must put the amendment to the vote. That is the Standing Order. Unfortunately, I have to put the amendment to the vote, though the Honourable Sir A. P. Patro is willing not to press the amendment. I will not take up the time of the Council by reading this amendment which is before you. I will only put it.

* *Vide* pages 332 and 333.

The Question is that the amendment of the Honourable Sir A. P. Patro be adopted.

The Motion was negatived.

THE HONOURABLE THE PRESIDENT : This brings me to the original Resolution. The Resolution runs as follows :

“ This Council recommends to the Governor General in Council that the Government of India should consider the Report of the Indian Railways Enquiry Committee, 1937, in the light of the discussions in this Council.”

The Question is that this Resolution be adopted.

The Motion was adopted.

STATEMENT OF BUSINESS.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Leader of the House) : Sir, there is at present no important business necessitating the Council to sit on Monday, the 27th, but I propose that the Council may sit on Tuesday, the 28th September, for the consideration and passing of the following Bills which were laid on the table on the 14th instant :—

1. The Petroleum (Berar Extension) Bill.
2. The Rules and Regulations Continuance Bill.
3. The Federal Court Bill.

The Honourable Members are already aware that Wednesday, the 29th, is a non-official day. Further course of business will be announced later.

The Council then adjourned till Eleven of the Clock on Tuesday, the 28th September, 1937.