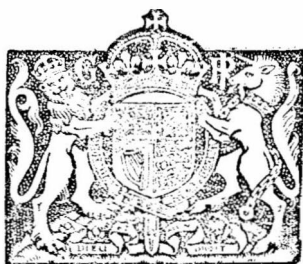


LEGISLATIVE ASSEMBLY DEBATES

THURSDAY, 21st FEBRUARY, 1929

Vol. I—No. 15

OFFICIAL REPORT



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LEGISLATIVE ASSEMBLY.

Thursday, 21st February, 1929.

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

STATEMENT OF BUSINESS.

The Honourable Mr. J. Orerar (Leader of the House): With your permission, Sir, I should like to make a statement as regards the probable course of Government business in the week beginning Monday, February, the 25th. As I have already informed the House, Monday the 25th, Tuesday the 26th and Wednesday the 27th, have been allotted by His Excellency the Governor General for the voting of Demands in connection with the Railway Budget. His Excellency the Governor General has also appointed Thursday the 28th February at 5 p.m. for the presentation to the Assembly of the Statement of the estimated annual expenditure and revenue of the Governor General in Council in respect of subjects other than Railways. The House will not sit on Friday the 1st and Saturday the 2nd March.

I may also take this opportunity to inform Honourable Members of the further days which have been allotted by His Excellency the Governor General for the general discussion and the voting of Demands in connection with the General Budget. Monday the 4th March and Tuesday the 5th March have been allotted for the general discussion. Thursday the 7th March, Monday the 11th March, Tuesday the 12th March, in the alternative Wednesday the 13th or Thursday the 14th March, and Friday the 15th March have been allotted for the voting of Demands. The need for allotting Wednesday the 13th March or Thursday the 14th March in the alternative arises from the fact that it is not yet known on which of these days Id-ul-Fitr will be celebrated.

ELECTION OF MEMBERS FOR THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

Mr. President: I have to inform Honourable Members that the number of candidates nominated for election to the panel for the Central Advisory Council for Railways is equal to the number required, and therefore I announce that the following Members are declared to be duly elected:

1. Khan Bahadur Nawabzada Sayid Ashrafuddin Ahmad.
2. Khan Bahadur Haji Abdullah Haji Kasim.
3. Revd. J. C. Chatterjee.
4. Rai Sahib Harbilas Sarda.

[Mr. President.]

5. Pandit Thakur Das Bhargava.
6. Mian Mohammed Shah Nawaz.
7. Mr. W. M. P. Ghulam Kadir Khan Dakhan.
8. Haji Abdoola Haroon.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): Is that for the Central Advisory Committee on Railways, Sir?

Mr. President: The Central Advisory Council for Railways.

Sir Purshotamdas Thakurdas: I am afraid there is an oversight, Sir. Because, I know my name was proposed and seconded and it was put in on the first day. If you do not mind holding this over until the department inquires into it, I would request you to do so, Sir. Mr. **Matin Chaudhury** handed my nomination paper in on the very first day, and the Notice Office refused to accept it on the ground that you had not made any announcement about it. I then sent word that you had made the announcement in the House that same morning, and the nomination paper was thereafter accepted.

Mr. President: This is a matter for inquiry; in the meantime, I must recall the announcement.

Sir Purshotamdas Thakurdas: Thank you, Sir.

THE RAILWAY BUDGET—GENERAL DISCUSSION.

Mr. President: The House will now proceed with the general discussion of the Railway Budget. It is not necessary to fix the time limit in view of the fact that Honourable Members are very considerate.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): Sir, the Railway Budget, the second of its kind presented by the Honourable Sir George Rainy, is, to my mind, satisfactory as far as the surplus to the taxpayer is concerned. I need hardly tell the Honourable Member how pleased we all on this side are, that he has been able to present a satisfactory budget from the point of view of what is generally called "dividend to the shareholders", namely the taxpayers of this country.

In the ordinary course, Sir, I am sure there will be many remarks made in the course of the debate today regarding the Indianisation of the railway staff, on which point this side of the House is not yet satisfied with the results put forward by the Railway Board. The question of an Indian Member on the Railway Board is another question which, I am afraid, owing to the attitude taken up by the Government of India, is becoming a sort of hardy annual at these budget debates. The further question of an additional Member for the Railway Board, to which the Honourable Member has devoted a substantial portion of his speech, is yet another important question. I wish to refer to the last one at least on the pertinent Demand for a grant, and I do not think I need dwell on this point now at this stage.

There is, another very important item which, I know, interests many Members of this House, and that is the question of educational facilities for the children of the members of the railway staff. The Central Advisory Council have gone into this question at some length and in some detail at their meetings both at Simla and here, and I am sure we will hear something about it in the course of the debate. But as I took some part in discussing this subject in the Central Advisory Council, I do not propose to put forward my own views on this subject today. I wish, however, to mark my sincere appreciation of the broad minded spirit in which the Honourable Member in charge undertook on the Central Advisory Council to look into this question. The figures regarding the amount spent on the education of children of the Indian staff of the railways will not, Sir, warrant constant repetition as from the point of view of any credit to the railway administration. As in the military service, Sir, so on the question of education of the children of our Indian staff on railways and the children of the European staff, the cost per head is marked by its enormous difference. It has been admitted by the railway administration that what we see today is the remnant of what has been in vogue since the railways were started in India. I do not think that criticism of the past is called for in view of the fact that the Honourable Member is—and as I understood from him, the whole Railway Board are—of the firm opinion that the expenditure on the education of the children of the European staff should be considerably reduced and there should be an immediate advance regarding the amount spent on the education of the children of the Indian staff of the railways. I know that there still are important details to be worked out; but I wish particularly to refer to the great necessity for ensuring that the education which is being imparted in railway organizations to the children of the Indian staff is of a quality and of a standard not lower than that of the education which is being given in the respective provincial Government schools in each of the various provinces. The difference between the pay of teachers in provincial Government schools and teachers in railway schools—and here I refer to the Indian schools—is marked; and I understand that, at the last meeting of the Central Advisory Council held in Delhi, the Honourable Member gave a full assurance that this was being made up for, and that the pay of teachers in railway schools (Indian) was being brought up to the level of the pay of teachers in respective provincial Government schools. I mention this particularly in order, if I can, to stop any acrimonious debate on this question, which I know has a shady history behind it, but for which our sole consolation is and must be that the railway administration have definitely made up their mind to set matters right forthwith.

Sir, there is one more subject I would refer to before I deal with what I consider to be the main theme of my remarks today, that is, in connection with Local Advisory Committees in the various provinces. I think, in my remarks on the budget last year, I suggested that, with the papers that are circulated to us, there should also be circulated a small statement showing how these various Advisory Committees in the provinces work. I do not remember, whether the Honourable Member in charge agreed to it or not, but I have an idea—a recollection, if I may say so—that the Honourable Member did view the suggestion with approval. I dare say that he may have overlooked it, but I wish to impress upon him the great necessity of informing this House how the various provincial Advisory Committees work, because I attach the greatest importance to their proper working. As far as

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real touch in the various provinces with the respective railway administrations is concerned, I look forward to the proper working of these Committees to remove many of the misapprehensions and misunderstandings, and, what is their natural corollary, grave exaggerations which at times prevail. Unless there is any special objection to accepting this suggestion of mine, I hope that next year, before the Railway Budget is presented, there will be a small pamphlet containing information as to how many meetings were held at each centre of these local Advisory Committees, indicating particularly the important items discussed at these meetings. There is no use hiding the fact, Sir, that at some of these centres the Agents of railway administrations do not look up to these bodies with the respect and with the consideration due to them. In fact, I heard only very recently that at least at one centre, and perhaps at two centres, the members of the Advisory Committees felt that they were being treated rather in a summary manner with this sort of impression: "you are a nuisance, but as you must meet once a month I should like you to dissolve within half an hour!" That can hardly be the spirit which this House will tolerate in regard to these Advisory Committees and I hope the Honourable Member in charge will arrange for the House being supplied in future with detailed information regarding the working of these Committees.

Sir, the prosperity of the Railway Budget has, either by a coincidence or owing to other reasons, occurred almost simultaneously with the separation of the Railway Budget from the General Budget of the country. I do not think that, since the separation, there has been a single budget presented to this House in which the Railway Administration has shown any deficit. The convention entered into between the railways and this House is now under examination by a committee appointed by this House. Many and important are the points raised by various Members for consideration before this convention is revised. I know that there is a feeling among some of us that the Committee for this purpose should have been appointed much earlier than it was. When we met last we found that there were so many questions of a very serious nature which have to be examined, that I am not sure that it will take the House by surprise if I say, it is likely the Committee may not be able to submit a report perhaps till the end of this year. I know Mr. Jamnadas Mehta is one of those who think the Committee should be able to submit a report at Simla; but Mr. Jamnadas Mehta also wants that the report should be as thorough, as exhaustive, as comprehensive, as we can possibly make it. Knowing that to be what he is aiming at, I am afraid Mr. Mehta himself, before long will feel that any extra time given to the revision of this convention will be time very well spent.

Sir, the Railway Depreciation Fund is now estimated to stand at about 19 crores of rupees. The Reserve Fund is estimated to stand at something over 22½ crores of rupees

Mr. E. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadian Rural): The Depreciation Fund is 18½ crores.

Sir Purshotamdas Thakurdas: And the Reserve Fund is 22½ crores. Between these two, there is, with the Government of India, very close upon 35 crores of rupees to the credit of the railways of India. This certainly is one of the satisfactory results of the separation, and the Committee going into this convention will be examining the question whether the maximum amount up to which the Reserve Fund should be allowed to accumulate

should be fixed or not. I, Sir, appreciate the efficiency of the Railway Board which has been responsible for such large accumulations in the two Funds; but I do not think that anybody will consider me in any respect to minimise the just appreciation due to the Railway Board if I say that these results, which we have been seeing for the last four years, were to a certain extent more or less inevitable. The reduction in rates and fares since 1922 has been certainly not on the extravagant side, and I feel that what is now required by this House at least, is an enquiry into the question, "whose money is it that we are accumulating?" Sir, regarding the question of spending more on labour, the Honourable Member reminds us in paragraph 19 of his speech that we have to ask ourselves the question "Whose money it is we are spending?" In the following sentence he tells us how important it is to bear in mind that if rates are raised the ultimate persons who pay for it are the producers and the masses of India. I am sure that this very high ideal and this noble precept which the Honourable Member has laid down meets with the approval of us all and I hope that he will always have it before his mind whenever he has any problem to tackle in connection with additional receipts for the Railway Administration.

I am sure that the House appreciates and agrees with what the Honourable Member has said regarding the solicitude of Government to do more for the poorly paid subordinate staff on railways. The first proposal to earmark Rs. 50 lakhs this year, in order to give a start in this direction, must be welcome to all of us. I am not sure that there will not be a few friends of mine on this side of the House who may consider that the amount earmarked for this year is on the low side. But I would very much like the Honourable Member to make a start, even though with a comparatively small amount, according to some, and chalk out the lines on which Government propose to raise the standard of payment and presumably the standard of comfort of the lower-paid staff.

But the question which, Sir, I wish to emphasize is the question whether the rates and fares which are being charged today are the rates and fares which are necessary for the purpose of a standard revenue and for the purpose of that profit to the railways of India which alone they are entitled to make, and not an additional surplus for the purpose of accumulating funds beyond the necessary point. Sir, the State in India has practically if not absolutely, excepting one or two small instances, a monopoly of the railway transport in this country. The State can, without much effective protest in any case, and in some cases even without a protest, go on raising through its railways an additional revenue from the taxpayer, additional to what may be required to meet its actual expenditure, plus a reasonable profit on the capital employed in railways. I feel, Sir, that those who are strong protagonists of State ownership and State management of railways, have now come to a point where it is necessary to examine whether the State is not drawing from the people, that is the public, their customers, anything more than what they would allow an outside body like a fully-fledged and genuine company owning a railway to draw. If efficiency and economy are to be ensured in State management, there is need for laying down what should be the normal return from railway working which will not be regarded as an indirect tax on the people of India. If the people are to have a voice in this matter, the need for legislative enactment to lay down

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a well-considered formula for standard revenue of Indian railways is, to my mind, paramount. The rates and fares and charges by means of which such a standard revenue may be raised have necessarily to be fixed by an impartial body of men commanding the qualifications necessary for this work. In India where agriculture is a staple industry and the masses are illiterate, organised and concerted action on the part of traders and agriculturists, as in England and in America, is almost impossible, and the duty of watching their interests is on the Governor General in Council and on this House. It is for us to see that the railway administration, working with an average efficiency and economy, earns a proper return on the largest investment of the Indian taxpayer, simultaneously affording the maximum facilities for Indian industries and agriculture. The necessity of fixing what is a reasonable return on the capital of Indian railways has been recognised and roughly understood till now. The British Parliament took this up very satisfactorily by the Railway Act of 1921, and devised a method of protecting the public in England against excessive charges, affording a reasonable return on the capital of the English Railways which, being genuine companies, were grouped into four great systems. The need for being meticulous in this respect is all the greater in India where the Railway Board, corresponding to the Ministry of Transport, is responsible for the very working of the railway system. I feel, Sir, that the time is ripe for a Rates Tribunal in India to examine our existing rates and fares and to report to the Government whether they are on the high side or not. I am aware that there is a Rates Advisory Committee appointed by Government, in modification of the recommendation of the Acworth Committee, for a Rates Tribunal on the lines of the Rates Tribunal in England. I have had during the last year the privilege of being nominated as the commercial member on the Rates Advisory Committee for one of the cases before them. I have therefore had an opportunity of a little inside knowledge of both the difficulty of this Rates Advisory Committee and of the responsibility devolving upon them. The difficulty of that Advisory Committee is that it can only go into the question of preference or whatever may be alleged and not beyond that. What I think is required is a full inquiry into the question whether the rates charged *per se* are reasonable in the sense of being necessary in order to ensure an adequate return to the railway company concerned. Sir Narasimha Sarma, who gives of his best on that Committee as its President, is very much awake to the handicap that devolves upon him in view of the limited powers and the advisory capacity of that body. I have an impression that when Sir Charles Innes modified the Acworth Committee's recommendation regarding the Rates Tribunal and gave us what I think is a compromise in the shape of the Rates Advisory Committee, he had indicated that that was only a stepping stone to a properly constituted Rates Tribunal inquiring into the reasonableness or otherwise of rates and freights as then prevailing. I expect that the railway administration have now got a fairly good idea of the necessity of a full tribunal as indicated in the Acworth Committee Report and I would very much like to learn from the Honourable Member as to what the Government of India have in mind regarding the next and final step to be taken in this direction.

I notice, Sir, that regarding the concessions or reductions which have been indicated in the Honourable Member's budget speech, that they are

all restricted to State-managed railways. May I inquire why the Government of India did not think it necessary to make any reductions in the rates charged by the company-managed railways?

Mr. K. Ahmed (Rajshahi Division: Muhammadan Rural): Because that is not theirs.

Sir Purshotamdas Thakurdas: Yes, that is true; it is not theirs for management; but it is theirs as far as proprietary interest goes because the State owns anything between 75 per cent. and 95 per cent. of the capital. I wonder, Sir, whether the Honourable Member and the Railway Board feel that they cannot easily induce company-managed railways, with their interest in the capital of these railways to the extent only of 5 to 15 per cent. at the most—whether they find it difficult to induce these company-managed railways and their directors to fall in line with what is good enough for the Government of India who own 100 per cent. of the capital in the State-managed railways.

Sir, I would in this connection like to remind the Honourable Member in charge what the Acworth Committee have said in Chapter V of their Report. I do not wish to inflict on this House any long quotation from this Report, but I would only refer to the headings. The first is "Rates and Fares"; the next heading is "Companies' existing powers", and then they deal with "Need for greater control". I will, Sir, with your permission read a few sentences from paragraph 147. This is what they say:

"Our attention was called to the fact that the contracts of the most important Companies appear to give to the Secretary of State further control over rates and fares than is given by the clause which we have quoted. In their case there is an additional section of the clause after the words cited which runs as follows:—

'as well as the extent to which, within the maxima and minima so authorised, the Company may vary the said rates in respect of the distance or weight or special conditions under which such conveyance takes place or services are rendered.' When we were in Delhi we discussed this matter with the Railway Board, and invited their opinion as to the effect of this additional provision, in respect of the Companies in whose contracts it appears. They informed us that their opinion, after taking legal advice, was that these words did not deprive the Companies of the legal right to vary rates at their discretion within the prescribed maxima and minima. The Board have naturally acted on this interpretation of their powers."

Here by the word "Board" they mean the Railway Board. Continuing further the Acworth Committee say this:

"But we are not wholly satisfied that their view is correct. The clause is badly drawn, and legal authorities in England whom we have consulted have difficulty in interpreting it. But we have no doubt what its intention was. It was meant, in our opinion, to give power to the controlling authority, not merely to fix the maximum and minimum of each class, but to say what consideration should be given to length of haul or size of consignment or other special circumstances in varying the rates within these limits.

"Whether, however, the clause, if tested by legal proceedings, would be found to have the effect which we believe it was intended to have, is not of great consequence. We have no doubt whatever that further power to control rates ought to exist and be exercised by some appropriate public authority."

But if modifications, namely, reductions in this case are made by an enactment of this House, the Company-managed Railways cannot possibly refuse to comply with these reductions. I wish to ask, Sir, whether it has been considered by the Government of India, why the areas in the

[Sir Purshotamdas Thakurdas.]

country which are served by Company-managed Railways should be the unfortunate areas unable to enjoy these reductions. And during the last two years the Honourable the Railway Member has been consistently making a few reductions here and there. I feel, Sir, that the question of insisting upon Company-managed Railways as to their falling in line with what the Government of India consider to be good enough for State-managed Railways, must be looked into, and the reference to the Acworth Committee's Report, from which I have just read a few extracts, will show that the Government of India have the power of enforcing their careful decision arrived at after taking cognisance of everything pertinent, on the Company-managed Railways as well. I do not wish, Sir, to disturb these Company-managed Railways in the rights and privileges vested in them according to their contracts. In fact I would be the last person to come in the way of any contract legally entered into, but I cannot help feeling that where we have, as in the case of some Railway Companies, contracts extending up to 1950, no one will ask us to have the patience until 1950 in order that the Government of India's decision as to what the country needs by way of reductions in railway fares and freights is enforced. I feel therefore that this aspect of the matter should be carefully inquired into, and I will look forward to what the Honourable Member in charge has to say as to why all these reductions have been made only in State-managed railways and not in company-managed Railways. In any case, Sir, I think the House may congratulate itself that the first Assembly which worked from 1921-24 did by the country at least this substantial good that in spite of all persuasion from the Government Benches they voted for State management ("Hear, hear" from the Swarajist Benches) which alone has enabled us to have reductions in fares and freights.

It cannot, I am sure, be urged that the company-managed railways cannot afford to make the reductions which the State-managed railways have been asked to accept. I saw, Sir, only a few days back a report in one of the leading financial papers, and if I am not very wrong in my recollection, I read there that the Bengal and North Western Railway, the euphemistic Railway, which I think has earned the nick name of what we call the "pit" class in theatres, a Railway which does not regard the comfort or convenience of passengers or anyone else, has declared a dividend of 19 per cent. per annum for a public utility service which refuses to carry through any reductions which are supposed to be good enough for the taxpayer of this country who owns the other State-managed railways! Sir, while we wish the shareholders of the Bengal and North Western Railway the fullest benefit of their investment, I think it is time that this 19 per cent. dividend should be looked into with a view to see why they will not fall in line with the very extremely modest reductions which we make in our State-managed Railways. I think I can quote the dividends of some other railways too, but I quote particularly the dividend of the Bengal and North Western Railway for two reasons. It may be very well managed as far as the shareholders and their dividends are concerned, but as far as the public which it serves is concerned, that railway is the one railway which has frightened us, the Indian public, with regard to any reconciliation to the idea of company management at all.

These, Sir, are the salient points which should now be borne in mind. To put the matter in a nutshell, while we congratulate the Honourable the

Commerce Member and the Railway Board on the handsome results which have been put forward, whilst we congratulate them on the very appreciable funds which they have been able to set aside, as representatives of the taxpayer, as representatives of the commercial community, and if I may claim, as those who have got the best interests of the agricultural class at heart, we want a substantial step to be taken by the Government of India to make sure that the existing rates of fares and freights which bring us these very handsome results are what one would call reasonable rates and not rates which may justifiably be called profiteering by the sole monopolist of railway transport in India, *viz.*, the State.

Mr. R. K. Shanmukham Chetty: Sir, this is the fifth budget that the Railway Administration has presented to this House after the convention which this House agreed to with regard to the separation of the Railway Budget from general finance. My Honourable friend Sir Purshotamdas Thakurdas pointed out how during these five years the Railway Administration has not found it necessary to draw upon the reserves for meeting the contributions to the general revenues, and to that extent I might join my Honourable friend in congratulating the Railway Administration. But, Sir, merely from this fact that the Railway Administration has very regularly and promptly paid its contribution to the general revenues, it cannot be said that our railways in India have attained the maximum standard of efficiency and economy. For one thing, the various factors in the Railway Budget make it very difficult to make comparisons between the results of one year and another year. Students of railway economy know that, in the items that go to make railway expenditure, there are what might be called variable and constant items of expenditure. Items of expenditure like administration, interest charges, and the provision for depreciation fund may be considered as constant items of expenditure, constant in the sense that the amounts set apart for these items of expenditure are the same whatever may be the volume of traffic carried on the railways. But to judge the efficient and economic working of a railway system it is necessary to find out whether, in those variable items of expenditure any increase of traffic has been met by correspondingly economic operation charges. And when I attempt to look at the Railway Budget from this point of view, I find it very difficult to arrive at proper conclusions. For one thing, Sir, new lines are added every year, and on account of this factor it is very difficult to judge how far the increase in traffic and the corresponding increase in the operation expenditure are due to the opening of these new lines and how far these items are to be accounted for by the increase of traffic on the existing lines. The provision for depreciation fund is another factor which makes comparison very difficult. The House will remember that, after the acceptance of the convention, we are providing now for our new capital expenditure a depreciation fund calculated under certain rules. This was not done in previous years. This factor again makes it difficult to make scientific comparisons and arrive at correct conclusions as to the efficiency and economy observed in the railway system. It would greatly facilitate this comparison if, in presenting the Railway Budget to this House, the Railway Administration will give us some indication as to what allowance must be made for these new factors that have crept into the Budget.

Speaking on the discussion of the Budget of 1927-28, I drew attention to the report of the Committee which was appointed by the Railway Admin-

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istration to enquire into the management of the railway workshops, and I then pointed out how, if those recommendations were given effect to completely, the Railway Administration would save something like Rs. 4½ crores on the repairs and maintenance of locomotives and coaching vehicles. I find from the Budget Memorandum that in 1927-28, the expenditure on repairs and maintenance of locomotives and coaching vehicles was Rs. 9.28 crores, in 1928-29 it was Rs. 9.10 crores, and in 1929-30 it is expected to be Rs. 8.98 crores. The revised estimate of 1928-29 is therefore Rs. 14 lakhs less than the previous year, and for 1929-30 it is expected to be Rs. 17 lakhs less than the current year. In so far as the railway workshops are now in a position to maintain the repairs of locomotives and coaching vehicles at a cheaper rate than it has been done hitherto, the Railway Administration certainly deserve our congratulations, but if I may draw my own conclusions from the report of the Raven Committee, I would draw the attention of my Honourable friend, the Commerce Member, to the fact that there is still very great scope for improvement and economy in the management of the railway workshops. I sincerely hope and trust that the Honourable the Commerce Member and the Railway Administration will constantly keep in mind what a great saving can be made if only the railway workshops are run on the most economic and efficient lines.

My Honourable friend, Sir Purshotandas Thakurdas, drew attention to the fact that on the 31st March, 1930, our railway reserve fund will stand at about Rs. 22½ crores and the depreciation fund at about Rs. 13½ crores. Sir, on a previous occasion I asked of the Honourable the Financial Commissioner of Railways how these reserves are invested and what return we get from the Government of India on these reserves. I was told on that occasion that these reserves are merely merged in the general cash balances of the Government and that we get interest at about 1 per cent. less than that at which the Government of India borrows, and I was further told that, considering the fact that, from the point of view of the Government of India this is to be considered as call money, the rate of interest that we get is more than reasonable. Theoretically, no doubt, I can see the soundness of the argument of my Honourable friend, the Financial Commissioner, but I would put it to him whether in practice this reserve which is to the credit of the Railways is to be considered as simply call money by the Government of India. I hope that when the labours of the Committee which has been appointed to review the working of the separation of railway from general finance are finished, we will arrive at some arrangement by which we would get a reasonable rate of interest for the reserves accumulated by the Railway Administration. Last year, during the discussion on the General Budget, we discovered that the Finance Member of the Government of India had unceremoniously considered these reserves as having helped him to wipe off the unproductive debt of the Government of India. In that attitude of the Finance Member there is very great danger for the railway reserve that we are accumulating, and against this danger it would be essential for the House to devise some safeguard. If the railway reserves are to be used for wiping off the unproductive debt of the Government of India, then we cannot be justified in accumulating these reserves. I hope that the Committee that is now reviewing the separation convention will go into this question also.

Honourable Members will remember that, at the time the convention was arrived at, one of the objects which the House had in view, in agreeing to the accumulation of a reserve fund, was that the reserve ought to be utilised in reducing fares and freights. In the first two years of the working of the convention we were told by the then Commerce Member that the size of the reserve did not justify our launching on any policy of reduction of fares and freights. Last year, my Honourable friend, the present Commerce Member, initiated a healthy policy in this direction, and this year, again, in the announcement that he has made about a reduction of fares and freights, he has continued that policy. Honourable Members will remember that it was pointed out that the new reduction proposed to be brought into force next year would result in a loss of about 65 lakhs of rupees to the railways and I put it to the House and to the Honourable the Commerce Member whether, in view of the fact that we have got about 22½ crores in reserve, the policy of the Honourable the Commerce Member is not really too conservative. I would say, Sir, that the size of our reserve warrants a bolder and a more forward policy in the direction of reducing freights and fares. On the general question of freights and fares, my Honourable friend Sir Purshotamdas Thakurdas drew the attention of this House to the necessity for fixing a standard revenue which railways ought to earn and then to decide what ought to be the reasonable rates to ensure the earning of that standard revenue from the railways. I entirely endorse what Sir Purshotamdas Thakurdas has said in this matter. In answer to a series of questions, addressed to the Honourable Financial Commissioner for Railways the other day, he told this House that the Secretary of State had fixed maximum and minimum rates about 15 years ago, and he further said that there was no necessity to revise the maximum and minimum rates, because they were sufficiently elastic as they exist at present. Sir, I would submit to the Honourable Financial Commissioner that the very fact that there is great elasticity between the maximum and minimum rates will go to defeat the very object of fixing a reasonable rate. I would say that, if Railway administrations are to fix a reasonable rate, they ought not to be given so much elasticity between maximum and minimum rates. The very fact that maximum and minimum rates have been fixed does not necessarily ensure that reasonable rates will be charged for certain classes of commodities, because the fallacy of the argument is that a maximum rate is necessarily a reasonable rate. The time has therefore now come when the whole policy of maximum and minimum rates which were fixed 15 years ago should now be reviewed in the light of recent developments, in the light of the standard revenue which we have asked the Railway Administrations to contribute to the general revenues. In this connection, Sir, I would like to draw the attention of the Honourable the Finance Member to a concrete case which will illustrate my contention that this great elasticity that is given to the railway administrations in the fixing of rates has in many cases resulted in inequality and injustice. I have been told that the railway freight for yarn bales from Coimbatore to Madras, which is a distance of about 306 miles, is Re. 1-1-0 per maund, but the railway freight from Madura to Madras, which is 348 miles, that is 42 miles more, is 0-6-11. Now, in the face of this inequality, how is it possible for the mills in Coimbatore to compete in the Madras market with the mills in Madura. My friend Mr. Sesha Ayyangar, who comes from Madura, tells me that the reason is obvious. I do not want to impute motives to anybody, but the fact remains that in Madura there is a huge

[Mr. R. K. Shanmukham Chetty.]

mill which is an English concern, whereas in Coimbatore the mills are managed by Indians. I do not wish to suggest that, in fixing these rates, the Railway Administration wanted consciously to give undue preference to the English-managed mill at Madura but then the fact remains that for a distance of 306 miles you charge 1-1-0 and for a distance of 348 miles you charge 0-6-11 per maund. Well, Sir, this was discovered unfortunately by the Coimbatore mills only very recently, especially after the opening of the Pollachi-Dindigul line. What we do now in Coimbatore is this: we send the yarn from Coimbatore *via* Pollachi, Dindigul, Madura, to Madras, a distance of 491 miles, and it costs us only 15 annas. Yet my Honourable friend the Financial Commissioner would say that the railway administrations have got sufficient elasticity in the maxima and minima rates fixed by the Secretary of State, and therefore there is no necessity for revising these rates. This is a very good concrete case which must convince the Railway Administration that the time has now come, not only to revise maximum and minimum rates but also to see that the maxima and minima do not give so much elasticity to the railway administrations as to charge rates which are in many cases inequitable and unjust.

Sir Purshotamdas Thakurdas: You can multiply these instances.

Mr. R. K. Shanmukham Chetty: My Honourable friend Sir Purshotamdas Thakurdas was telling me the other day that the cotton freight from Hubli to Bombay *via* Nagpur was a similar case in point. It might be said that a Rates Advisory Board has been set up and it is open to Indian merchants to bring these cases to the notice of the Board: but, as my friend Sir Purshotamdas Thakurdas pointed out, the agriculturist, who is primarily affected by this disparity in rates, is not organised, nor is he sufficiently educated to take advantage of the existence of the Railway Advisory Board. It is therefore all the more necessary on the part of the Railway Administrations to see that the freights and fares are so fixed that they would be considered reasonable, and at the same time ensure what my Honourable friend called a standard revenue to the State. Sir, I do not think at this stage of the discussion it is necessary for me to touch on more topics.

Mr. H. G. Cocke (Bombay: European): I have listened with considerable interest to the excellent speeches of Sir Purshotamdas Thakurdas and Mr. Chetty.

Sir Purshotamdas Thakurdas: For once we agree.

Mr. H. G. Cocke: Yes, for once we agree. We often agree when the discussions in this House are on business topics but possibly we do not so often agree when they are on political topics. Political debates are great fun sometimes but I must say I like to get to a business discussion for a change. Sir, it is rather interesting in the matter of railways to delve a little into the past, particularly in view of the reference to a 19 per cent. dividend which Sir Purshotamdas Thakurdas mentioned just now. I do not know the details of the Bengal and North Western Railway. One often hears that a large dividend is declared, but I doubt very much whether many people reap that rate of dividend; that is to say, people who have held

shares since they were at par have perhaps only received in all an average return of 2 or 3 per cent. People who bought shares a short time back 12 Noon, have got 19 per cent. on their nominal holding, but possibly only four or five per cent. on their purchase price.

I tore myself away yesterday from the interesting matter of deferred rebates and went into the Library to look up the past history of Indian Railways.

Sir Purshotamdas Thakurdas : Including railways under State management?

Mr. H. G. Cocke : Railways as a whole. In 1845, which is going back a long time, I see that three experimental lines were sanctioned. In 1858 Lord Dalhousie, in his Minute, recommended that railways should be developed and the provinces linked up. In 1859 contracts were entered into for 5,000 miles of railway. In those days capital was not available in India and 5 per cent. had to be guaranteed by the State. The early results were very disappointing, and up to 1869 a deficit of 166 lakhs was shown. In the year 1880 there were only 8,500 miles of railway, and I find that in 1900, for the first time, the railways showed a small gain, so that it may not be entirely inapposite to raise these points about the distant past. If you are going to review the return from your railways, you must recollect that where an industry has had a very bad time for a considerable number of years, a certain amount of good harvest is expected in after years.

On the subject of the return on capital outlay, I quite agree that it is a subject that deserves investigation, as to whether we are not obtaining somewhat too high a return on our capital. I see that in the last six years this return has varied between 4.38 and 5.85 per cent. For the last year it was 5.41, so that you can figure it as averaging from $5\frac{1}{2}$ to $5\frac{1}{2}$ per cent. in recent years.

Sir Purshotamdas Thakurdas : Will the Honourable Member kindly tell me who paid the losses till 1900, the taxpayer of India or the shareholder abroad?

Mr. H. G. Cocke : I do not want to go into ancient history further.

Sir Purshotamdas Thakurdas : But you yourself raised the question.

Mr. H. G. Cocke : I was merely sketching out what had happened in the past.

Sir Purshotamdas Thakurdas : At the expense of the taxpayers!

Mr. H. G. Cocke : Our railways in the early days produced very indifferent results. One has got to recognise now that railways are becoming much more an all-India business, and whether it is a question of rates or policy or timings or salaries or staff quarters, you have got to look upon the railways as an all-India organisation, and not to look to any one or two systems.

This point comes up particularly in connection with the suggestion for a new Railway Member. I do not wish to discuss this subject at any great length because it is sure to be discussed when the Demands for Grants are taken up. At the same time it is one of the principal items included in the budget and I should like to point out, having been present at the preliminary discussion when this matter was brought up, that it does seem

[Mr. H. G. Cocke.]

to me that we have got to take a present-day view of our railways. We have got to realise that railway labour problems have come to stay. We must deplore that, in the past year or two, the General Member has been engaged very little on transportation work. It is obviously false economy to have that Member, who is an expert in transportation, taking up a very large part of his time on labour subjects, and I therefore trust that that aspect of the matter will be considered very carefully by the House when the time comes to debate it.

The question of the carriage of fuel is one on which I should like to make one or two remarks. The Honourable Member will remember that in Calcutta, in December, the Associated Chambers asked for a reduction in various things, coal, oil fuel, cotton, etc. We have been met to some extent in the matter of coal, but oil fuel has not received any concession; neither has any reference been made to it in the Honourable Member's speech. Obviously coal and oil fuel are items which ought to go more or less side by side. It would be a very great benefit to the country if some announcement of policy could be made for the future, because a manufacturer is very inclined, and perhaps does change over from coal to oil fuel because it pays him to do so. If you reduce the rates on coal he may be sorry and may be forced to change back. Oil fuel in particular is used largely by agriculturists for small oil engines, and freight rates are very high indeed. We gave one example in Calcutta, namely as between coal carried from Jharia to Ahmedabad at 2-16 pies per ton mile, and oil fuel carried from Bombay to Ahmedabad—which is one-quarter of the distance, but which costs nearly six times the amount,—at 12-56 pies per ton mile. Mr. Chetty has given us striking examples of a difference in freight which at the moment it is difficult to understand. Possibly the Honourable Railway Member may be able to give us a reason why that extraordinary difference exists.

Mr. Chetty referred to the question of the Raven Committee, and the improvements that have been made in railway workshops. No doubt there has been a vast improvement, and I am glad to see from the budget that the definite improvements of which we were told last year, are being continued. For instance, on the Eastern Bengal Railway, the average cost of a standard locomotive repair is two thousand rupees less. We are told that these improvements were obtained by definite economies, made possible by the modernisation of railway workshops.

I agree with Mr. Chetty that there is probably still a very large field for future progress in those directions, because after all the Raven Committee only came out three or four years ago, and it takes a long time to modernise workshops and get them into thoroughly modern ways, and even then, you always are having new inventions and improvements to put in which will further reduce the cost. Incidentally, of course, those improvements lead to labour being dispensed with in certain directions, but that is unavoidable in these days.

I am very glad to see from the budget that amenities to passengers have received considerable attention, and that 1½ crores have been provided in 1929-30, which include 182½ lakhs for the betterment of the lower class carriages.

Sir Purshotamdas Thakurdas referred to the question of Education. I join with him in congratulating the Government on what is being done in that matter. The present condition of things has been growing up for many years past, and is difficult to put right in a short time.

As regards improvements for the staff, that again is a subject which will have the whole-hearted support of this House, but of course it is a matter which has got to be done very carefully and gradually, because if you have received complaints from a railway in Madras and you are induced to put up your wages one rupee per day for a certain class of labour, that reacts over the whole of India, and you have to consider, before giving an enhancement, the effect in other parts of the country and the total cost.

With regard to the matter of stores balances, I regret the upward turn that has been taken. We remember that it was a matter which was referred to by the Inchcape Committee, who pointed out that the stores balances were exorbitant.

The amount in 1921-22 was 28 crores, and since then the figures came down gradually to 14½ crores. Now, this year, we see them jumping up to 17½ crores. No doubt a reason is given for that, but I trust that that figure will not be maintained. The claims paid are very satisfactory, and one rather wonders why one could not have had better results in years gone by especially when the claims paid came down from 120 lakhs to 9½ lakhs between 1923 and 1928. I should like to know what reasons are given for the continued betterment here, whether large amounts are being spent on watch and ward, on fencing stations and so on, for as I said, the fall from 120 crores to 9½ crores in the course of five years is a very substantial fall and as between 1926-27 and 1927-28 the percentage fell from .24 to .14. These are the points which struck me in going through the budget papers. There are many others, but I have endeavoured to touch only on some important points which have not been touched upon by the two previous speakers, and the Honourable Member, I know, likes to have a vast number of items to reply to in the course of his remarks.

Mr. Jamnadas M. Mehta (Bombay City: Non-Muhammadan Urban): Sir, before I touch the purely financial aspect of the budget, I should like to have information on certain items included in the memorandum accompanying the budget. The East Indian Railway is a line where, as a result of the separation of audit from accounts, we were expecting large economies in the administration and cost of operation. But the position of the East Indian Railway seems to be deteriorating as the operating ratio has gone up by nearly one per cent. since 1927-28. I should have expected that it would go down, but I am somewhat disappointed.

Then, Sir, my second point is about the heavy stores balances and the crores of rupees locked therein. The reasons given for this increase are not quite satisfactory.

Then, the third point on which I want information is the exact meaning of the sum of 58 lakhs, as shown in the memorandum to the Railway Budget, page 6, which is said to be the value of the income-tax concessions on certain lines, part of the proceeds of which were devoted for railway purposes. This means that the railways will pay to the general finances, in addition to what they pay by way of contribution, a further sum of 58 lakhs this year. I want to understand whether this sum of Rs. 58 lakhs represents the charge for a single year, or whether it represents the consolidated debit for several years past.

Mr. A. A. L. Parsons (Financial Commissioner, Railways): It represents the charge that we expect we shall pay in the current year, that is to say, in 1928-29. The amount for next year is, I think, a little less because one of the income tax loans has recently been paid off.

Mr. Jamnadas M. Mehta: That means the railways have begun to pay to the general revenues a sum of over half a crore more per year, in addition to the already heavy contributions which the railways are making. I think so important a point might have been brought up earlier before the Railway Standing Finance Committee and its opinion thereon taken which was not done.

I am sorry to find that my Honourable friend Mr. Cocke regards political debate as mere fun.

Mr. H. G. Cocke: Sometimes mere fun.

Mr. Jamnadas M. Mehta: Political questions are matters of life and death to us, while it seems they are sometimes mere fun to Europeans. That is the vast gulf which divides us both. Satisfaction has been expressed by some Honourable Members, at the high figures of the surpluses and the small reductions in rates and fares. But if we examine the real position, this superficial satisfaction will have to be considerably mellowed and modified. The railways are not really, after all, making any progress in their earning capacity. They are, if not steadily declining, virtually stagnant since the last four or five years. Whether you look at the return per mile, or whether you look at the percentage of return on the capital at charge, the fact cannot be denied that the railways are earning less than they used to do five years ago. This fact has been admitted in the Annual Report for Railways for 1927-28. We find that the highest return which the railways made was 5.85 per cent. in 1924-25, and to-day they barely earn 5.40 per cent. They used to earn much less during the interval, or practically the same. Though this difference might appear small when Rs. 100 are concerned, yet when you consider that we have now nearly Rs. 700 crores invested in railways, you will find that the gross receipts are down by six crores of rupees and the net receipts are down by nearly 3½ crores. I am all the more surprised at this dwindling return from railways in view of the fact that there are nearly 12 or 13 causes why railways should look up and not down. In the first instance, we have nearly 3,000 miles of added mileage during the last five years. We have also acquired many company lines with the termination of their contracts, so that, whatever profit or surplus profit used to go to the shareholders of the company, and whatever expenditure was incurred on the London Board, have now ceased and the whole profits of these lines should have come to us and gone to swell our surpluses. The normal expansion of traffic should have further added to our income and also the recent publicity campaign of the Railway Board, which at least costs us several lakhs of rupees a year. In spite of these four causes, which ought to swell our revenues, we have not appreciably increased our receipts. Then there are eight other reasons why the economies we are supposed to have been practising in the various departments should go to dwindle the expenditure. We have a reduction in the cost of repairs in our modernised workshops, of which various figures are given. Rs. 2,000 per locomotive sent up for repairs is supposed to be the saving now. The cost of operation is said to have decreased owing to the extensions of marshalling yards and stations. We have also the

fall in prices of stores and materials; we have a fuel economy campaign, as it is called, for which we have now given a special staff; we have general retrenchment and economies; and in addition we have three important administrative reforms which we were promised would lead to substantial economies; these are the divisional systems of administration on the Great Indian Peninsula Railway and the North Western Railway, the establishment of the Clearing House Office, and the separation of the State railway audit and accounts. Instead of these twelve or thirteen reasons between themselves making for higher earnings and lower costs, we find that the return on the capital outlay has remained stationary or has decreased, so that while we incur lakhs of rupees expenditure on administrative changes and crores of rupees on investments for extensions and new constructions, the net return from the railways is, on Government's own admission, not even keeping up to the mark reached in the year 1924-25. While I say that the railways are not improving their earning capacity I do not thereby say that the railways are not charging higher rates and fares than they ought to. It is unfortunate that, while the rates and fares charged are excessive, the income that is obtained from these railways is not keeping pace. I say, Sir, the rates and fares are excessive, because, in the last six years, in addition to the sum of Rs. 22.50 crores that is in our reserves, as pointed out by my Honourable friend Sir Purshotamdas Thakurdas and my friend Mr. Chetty, we have paid as much as 30 crores to the general revenues and about 8 to 9 crores as loss on strategic railways. All these come from the railway revenues, after the cost of operation, depreciation fund and the interest charges have been provided for. It is a commonplace in railway economics, Sir, that so soon as working expenses, depreciation and interest charges are paid, all surpluses should go to relieve the Railway rates. Railway experts have again and again pointed out that any excess income beyond these three elements of cost means a tax on transport, which should not be levied except in extreme emergent cases. 30 crores, contribution to the general revenues, 9 crores, loss on strategic railways, 22.50 crores, reserve taken in excess of the actual cost of transportation. I make no mention of the depreciation fund because it may be necessary. The only point I want to make regarding the depreciation fund is that if the lives of the various assets of Railway property are longer than what they are assumed to be for the purpose of charging depreciation, the depreciation fund rules will have to be altered accordingly. Otherwise, the depreciation fund is not an improper charge on the railway income. So, barring the depreciation fund, 22.50 crores of reserves and about 40 crores of contribution to the general revenues and for meeting the loss on the Strategic lines, that is, a sum of over 60 crores in the course of six years, has been taken out of the traveller, the trader, the merchant and the agriculturist, in fact everybody who travels, whether he is a worker or an agriculturist or anybody else. There was an abundance of sympathy—almost overflowing—in the speech of the Honourable the Railway Member for the agricultural masses and the industrial classes. If he was in earnest, he should stand aghast at the fact that in six years, a sum of over 60 crores has been taken from these unfortunate individuals in excess of what the true cost of transport in this country is. I say that only the true cost of transport, which comprises working expenses, interest and depreciation, should be charged and nothing more. The last six years have shown that transport is costing the people of this country much more than what its actual cost ought to be, and the need for a radical revision of rates and fares is therefore urgent.

[Mr. Jamnadas M. Mehta.]

My Honourable friend Sir Purshotamdas Thakurdas referred to the Standard Revenues Act of 1921 (regarding railways) so far as England is concerned, and I should like to know what percentage is fixed there as the standard revenue for railways, beyond which they are not entitled to make any profit. I am told, Sir—and I am speaking subject to correction—that 4½ per cent. is the standard rate of income for railways in England. Sir, that we are taking much more than what the normal cost of transport is, is clearly evident. For these reasons, the demand of my friend Sir Purshotamdas Thakurdas for having some statutory provision for rates and fares has come none too early.

Sir Purshotamdas Thakurdas: Overdue.

Mr. Jamnadas M. Mehta: Well, Sir, six years of experience shows that we can carry on our railway administration with efficiency and meet all cost of transport, and yet give relief to the agriculturist, the trader and others, if only we have some statutory safeguard against excessive rates and fares.

Now, Sir, I have only one more point to make. The Honourable the Railway Member, with that sweet and gentle persuasiveness of which he seems to be a past master,—which disarms even a man like myself (Laughter)—has argued at length the case for an additional Member. I think the Honourable Sir Bhupendra Nath Mitra might add a feather in his cap because so soon after his Trade Unions Bill, one half of which was controversial and the other half of which was non-controversial, the Honourable the Railway Member has brought out a budget speech, half of which is absolutely featureless while the other half is absolutely controversial. I do not wish to dwell at length today on the *pros* and *cons* of the fifth Railway Board Member; but I would ask the Railway Member to remember that, during the last seven years, the Agents of the various railway administrations have got immense powers delegated to them, which used to form the subject matter of communications between the Railway Board and these Agents. The Railway Board in turn have got several important powers delegated to them by the Secretary of State, which also rendered it necessary to make protracted and heavy references to that august individual. We have strengthened the Railway Board superior staff by nearly 50 per cent. since 1922; we have delegated certain functions to the Rates Advisory Committee, to the Director for Wagon Pooling, to the Chief Mining Engineer for coal purposes and to the Railway Conference Association. All these used to occupy the time of the Railway Board before in one respect or another, but are now made over to these bodies who are performing the functions delegated to them, which would formerly have been performed by the Railway Board itself. Added to that, Sir, as I said, we have strengthened our staff by 50 per cent. and if you yet need one more Member, the case for it would require to be made out far more strongly than it appears to be in the Railway Member's speech. As I wish to advert to this question again on Saturday next I do not think I should occupy the time of the House in dealing with it today. In the meantime, Sir, I repeat that the railway position requires to be very carefully examined from the point of view of earning capacity, on account of the various factors that I have mentioned, and to see whether, in view of the several crores of capital we have spent on the extension and rehabilitation of our railways, they

show any improved earning capacity, or whether they do not. If they really show an improvement, and that improvement has been swallowed up by other expenses, then we have gone from the frying pan to the fire. We find that, in the miscellaneous section attached to these statements, there is an endless number of special officers and special committees, swallowing up lakhs and lakhs, and I often wonder whether part of the reduced profits of the railways is not due to the extraordinary army of special officers and special committees. Sir, I have done.

Mr. Mukhtar Singh (Meerut Division: Non-Muhammadan Rural): Sir, I congratulate the Honourable the Commerce Member on the prosperous year that we had in the administration of the State Railways.

At the outset I may be permitted to complain most emphatically of the unjust and unfair treatment meted out to the members of this House in the presentation of the Railway Budget. Only 46 hours have been given us to study and make our observations on the Railway Budget. It is too short a period to digest the huge amount of literature supplied to us and to scrutinise the figures contained in the different kinds of books. It is too much to expect to give sufficient thought over this important budget, unless we are allowed a breathing time to form our definite ideas. The situation becomes much more difficult for non-officials, who have no establishment at their disposal, to go into the intricacies of different figures, and who are further asked to attend the Assembly even on the day intervening. I hope and trust that in future due regard will be made to this complaint and sufficient time will be allowed to the members to study the Railway Budget before they are asked to express their opinions on the same.

Now, being afraid of the shortness of time at my disposal, I come straight to the budget. The first thing that strikes me is that the proposed income in the budget is not warranted by the situation in the country. In the same way the expenditure proposed is too high and we are asked to vote for it in the hope that, after defraying all the expenditure, the net gain will be sufficiently high. I may say, Sir, that the expenditure proposed will have to be incurred, no matter whether the income falls short of the proposed figure or not. It seems to be very objectionable procedure to increase the expenditure on the proposed income. Not only will the expenditure proposed affect the budget year, but it will also affect the years to come.

I shall take first the income side. The actuals of income in 1927-28 from passenger and goods earnings were 110 crores and we budgeted for 108 crores. As a matter of fact now we are expecting an income from these sources to 111 crores, i.e., about 3 crores more than we budgeted for last year. In the earnings of coaching vehicles from passengers we have got about 40 lakhs less, but in the case of goods earnings we have got three crores more. Though we have got 40 lakhs less in passenger traffic still we have budgeted for 6 lakhs more than the budget of the last year and 42 lacs more than the revised estimate. I may submit that, owing to the hard competition in short distance travel between motor services and railways, and owing to famine conditions in the United Provinces and the Punjab, it cannot be safe to budget for more than the revised estimate of the current year. This will reduce the income side from coaching vehicles by about 46 lacs. Coming to the goods traffic, the Honourable the Commerce Member has not told us the reasons on

[Mr. Mukhtar Singh.]

account of which he has come to the conclusion that the income from this source will not even be equal to the income during the current year, but a bit more. Further he has not told us the reasons as to why the income under goods during the current year has abnormally increased over the budgeted amount. I shall try to show, Sir, that the income proposed from goods traffic is too high. The *rabi* crop in the United Provinces and the Punjab is expected to be very poor. The large import of Australian wheat, which has increased from 40,500 tons of 1926-27, to 69,200 tons in 1927-28, will also affect the movement of Indian wheat. In the case of cotton, we cannot expect the same huge traffic that we have witnessed in the current year. It may not be impertinent on my part to invite the attention of the Honourable Member to the remark on page 68 in the Review of the Trade of India for the year 1926-27 from which he will find that the prices in the year 1926-27 were very low, and so the stocks were held up, but during the year 1927-28, as stated on page 62 of the Review of Trade for that year, the prices went up. This explains the large amount of earnings from cotton transport. This year there is already a large stock of cotton held up in Bombay, owing to the slackness in export demand, for we cannot expect a heavier traffic this year in this commodity also. Besides this, in spite of the huge paraphernalia of agricultural exports, the Department of Agriculture has miserably failed to discover long staple cottons suitable for Indian soils and climate. The Indian mills are increasing the spinning of finer counts and thus they are importing a large quantity of cotton from America. The import of cotton, which was only 18,000 tons in 1925-26, increased to 46,000 tons in 1926-27, and it has further increased to 66,000 tons in 1927-28. Thus it is quite clear that we cannot base our estimates of income on the abnormal increase from goods earnings during the current year. On page 4 of the explanatory memorandum we find the remark :

"It is in our opinion too early yet to gauge the effect of the reductions which have been made in the rates on kerosine oil, manures, and oil cakes, jagree and petrol."

From kerosine oil the income has been disappointing; perhaps it is due to the fact that crude oil, which is replacing the kerosine oil in oil engines, has not got the advantage of this reduction. If the recommendations of the Roads Committee are adopted, it may check the continuous increase in petrol consumption, and thus the traffic from this source may fall below the expectation. Jagree also is not expected to give a higher return, as the area under sugarcane is decreasing. Thanks to the indifference of the Government of India in shelving everything for the magic wand of the Council of Research for Agriculture the returns under jagree are not expected to be very hopeful. In the short time at my disposal I cannot deal with all the other commodities. It seems to be quite clear to me that this year the income from goods traffic has been more by 3 crores than the proposed income in the budget. This is an abnormal increase and cannot be expected to be permanent, and therefore I consider, Sir, that the income on the budgeted side should be reduced at least by 3 crores. Coming to the expenditure side, we shall have a chance of discussing the same under different demands and so I do not propose to enter into the details of the same. But I cannot refrain from pointing out that the budgeted estimate in 1928-29 under head administration was only 18,06 lakhs but in revised estimate the figure swelled up by 69 lakhs, and now it is proposed to make it a permanent figure. In the total expenditure on

railways the cost of administration is about 20 per cent., and this high cost of administration holds up all the reforms for the betterment of lower services. The House should be very jealous of any increment under this head and should see that the figure under this head does not exceed 13,08 lakhs, the budgeted figure of the last year. The total proposed expenditure is higher than the last year's budget by 2,76 lakhs and is higher by 81 lakhs from the revised figure. As I have already explained that the income proposed in the budget is not likely to be realised, it seems to be unsafe to budget for a higher figure of expenditure than we budgeted for last year. We have seen, Sir, that in the last year, though the budgeted figure was only 65,91 lakhs, yet we increased it to 68,36 lakhs in the revised estimate. Similarly we should budget for not more than 66 crores this year, and cut down the budgeted figure by 2 crores 67 lakhs so that our expenditure may be compatible with the income of the next year. If in working we find that an increased expenditure is demanded on account of the increase in traffic, we can certainly raise the budgeted figure as we did during the current year. It seems to me quite unsafe that we budget even higher than the revised estimate, especially when there seems to be no chance of getting the proposed income.

Now I come to the other announcements of the Honourable the Commerce Member. In a budget speech these announcements are the only things important from the public point of view. In a Railway Budget I expected three things for announcement from the Honourable Member in charge of railways, (1) better treatment of the constituents—the passengers and the merchants of this country, (2) betterment of the condition of the employees, and (3) a higher nett profit by economising the expenditure. I may be excused for saying that I have been sorely disappointed in all these three aspects. The first heading of the better treatment of constituents can be divided into two sections, firstly the amenities to passengers, and secondly better facilities to merchants. The Honourable the Commerce Member has announced a decent charity of 8½ lakhs in the reduction of third class fares for passengers on the Eastern Bengal Railway. I expected a declaration of the right of third class and intermediate class passengers to travel by mail trains and other fast trains. I expected that, instead of wasting money in foreign countries for advertisement, arrangements would be made to publish time-tables and rules and goods tariffs in the vernaculars of the country. I expected that sleeping accommodation for third and intermediate class passengers would be provided. But none of these things has come. As to the goods traffic, I am glad that the coal rates have been reduced, but I may be permitted to say that there remains a great necessity of revising the whole tariff rate with the idea as to how best we can serve the interest of the country. To leave the entire matter to the Agents of different railways to fix rates between maximum and minimum rates is simply absurd, especially when the maximum rates are three times the minimum rates. The average speed of goods trains of 9.9 miles on the broad gauge is one on which the Railway Board cannot be congratulated and especially when goods are not booked for days together, and the wagons are held up in transit at different stations. The Honourable Members of this House very well know that a number of merchants come to grief every year by not receiving the goods at the expected time. The reduction in rates of fresh fruits and vegetables might have been welcome, provided the reduction had taken place in

[Mr. Mukhtar Singh.]

carrying these articles by passenger trains, as it is not likely that goods trains will be used for this purpose, especially when Mr. Parsons has proclaimed in this House on the 30th January, in reply to a question of mine, that "Railways publicly notify that they do not guarantee the delivery of goods within any specified time"—a very nice assurance for the traders of this country! I expected that the recommendations of the Royal Agricultural Commission in connection with freight rates would at least be carried out and the cultivator would be able to benefit by them, but even this announcement has not come. The freight rates for forest produce should have been reduced over all the railways, so that cheap rates for fuel would have released the cow dung cakes for manure, and the cheap rates for fodder would have given some relief to the starving cattle of this country.

As to the amenities of the railway employees, the very small amount of 36 lakhs for improving the service conditions of lower paid employees is simply disgraceful and in the words of the *Pioneer* is "a very timid approach to a fair wage scale". This too does not seem likely to be availed of if the House does not agree to the new expenditure of Rs. 84 thousand for creating a new post on the Railway Board.

As to the third item I find, Sir, that no attempt seems to have been made in working the railways more cheaply. The working expenses are top-heavy, as they have been heretofore, and the large increase in the mileage of State Railways has not brought about a reduction in working and maintenance per mile of railway.

Thus, Sir, the Budget, as presented, is sorely disappointing.

Mr. E. F. Sykes (Bombay: European): Mr. President, in the many papers supplied to the House—the speech of the Honourable Commerce Member and the speech of the Chief Commissioner and the Explanatory Memorandum—so many subjects are dealt with that one would think that none had been overlooked. Yet one looked in vain for any explanation or apology on the part of Government for its departure from its declared policy of railway construction. The declarations of this policy have been unambiguous. Addressing this House in August 1926, His Excellency the Viceroy announced a programme of 6,000 miles of new line in the five years ending with March 31, 1932; and in the Administration Report for 1926-27 the Railway Department went one better and announced a programme of 7,000 miles for the same period, with 4,000 miles still under construction at the end of it. The House can imagine how the rural population in the hitherto neglected areas felt cheered, for the House need be under no illusion as to the desires of the cultivating community. What they desire is Railways always and more Railways. One has only to follow the traces of the many lines that have been marked out by the Railway Board to be asked with monotonous frequency "When will the rail come?" These declarations were reinforced by the Government speaking by the mouth of His Excellency the Viceroy before the Associated Chambers of Commerce in December. He said:

"The first and foremost duty of the Government to industry and commerce is the development of communications."

He was speaking before the Associated Chambers of Commerce, and therefore for the moment he did not mention agriculture, but we know from his speeches on other occasions that agriculture is as much his concern as industry and commerce. In addition, the Government is associated with this House in the convention for the separation of railway and general finance, of whose objects the principal one is to enable the railways to carry out a continuous policy.

Now, Sir, it must be said, that, up to a comparatively recent date, the record of the Government has been quite good in this respect. The war left the railways with depleted organisation and large arrears of maintenance to be made good. Even in 1926 it had not the organisation necessary for the conduct of a programme as outlined by the Viceroy. But it was developing it. Meanwhile the Government was proposing, and the House approving, the provision of ample funds. Deductions from the gross annual amounts were made on account of the short spending capacity of the administrations, but it was clearly understood that, should Agents be able to spend more, the money would be forthcoming; and this policy was carried on continuously until, in the last financial year, the total capital expenditure amounted to over Rs. 82½ crores, as against a budget provision of Rs. 26 crores. The fact that the budget provision for the current year was only Rs. 24 crores excited no alarm, and the Agents proceeded with their programmes as usual. In September a change came. The Agents were told that, not only had they to reduce their demands for the following year to about 26 crores, but that their expenditure for the current year was not to exceed that amount. I do not know how to impress on the House the seriousness of the results of this action. Perhaps in one way or another all Members of the House are aware of it. From the point of view of the administrations, it would be nothing short of disastrous. One Agent, for example, was called on to reduce his expenditure for the year by no less than 36 per cent., although his rate of expenditure for the first half of the year had been in excess of the average rate.

Mr. A. A. L. Parsons: Which one?

Mr. E. F. Sykes: The North Western Railway. The House can imagine the extent to which works have been left incomplete and the painfully organized staff dispersed; but the blow was still harder for the rural areas which had been waiting and waiting for railway facilities and saw as the only obstacle the undeveloped spending powers of the administration. Here is an example. In an undeveloped portion of Assam, an extension of the State line has been projected and the return guaranteed by the Local Government. In the same area, private enterprise has projected another line of communication. Sanction to this is held up pending the construction of the State line. The latter, although guaranteed by the Local Government, cannot be constructed for want of funds. The development of the whole area meanwhile is suspended, but the want of this line prevents any development in the area lying still further to the North-East.

It is not obvious why the Government should not have frankly explained the situation to the House and asked for its approval. But on the contrary it hid it as long as possible and did not even communicate it to the Standing Finance Committee when it met in November. And yet the matter was very simple, even though to explain it we have to

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deal with the matter of finance. This is a subject which we are supposed to approach with a feeling of awe and reverence. But I submit there is a good deal of unnecessary "bogey" in this respect. Like M. Jourdain with prose, we all of us find ourselves practising finance without knowing it. It is perfectly true that in this, as in all other activities, there are some who have a wider experience and greater insight than others and these are called experts. And very properly we are guided by their views. It is, however, a matter of universal experience that unfortunately experts can be found to support every variety of view, and in the end the plain man who puts up the money has to decide between them. So I ask the House not to be afraid of words, but to remember that they are in this case the plain man and it is their duty to form and act on an opinion formed by such guidance as they may have available. What has happened is simply this, that the Government's advisers, who formerly thought that its credit admitted of borrowing for capital works on a large scale, now think that it is only possible on a smaller scale. It is a subject on which there is room for a difference of opinion. The Government of India gave its views to the Roads Development Committee. The Finance Secretary said: "I do not think that anybody could say that we have reached the limit of the credit of the Government of India". Later he observed that while an addition to the annual capital expenditure of the Government of forty crores would be out of all bounds an increase of five crores would be conceivable.

Now, what is the effect of this action of the Government? We can find out from the speech of the Honourable the Commerce Member. The mileage of new lines to be opened in the first three years of the quinquennium will be 2,000. The mileage of the next two, owing to the restriction of funds, will not be above the average and will therefore bring the total for five years up to a little over three thousand miles, or half the projected mileage.

What then is the case which the House has against the Government? I would like the House to consider this matter very carefully. In view of the unreasonable manner in which the blame for everything is often laid on the Government, it is not surprising that the criticism loses some of its force. Let us be clear then that we do not blame the Government for changing its view. Those who think worst of it would not wish it to add to its vices an unenlightened consistency. What we do blame the Government for is for the panicky manner in which it acted on its changed views. We blame it for following a policy inconsistent with its first and foremost duty to industry and commerce; we blame it for a breach of the convention regarding the separation of finance which was accepted by all parties in 1924; and finally we blame it for its want of frankness in not making the position clear to the House, and asking its advice and assistance.

Sir, I should not like to be thought to be content with expounding the causes of our troubles and assigning the blame for them. Nor, on the other hand, would I be so presumptuous as to hope to indicate the complete remedy. Life is not as simple as that. My contribution will be to say to the Government that, as you have failed in your effort to carry out your first and foremost duty to industry and commerce, (not to speak of agriculture), it is your duty to institute an inquiry into the best manner

of doing so and to bring the results before the House for its approval; and to the House, that in connection with the revision of the convention regarding the separation of finance every effort shall be made to render it panic-proof.

Mr. Fazal Ibrahim Rahimtulla (Bombay Central Division: Muhammadan Rural): Sir, I would have had no desire to make a speech this morning had it not been for the business like speech of the President of the Indian Chamber of Commerce, Bombay. Sir, I thought Sir Purshotamdas Thakurdas was voicing the feeling of this House when he put forward those valuable suggestions on the Railway Budget. Those suggestions are very useful, and I hope the Honourable Member for Railways will give his very careful consideration to them.

Sir, Mr. Cocke first of all, unconsciously I think, hurt the feelings of this side of the House by saying that we sometimes create fun when political debates are conducted in the House

Mr. H. G. Cocke: I said that political discussions in the House have some times created fun. I do not think it is quite the same thing as what the Honourable Member represents me to have said.

Mr. Fazal Ibrahim Rahimtulla: I do not think any discussion of a political nature in this House can be regarded by anybody as creating fun for anybody except perhaps for my friend Mr. Cocke. Sir, my friend belongs to a well known company of auditors, being the senior partner of Messrs. Fergusson and Company, and I do not know, Sir, how he could possibly repudiate or find fault with the remarks of Sir Purshotamdas Thakurdas when he said that the dividend of 19 per cent. which is earned by the Bengal and North Western Railway, could be regarded as a reduction in the rate of interest on the present value of the shares. I think, Sir, in every company, we calculate on the par value regarding the interest, and there is so much feeling in this House regarding the dividend declared by the Bengal and North Western Railway that a Resolution has been tabled asking Government to take the line over when the agreement of that Railway expires, namely in 1931.

Mr. H. G. Cocke: May I interrupt the Honourable Member, Sir? I did not wish to indicate that the dividend was necessarily good or bad. I do not know the facts. I merely said that when the dividend was 19 per cent., it did not follow that anyone got 19 per cent. on their investment.

Mr. Fazal Ibrahim Rahimtulla: That shows the huge profit the Railway is making.

Mr. H. G. Cocke: Quite so.

Mr. Fazal Ibrahim Rahimtulla: I am glad that my friend Mr. Cocke has taken the trouble to look into the history of the question. He began to trace the history of the Railways, and when my friend Sir Purshotamdas Thakurdas pointedly made a remark regarding what the taxpayers have paid as a clear loss, namely 10 crores of rupees, my Honourable friend Mr. Cocke did not wish to proceed further because he had no arguments to fight that. He need not have taken the trouble to go to the

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Library, Sir, because if he had looked up the Report of the Acworth Committee, which deals fully with this question at page 99, in Appendix III, he would have seen the actual facts. There they clearly point out that the amount paid as guaranteed interest is £208 millions, and the net loss which the taxpayer has paid till 1919 is Rupees 10 crores 7 lakhs and 75 thousand.

There is one point which I wish the Honourable the Commerce Member to take notice of, and that point has been brought to our notice by the

Local Railway Advisory Committee. It is regarding the point
1 P.M. that they do not get money enough and in time to spend during the year that they are expected to spend. Regarding the construction of new lines and the extension of existing lines they get sanction for the money in April, then they place orders in England in June or July, and when the goods arrive which is about September, one finds that one is not able to spend the money which is given to one, and according to the rules of the Railway Board, one has got to refund that money if one is not able to spend it during that year. My Honourable friend, Sir Purshotamdas Thakurdas, mentioned about the Local Advisory Committees. I can say from my experience that the Bombay, Baroda and Central India Railway Advisory Committee is working splendidly, and the Agent of that Railway, who is the Chairman of that Committee, is very sympathetic and has always carried out the wishes of the majority of that Committee. (An Honourable Member: "Hear, hear.") I hope that this policy will be followed by the other Local Advisory Committees about which my Honourable friend, Sir Purshotamdas Thakurdas has rightly complained.

I will now touch upon the question of the additional Railway Board Member. I do not desire to say anything at present regarding his usefulness. The Honourable the Railway Member has dealt at length with that question, but whilst he did so and tried to make out a clear case, I am afraid that he has not taken into consideration the wishes of this side of the House to have an Indian for that post. The House will remember that, while Sir Basil Blackett was the Finance Member, he pointed out that there are four Members on the Railway Board and that one of them should be an Indian, and an early opportunity should be taken, in the event of a vacancy, to appoint an Indian to one of the four posts. The Railway Member has now come forward for the appointment of a fifth Member without in any way telling us that he will consider sympathetically, or that he will agree on the floor of this House, to consider the question of having an Indian for one of these five appointments. I hope that he will have regard for the feeling of this House, which is rightly claiming that even out of the four existing ones, there should be at least one Indian.

As regards the suggestion which I wanted to make, regarding the unfair freight rates, it was covered very clearly by an example which my Honourable friend, Mr. Chetty, cited, and I hope that the Railway Board will look into that matter seriously. This matter of preferential rates, whether admitted consciously or not, has always been the grievance of the commercial community of Bombay.

Khan Bahadur Makhdum Syed Rajan Bakhsh Shah (South-West Punjab: Muhammadan) made a speech in the vernacular, a translation of which will appear later as an Appendix to these Debates.]

Mr. C. Duraiswamy Aiyangar (Madras ceded districts and Chittoor: Non-Muhammadan Rural): It must be a great relief to my Honourable friend, Sir George Rainy, to hear what the man in the street has to say after having heard a good deal of figures about which he has been troubling himself for the last so many days in his chambers. Sir, the man in the street does not concern himself with these crores, much less can he pronounce them or read them. He is more concerned with what comforts, what amenities and what conveniences he would get from the Honourable the Commerce Member. The Honourable Member yesterday in his Budget speech contended that nowadays third class passengers have been asking for too many comforts from him. But I am sorry to say that, far from asking for comforts, they have been asking only for the necessities of existence. In the first place, I would quote to the Honourable Member the authority of Mahatma Gandhi,—what he says about third class passengers in these lines:

"Now that I have resumed third class travelling after many years, my eyes are opened to the fact that the condition is about the same that ruled five years ago. Third class carriages and especially latrines are just as dirty and unkept as they ever were.

To mention one glaring instance, the latrines on the other systems that I know are somewhat tolerable; but the latrines in the Jodhpur State Railway are, in my opinion, absolutely intolerable, insanitary and unfit for human use. They are little black holes without ventilation, without light, without latches to close the doors from inside. A bulky man like say, Maulana Shaukat Ali (and he might have added me) would not perhaps be able to enter the latrine or having entered would certainly not be able to use it. Lean men like me cannot use them without the clothes touching the walls. The whole construction was evidently conceived without reference to the primary human want. It is up to the railway management to alter this disgraceful state of things without a moment's delay. The State Railways should really be a model to the British system whereas the actual state of things is the other way."

Sir, if complaints like this arise, is it fair for my Honourable friend the Commerce Member to say that the third class passengers are asking nowadays for more comforts than they originally used to ask. When I read, or rather heard, the speech of the Honourable the Commerce Member yesterday, I found that it contained more words than figures, whereas the budget speech which was presented to the other House contained more figures than words, but all the same it was no comfort to hear either of those speeches when we heard of practically nothing done for the man in the street. I found that I could summarise the budget speech of my friend the Commerce Member in two expressions: (1) compliments to officers behind him, and (2) special pleading for an additional Member for the Railway Board. Sir, without his paying any compliments to them, I am prepared to concede that there is indefatigable energy not only in Mr. Parsons, but in all those who sit by and around him. I am prepared to concede that always, and I am prepared to say also that it is proportionate to the huge salary which they are receiving. At the same time I am not satisfied that they have, consistently with that responsibility which has devolved upon them, looked after the interests of the persons who are paying them. I have found attached to the proceedings of the Railway Standing Finance Committee a fine geneological table of the co-parcenary of the Chief Commissioner of the Railway Board with his agnates and cognates. I wanted to find out whether there was any other line to be drawn there for another additional Member and I thought the agnates and cognates existing were sufficient to devour the whole of the finances of this country. The Honourable the Commerce Member stated, in the budget speech yesterday, that he expects 1½ crores more than the expected receipts for the current year. I

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do not know myself whether he intended that to be a surprise for this House, but those who have been accustomed to hear the framers of budget speeches in this House, whether it is the railway budget or the general budget, know that they have got something concealed under their double lock. They knew that there would be this $1\frac{1}{2}$ crores increase, even at the time they presented their last budget, and it is no surprise therefore either to the Honourable Member or the Members on the floor of this House. We know this system of over-estimating the expenditure and under-estimating the income, so that at the time of the budget we may not ask for more. At the end of the year they try to make out that they found this $1\frac{1}{2}$ crores increase. I say that this increase has not fallen from the heavens, but has been unlocked from their own double lock. Now, Sir, I have said that the Honourable the Commerce Member has not been attending to the real needs of the man in the street. I find from the budget that there is an absolute dearth of imagination or originality. We get the usual routine figures, the usual routine items and the usual programmes for their own new works and open lines. We do not really find whether, in drawing up their programme of new works, they have ever consulted the necessities of the real passengers who have been paying for the railway revenues. They have classified railways under commercial railways and I say, Sir, they have been over-commercialising them. Then there are the strategic railways which naturally must end in loss. Then they have a third class of railways, luxury railways like the Kalka-Simla railway and the Nilgiris railway. They spend crores there whereas they are not paying any attention whatever to the needs of the Hindu passengers who go to places of pilgrimage like Badrinath. Have they ever considered the necessities of these people who are paying for their costly establishments? Absolutely nothing of the kind. I would ask my Honourable friend the Commerce Member to tell us how he found out that, by the reduction of rates last year, there was a reduction of income to the extent of 7 lakhs. I say, Sir, even that is a myth. The reduction in fares has not in any way affected the revenues. The reduction is in force for distances of over 50 miles, over 150 miles and over 300 miles. I have hardly known cases where third class passengers travel more than 150 or 300 miles at a stretch. I can classify the third class passengers in various ways. There are passengers who go for social amenities. They go to the houses of their relations, which are within 20 or 30 miles. Then there are passengers who travel for litigation in their own districts. They do not travel more than 150 miles. Persons who go on pilgrimages do not travel more than 150 or 300 miles at a stretch. They stop at various centres. They never buy tickets from Madras to Benares or Madras to Hardwar direct. Now, I ask, how the reduction which he has made last year, and about which he is never tired of boasting, has affected the receipts. In reality, the real cause of this loss of 7 lakhs is the bus, which runs parallel to the railway communications, and travels faster than the railways do. The railway time tables are also irregular and inconvenient to the passengers. So they prefer to travel by buses. It is to this cause that the reduction in the railway receipts is due and I therefore think that it is not right for the Commerce Member to attribute the loss of receipts to the reduction in rates of fares. Now, I ask him to give this House figures of third class tickets taken for distances of 150 miles and over at a time. It will be very easy for him to do this. That will show whether the reduction in fares is the real cause of this fall in receipts. I believe there will be more occasions for Honourable Members

of this House to speak upon this in further detail. Now, Sir, I am glad that my Honourable friend has recognised that the reduction of freight on coal traffic will be of great advantage to the industrial development of the country. He has discovered it at this late stage. His predecessors never looked into this matter. The Bengal coal could not be carried to Bombay at a cheaper rate than the South African coal. The South African coal has been receiving all kinds of encouragement, and neither the Railway Board nor the Commerce Member ever thought that they could get the railways compulsorily to purchase Indian coal, which alone would benefit the Indian coal manufacturers. Oftentimes I have been told that the pit-top price of coal in this country has been the same as in South Africa and yet it has been found in past years that the conveyance of South African coal to the Bombay port was made at a cheaper rate than the railway freight from Bengal to Bombay. That was due to the fact that our freights were so exorbitant and prohibitive that our coal could not compete with the South African coal.

Now, Sir, I ask what attention the Honourable Member has paid to the recommendations of the Royal Commission on Agriculture, who made their recommendations a year ago. I ask him to turn to pages 94, 114, 262, 263, 264, 359 and 378, where the Royal Commission on Agriculture have made various recommendations relating to the cheaper conveyance of fertilisers, of fodder, of fuel, and other matters that affect the agriculturist to the cultivators in this country. Upon all these points the Royal Commission on Agriculture has made very strong recommendations based on evidence received in the course of its enquiry. I ask, what attention have you paid to the recommendations in this valuable Report? At page 94 the Royal Commission asked the Railway Board and the railway authorities particularly to revise the rates of freights which are charged for oilcakes and other kinds of manure, and I find that to-day we are told that there has been a reduction in the rate for oilcake, but have not heard anything as to what revision the Honourable Member has made or what further reductions he is able to give on these materials.

Sir, at page 114 of the Report of the Royal Commission I find in paragraph 109:

"In pursuance of our desire that the manufacture in India of agricultural machinery and implements should be encouraged, we have also examined the rates charged by the railways for the transport of such goods. In the present state of industrial development in India, it cannot be expected that a factory capable of turning out the more elaborate types of machinery and implements should be established in each province. At the same time railway transport charges to distant parts of the country are a serious matter to agricultural implement firms. While the railways are commercial undertakings and, as such, must earn a reasonable rate of interest on the capital sunk in them, it is greatly to their interest to encourage internal manufactures by charging the lowest possible rates for the movement to the factory of raw material and from the factory of the finished article all over the country. We would, therefore, suggest that freight rates on agricultural implements and machinery should be re-examined from this point of view and that, where possible, concessions should be given."

I ask the Honourable the Commerce Member, did he re-examine those rates, and if so, what reductions does he propose to introduce? So far as the current budget is concerned, I am not aware of any reductions or any recommendations in the matter of the revision of rates on machinery so essential to agriculturists.

Sir, the following paragraph at page 262 will likewise be profitable. I will not say profitable to the agriculturist at this stage, but profitable to

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know that the Honourable the Commerce Member's attention has been drawn to it:

"As the quality of his cattle improves, we anticipate that the present disinclination of the cultivator to purchase fodder may disappear and that an active demand for it may arise. Railways should encourage this change of attitude on the part of the cultivator by offering the lowest rates for the transport of fodder, compatible with their position as profit-earning concerns. The capacity of forest lands in certain parts of the country to supply fodder in large quantities is undoubted and if, by means of propaganda, the use of dried grass for feeding increases, the railways will stand to gain by the development of a new line of traffic."

May I ask the Honourable the Commerce Member whether he made any inquiry into this, and whether he has made any recommendations for reducing the freight on fodder which is so essential to the agriculturists?

Then, Sir, a line at page 379. I will not read all the passage and thus tax the patience of my Honourable friends here:

"We would further suggest that the feasibility of transporting all milch cattle by passenger or parcel express train at the rates at present charged for their carriage by goods train, and also of improving the type of wagon used for the transport of all cattle, should be investigated. In existing conditions, a large number of good milch cows are imported into Calcutta and Bombay by milk vendors who sell them for slaughter at the end of the lactation period as they cannot afford to stall feed them until they calve again or to send them back to the districts. In such circumstances, any measures which facilitated the rapid transport of cattle at reasonable rates would furnish a valuable contribution to the solution of some of the problems connected with animal husbandry which we have discussed in Chapter VII."

Sir, I need not go into the matter further. I only request the Honourable the Commerce Member to direct his attention to the various recommendations made with so much responsibility. I would ask that he should take speedy steps to see that these matters are settled as soon as possible.

With regard to the railway administration taking care of the lives and safety of persons travelling by train, I would refer you to statistics about accidents. We find in the year 1917-18 that there were 268 persons killed. In the year 1926-27 there were 347 persons killed. With regard to railway servants, in 1917-18, there were 408 employees killed. In 1926-27 there were 890. In the case of those who were neither passengers nor railway servants, in the year 1917-18, there were 1,718 persons killed. In the year 1926-27 there were 2,156 persons killed. And this is the tremendous and laudable work which the Government Inspectors do in the matter of preventing accidents occurring on railways.

With regard to the cases of these accidents on railways, I find I have not given you the figures of those who were injured without being actually killed. In 1917-18 there were 2,418 persons injured. In 1926-27 there were 5,786 persons injured. These accidents have all arisen on account of the shunting of trains at various junctions, on account of the irregular and careless manner in which trucks are handled, and also on account of the absolute callousness displayed with regard to the safety of passengers. I know personally, for instance, that at Renigunta Junction I have found trains brought on the second line away from the platform. Passengers are asked to get down from the platform at midnight, cross the lines, and go to the opposite platform and catch the mail train waiting on the other side. These are the arrangements that are made by the railway authorities at big stations, commanding as they do, long stretches of platforms, and

I ask, how is it possible for you to say that accidents will not occur? I ask the railway administration and the Railway Board, which contains a Member who is specially deputed to look after transportation, what care has been taken in the past to safeguard the lives of passengers? My Honourable friend the Commerce Member says, "Please give me an additional Member to look after these things." He is not satisfied with the existing Member and he calls the additional Member by a catch phrase, "Labour Member." Diwan Chaman Lall may be deceived by this catch phrase, my Honourable friend, Mr. Joshi, who, I am sorry, is not here to-day, may be carried away by that phrase, but we know that there is absolutely no use trying to impose on us by this catch phrase, while those existing on the Board are not doing their duty and are shirking responsibility with regard to the safety of the people entrusted to their care.

Now, what is it that, after all, I have come to learn from the railway administration. I have come to learn that there is more of red-tapeism in railway administrations than people know of. A few days ago I asked the Agent and Manager of the Madras and Southern Mahratta Railway whether there was through communication opened from Madras to Delhi. Two days after he replied, telling me he had forwarded my letter to the Traffic Manager for disposal. Did he not know this simple piece of information himself? Why should he refer the matter to the Traffic Manager for reply? What is this except red-tapeism, and this red-tapeism is introduced into public utility departments, and passengers who are not acquainted with the functions of the general departments are to be told that they must go from office to office for information. I ask, do these officers deserve the salaries they are getting?

Now, Sir, only the other day my Honourable friend Kumar Ganganand Sinha put a question to the Honourable Mr. Parsons about the irregularities and about the reckless manner in which passengers are allowed to go to the platforms at Howrah station. It was just on the day previous to the putting of the question here that I had personal experience as to how passengers are allowed on to the platforms there. In answer to that question, the Honourable Mr. Parsons simply said, "no," but that, however, he would forward the question to the railway authorities at Howrah for inquiry. We will perhaps get a reply to this inquiry during the Simla session and perhaps in the meanwhile either Kumar Ganganand Sinha might forget the whole incident or I might forget the whole thing. I can tell you, Sir, from my personal experience at the Howrah station last Saturday that the passengers were all huddled together near the platform. We ought to enter for the Delhi Express by platform No. 9, but I saw passengers going up by platforms 3, 4, 5 and so on and getting into platform No. 9 by questionable methods. The cooly porter quietly tells me: "Babuji, if you pay Re. 1, you will get to platform No. 9 immediately." People are all huddled together and just 15 minutes before the time for the departure of the Express, the railway gates are opened. There is absolutely no checking of tickets. They all rush together in a great hurry as I find in places of pilgrimage, when the door is opened all pilgrims are allowed to rush in together for a *darshan* of the deity. This is the manner in which arrangements are made at the Howrah station for regulating the entry of passengers into the platform. There is no wonder if in that crowd which rush in in order to get their seats within the space of 10 or 15 minutes to enable them to travel by that train, women are crushed and children are

[Mr. C. Duraiswamy Aiyangar.]

crushed. If there is such a thing happening, there is absolutely no wonder that we should often hear of accidents even in public railway platforms like the Howrah station. When questions are asked relating to this—my Honourable friend Mr. Parsons could have never experienced such inconvenience, for whenever he travels, he is taken in the most convenient manner from his waiting room to the saloon and so he cannot realise the difficulties of third class passengers—whenever questions are asked with regard to these difficulties, he quietly answers “Part (a) No; Part (b) Does not arise”. (Laughter.) Nothing would arise to him. I say, Sir, these are some of the difficulties which the passengers suffer under. I do not propose to detain the House any longer on this occasion. But if occasion arises to me later on, I will give further details when we come to discuss the demands. (Applause.)

The Assembly then adjourned for Lunch till Twenty Minutes to Three of the Clock.

The Assembly re-assembled after Lunch at Twenty Minutes to Three of the Clock, Mr. President in the Chair.

Pandit Nilakantha Das (Orissa Division: Non-Muhammadan): Sir, it is not for me to curse or congratulate the Railway Board on this occasion. They are above both. But this much I can say that the Honourable Sir George Rainy and his colleague have played their part cleverly so far as the budget is concerned as well as the speech. Language and statements have a function in State craft, and in my opinion, such a function has been well discharged.

I was also glad to note that our Honourable friend Sir George Rainy almost began his speech with a straight confession that a reduction of fares and rates ended in an increase of receipts of 1½ crores of rupees, for it afforded an incentive to activity in the general trade. But he recoils at once to the traditional timidity of a Departmental Head and says that it is yet too early to say whether the increase is due to reduction, though even in passenger traffic, he admits, the income is down by 7 instead of 21 lakhs in this age of motors and buses. Commerce is not ordinarily expected to be imaginative, and I am therefore not inclined to blame the Honourable Member on that score.

Now I shall turn to the main criticism of the budget. Such a criticism from a Member of the Opposition, as I am, is oftener than not generally looked upon as destructive, and I am afraid, nothing better than the ordinary can I give so long as the basic policy of the administration remains as it is. Railways ought to be a national industry, but there is nothing national in our administration. So long as the industry does not become at least Indian in spirit as well as in form, the suggestions I am going to offer are in danger of losing their constructive character. But let us hope against hope so long as we are here.

A good portion of the speech of the Honourable Member for Commerce appears to be a pleading for a new Member on the Board. A case is attempted to be made out for him on the ground that he will take almost

exclusive charge of labour. He may perhaps be an Indian by caste. Thus, our Honourable friend seems to aim at killing two birds with one stone. Both the cry for Indianisation in the highest place as well as that against merciless exploitation of labour are attempted to be gagged in this one stroke of policy. An Indian Member in charge of labour too may be used, not only as an apparent argument, but as a seeming moral antidote even against real labour unrest.

I have got little to do with Indianisation of high offices, as it is being often demanded and tardily and unwillingly conceded in these days of job-hunting in many quarters. I have always held with but a few of my friends on this side, and I hold today, that Indianisation in higher service means a complete remodelling and even overhauling, as well as possible, of the pay and other service conditions on the basis of Indian standard of living and requirements.

We may invite experts on their terms when and so long as we cannot but do without them. But there is no reason why our ordinary service should be paid according to the time-honoured English standard, and be supplemented from time to time by "Lee-Loots" and other like devices to keep it perpetually attractive to the Englishmen coming to India. I have often uttered the warning that, by putting Indians in high services under the present foreign service conditions, our national future is being almost irretrievably jeopardised. I shall not therefore repeat my arguments here on this subject.

But what about labour, for which is necessary the additional Member on the Board? If the Honourable Member honestly feels that radical and far-reaching measures are needed for permanently pacifying discontented labour, then he will not convince the House by forcing suddenly a new Member upon their vote. An oblique look towards Geneva conventions or a tardy and suspicious effect given to those conventions will neither bring permanent satisfaction to labour, nor will justify the addition of a new Member to the Railway Board.

Labour is a big problem, and that specially on our railways. The discontent there has been just and chronic. The Board has a distinct and most imperative duty here. But the appointment of a Member in this fashion appears to be shelving rather than doing the duty properly. This way of avoiding solution of problems has been a custom of this administration in other spheres. If a real solution of the labour unrest is intended, then a properly thought-out plan and programme of work based on a careful study and sympathetic appreciation of labour grievances is the primary necessity. A Member on the Board, or a like device to put such a programme in action may then be considered by the House in a more congenial and convenient atmosphere.

Labour grievances are many and varied. First and foremost among them is providing for the education of labourers themselves and particularly their children. Sir George Rainy says that there are 8,00,000 employees working on the Indian railways. At the most modest calculation, the number of the children must be 16,00,000. But how many high schools or colleges have been arranged for this vast number? How many more does Sir Purshotamdas Thakurdas hope (A pause.)

Mr. President: Hope what? (Laughter.)

Pandit Nilakantha Das: For out of the information he gave out today?

Suppression of the labourers and depriving their children of education has long been a recognised curse of Western industrialism. It kills the culture and the manhood of the individual. Who knows what genius remains hidden in the child of the labourer and the poor employee? Besides, in India education is a tradition among many classes of people toiling as employees under the railways. I am here put in mind of a poor mofussil stationmaster who retired actually a pauper as he had had to educate his only son. The son subsequently died of heart troubles and the father died of starvation. Under conditions like this, how can it expect responsible co-operation from the employees by foisting a new Member on them, God only knows.

The circumstances of discontent on this score are all the more accentuated when we find that much better provision is made for white children to the exclusion of the real sons of the soil. It is an open secret that on many railways, if not on all, besides the official provisions, about 90 per cent. of the fines realised from the employees goes to the education of the children of the white servants. But what of the children of those that pay the fine?

Technical education, enough to man the national industry, should also be thoroughly and liberally provided for. Arrangements should be made for training skilled hands extensively to ensure efficiency beyond doubt in a scheme for radical Indianisation. Intellectual genius and proper adaptability are not wanting in the Indian. In learning capacity Indians yield to no other race in the world. But adequate and proper facilities for training are wanting.

In para. 101 of the Report of the Railway Board for 1926-27, for instance, a training for only 17 students is provided for. The attempt may appear to have been in the right direction, but considering the hugeness of the industry the meagre character of the provision only makes the darkness palpable, so to say.

The modern industrialism is a man-killing engine, and its inherent spirit refuses to be reasonably considerate to the labour it exploits. The sturdy and solid middle class, which is the backbone of a nation, gets dismantled and disorganised under its influence. Added to this we have got to work under foreign conditions and foreign ideas. All this should be carefully realised by our Railway Board.

Preference given to the children of the employees in recruitment for service is another safeguard which must not be lost sight of. Much is heard of rank corruption in recruitment of lower services. Company-managed railways are notorious for this vice. Open recruitment and that as far as practicable through school and college authorities and means of public examinations and competitions should immediately be thought of.

Measures like these surely will go a great way to kill the present germs of strike which are otherwise inevitable. A new Member as such will be of little help if old ways are not changed.

Sanitary arrangements and housing are also of immediate importance. The design of houses for Indian employees has never changed perhaps from the time of Marco Polo, so to say, though bullock carts have since been replaced by aeroplanes. It is a strange sight to see the Indian quarters in a railway settlement. Kitchen and privy, if any, are built together.

With an apology for a window provided, if at all, the cubic space allowed reminds one of the ancient Buddhist caves of Udayagiri near Puri. Still Indians who are to use the houses have never been nor are being consulted in designing them.

I have seen quarters for employees in Jamshedpur. They are much better though still considered to be inadequate. Other industrial centres might similarly be advancing with the times. But our Railway authorities seem to walk about with their eyes and ears in their pockets, and here attempt to create the belief that a new Member appointed will bring the millennium to the workers.

There is much room for improvement in providing medical aid to the workers and employees who are being sent with their families to all sorts of places lonely and unhealthy. Provident fund and death benefit for all classes of labourers, including daily rated workmen working for years at daily rates, is also a necessity. Water supply should go hand in hand with housing. Various other like facilities for the welfare of labour are awaiting solution. All this should be properly investigated, and remedies planned before the appointment of a new Member is brought up for consideration in the House.

Coming to freights and fares one is mortified to find the scant courtesy with which the lower class passengers are treated. The little relief in the Eastern Bengal Railway in this budget is much less than what was long overdue and is in actuality more formal and apparent than real. The sacred preserve of the first 50 miles has nowhere been violated, though the intending competitor, namely, the rise of road motor and buses, has a special fascination for this particular sphere of our Railway activities. The telescopic logic of this system of reduction, I am afraid, is not perhaps to be discernible to the naked eye of the lay enquirer.

The reduction of coal freight is news after many years of whining appeals from the dying coalfields of Jharia and other places. I hesitate to call it even overdue. Many of our coalfields have actually lost all use for this measure and we are not told whether this measure will at all help the few living fields in standing competition, with the fields of distant South Africa. Probably this telescopic method of microscopic reduction will be adequately magnified when all the Indian-owned collieries will have been completely killed. Non-Indian coal interests like those of Talcher have, however, received protection and help from our Railways by other means and such interests need no fear.

As to new construction, Members in this House as well as of the public, suggest new lines from time to time on various occasions in various ways for the convenience of the general taxpayer. They sometimes demand it and give reasons for their demand. During my last budget speech on the Railway Board I myself demanded a line of about 150 miles between Cuttack and Sambalpur in my constituency, which distance is now covered by a railway route of 500 miles from a district town to the headquarters of the division. But such demands are not even refuted or reasonably refused, and new lines still appear in the Budget year by year. Why? What is the ethics of all this? Last year I referred in this connection to the Vizagapatam harbour which I said is a sister of Singapore base. The Talcher new line, I also said, was necessitated for the Talcher coalfields which had already been leased by a European company, on what secret

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or overt assurance of communication, God alone knows. Thus, I think, our new constructions are proving their creations both as strategic and commercial concerns—strategic for harbours like that of Vizagapatam, and commercial for British coal companies like that of Talcher.

Sir, the Honourable Member for Commerce and Railways seems in his speech to lament over the competition of what is inevitable, I mean of the road motors and buses. As the Commerce Member perhaps he hints at the advantages of those conveyances in carrying passengers and goods to stations, and thus stimulating traffic. But he said nothing of the advantage to be reaped by opening suitable feeder lines to business centres, where road motors and buses may well be utilised in carrying goods and men to new stations opened. This aspect of the question has not been investigated.

We hear something of damage caused by floods such as those of Orissa and other places. But in repairs no plan or programme appears for remodeling waterways, which have been long and criminally neglected by our Railways in their hasty anxiety for ready traffic and business. A general survey of these waterways in our entire railway system with a view to finding out some scientific and permanent remedy is a primary duty of the administration. Stagnant pools by the side of railway lines—a regular by-product, so to say, of our railways—have been a nuisance and a hotbed of malaria in many parts of India. It is high time for our Railway Board to include the remedy of this evil in their repair works.

The convenience of the travelling public is a common burden of criticism, and much of it will be exposed during the next four days. Some hopes have been held out in the other House yesterday for issuing return tickets and coupon advantages to lower class passengers. Sleeping advantages and such other dainties of life, as my friend Mr. Duraiswamy Aiyangar pointed out, are not for them. But will the Board at least care to instruct their inspectors to see that their seating accommodation is not stuffed beyond the prescribed limit?

Here I feel inclined to cite a very funny instance. Patna is our provincial headquarters. We demanded a direct train from Puri to Patna via Cuttack, to be saved the trouble and expense of travelling via Howrah. After much consideration the reply was that not many tickets have been in the past purchased direct from Orissa to Patna and hence a direct train is unnecessary. With all my knowledge of the deductive logic of Gotama, I could not find out the relativity of cause and effect in this argument. Perhaps, Sir, logic and self interest are poles apart. But I was a little relieved to learn the other day that our Railway Board is not directly concerned in the appointment of those officers of the Bengal Nagpur Railway who are responsible for the decision. Chronic mismanagement, profiteering and bad capital expenditure in many of our company-managed railways may thus be passed over with hopes that they may, as soon as possible, be taken over by the State, though in the meanwhile a stricter supervision is, however, necessary even now.

A word on the capital expenditure, Sir, and I have done. In the memorandum given to us the capital expenditure in England has gone up from Rs. 13,91,41,893 in 1927-28 to Rs. 17,22,67,000 in the budgeted estimate of 1929-30. The same in India has come down from Rs. 18,57,00,284 in 1927-28 to Rs. 16,50,00,000 in the budget of 1929-30. With all the

sweet and fine language of our Honourable friend, Sir George Raimy, about the real owner of the money and his pious carefulness in spending it, this is a strange phenomenon. Are the railways meant only to find a market for industries outside India?

Two main items in capital expenditure are the workshops and the stores purchase. As regards the workshops, the basis of establishing and running them is not given. Nor do we find any relation between the expenditure incurred and the value of production obtained. It is difficult to say whether they are being run on commercial lines or at the expense of the taxpayer as well as other industrial concerns in the land. A full statement on this subject in the Report of the Board is, however, required.

Let us then examine the stores purchase in detail. For instance as well as for future guidance let us take the purchases for 1927-28 published in the Railway Report. The entire store purchase this year is Rs. 35,86,50,000. Of this direct imports represent Rs. 13,94,97,000 and imported stores purchased in India represent Rs. 6,75,83,000 or a total of Rs. 20,70,80,000. Now, Sir, let us analyse these imported stores.

Bridge Work.

	Rs.
Directly imported	33,37,000
Imported goods purchased	15,35,000
	48,72,000
Total Imported	48,72,000

All these can without difficulty be manufactured in India with materials purchased from Tatas. What attempts were made or facilities given to this effect? Were Indian firms asked in time to supply these materials? As far as I know, firms in India, *viz.*, Burn & Co., Jessop & Co., John King & Co., all of Calcutta, Richardson & Cruddas of Bombay can handle big bridge works. Many railway bridges have been constructed by them. The Bally Bridge of Calcutta on the East Indian Railway has actually been given to Braithwaite & Co. We are absolutely in the dark as to why these materials have not been purchased in India. An explanation on this item is necessary in the report.

Engineering plant excluding petty tools.

	Rs.
Directly imported	26,18,000
Imported goods purchased	17,18,000
	43,36,000
Total Imported	43,36,000

Why has not the manufacture of these things been tried in India? Factories in Bengal and Bihar & Orissa, *viz.*, Villier's Engineering Works of Calcutta, Fairburn Lawson Combe, India, Ltd. (Sarisatali, Asansol), Monyfith Engineering Works, Tatanagar, P. N. Dutta & Co., Calcutta, F. N. Gupta & Co., Calcutta, and others have either collapsed or are in a moribund condition for want of encouragement. Most of these firms could

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have manufactured a considerable portion of these materials. The same is the case with workshop machinery and heavy tools. The above firms could have manufactured them also. The total value of these was Rs. 80,83,000.

Permanent Way Materials.

Steel Sleepers :

	Rs.
Directly imported	1,57,64,000
Imported goods purchased	8,18,000
Total Imported ..	<u>1,65,72,000</u>

The life of these sleepers is 35 years as compared with 50 years for cast iron sleepers, which are made in the Jamalpur workshops and have long been used by the East Indian and North Western Railways. I am quoting from information for which I am thankful to Mr. Parsons. Big private factories in India are starving for want of orders for cast iron sleepers, the price of which was almost equal to steel sleepers. In the coming year, as I can now say, each cast iron sleeper is expected to cost Rs. 10-4-0 and each steel sleeper not less than Rs. 11.

Cast Iron sleepers (purchased in foreign countries) and purchased from imported stores cost :

	Rs.
Directly imported	2,95,000
Imported goods purchased	3,63,000
Total Imported ..	<u>6,78,000</u>

We do not really understand the ethics or logic of this outside purchase when indigenous firms are starving for want of orders.

Wooden sleepers, imported, cost Rs. 8,87,000. This is an abnormally strange purchase. Wooden sleeper supplying firms in this country are already hard hit on account of the fact that steel sleepers are being imported. This is simply adding insult to injury, and reminds one of the story of the doctor hastening the death of a hopeless patient.

Rolling Stock : Locomotive and spare parts :

	Rs.
Directly imported	1,86,02,000
Imported goods purchased	20,36,000
Total Imported ..	<u>2,06,38,000</u>

A similar amount is being spent on these articles outside India year after year. My friend, Mr. Shanmukham Chetty, raised a question last year on the locomotive factory which was first encouraged and then killed by the

very hand that nursed it and ultimately purchased by the Government, never perhaps to encourage the industry again in this land. We cannot understand the disqualification for which these articles cannot be made in India. Are there any insurmountable difficulties in the way? Government ought to take to manufacturing these in India, which ought not to be for ever dependent on foreign countries with regard to these most vital Railway materials. During the last world war, Sir, even Great Britain had to depend on India for some materials. Why not, I ask, prepare India for being self-dependent?

Coaching Stock.

	Rs.
Directly imported	2,12,93,000
Imported goods purchased	18,81,000
Total Imported ..	2,31,74,000

Goods Stock.

	Rs.
Directly imported	31,18,000
Imported goods purchased	25,30,000
Total Imported ..	56,48,000

Spare Parts for Coaching and Goods.

	Rs.
Directly imported	1,44,18,000
Imported goods purchased	33,03,000
Total Imported ..	1,77,21,000

In India the self-same articles purchased respectively are Rs. 3,74,000, Rs. 8,63,000, and Rs. 18,66,000. Most of the above materials can well be manufactured in India in parts. So there is no difficulty in assembling them, either in private firms or in our own workshops. We cannot purchase these articles from other countries year after year in enormous quantities. Objections may, however, be generally made that these materials are not available in this country. But the public should never be satisfied without an explanation in detail. Sir, will this excuse be pleaded if India like other countries is a self-governing country?

Both as regards certain items of permanent way materials and particularly as regards rolling stock, a thorough investigation is necessary with a view to making India self-contained. Means should be devised and schemes prepared to manufacture these articles in India as soon as possible. The Railway Board should seriously think of starting model as well as encouraging commercial workshops for this purpose.

[Pandit Nilakantha Das.]

Building and Station Materials and Fencing.

	Rs.
Directly imported	29,59,000
Imported goods purchased	55,58,000
	<hr/>
Total Imported ..	85,17,000

These figures have not been analysed and therefore it is difficult to say which can be purchased in India and which outside India.

Electric Materials.

	Rs.
Directly imported	1,45,31,000
Imported goods purchased.. .. .	90,49,000
	<hr/>
Total Imported ..	2,35,80,000

The Indian purchase of these materials is only a little over 2 lakhs. Here I may mention that the Indian Cable Co. of Tatanagar is in a position to supply electric wires. Manufacturers of Clyde Fan and those of India Fan and other firms make fans and other similar articles. Have they been afforded a sufficient chance to supply these materials? My information is that they have not. Is it not the duty of the Government to encourage them?

Now, Sir, let us look at the poor purchases from indigenous sources for which purchases there is our pompous show, the Indian Stores Department.

In 1927-28 the total stores purchase increased from the previous year by Rs. 7,85,00,000. But the purchase of indigenous articles shows a decrease of Rs. 88,00,000.

The entire purchase of indigenous articles in 1927-28 is Rs. 15,16,00,000. Out of this Rs. 4,58,00,000 has been spent on coal, coke, bricks, Indian lime, ballast, etc., which probably includes earthen jars, wicker-baskets, broom-sticks and other like articles. Surely it does not require an industrial genius or a commercial expert to find an indigenous source of supply for these articles.

	Rs.
Purchase of Timbers	1,34,64,000
Wooden sleepers.. .. .	2,73,15,000
	<hr/>
Total ..	4,07,79,000

I am sorry that the Railway Board could not find any benevolent firm or individual in foreign lands to help us with more than Rs. 8,67,000 worth of wooden sleepers and the Board perhaps ultimately felt compelled to fall back upon a process of rude denudation of our Indian forests. However, the rest, that is, a sum of Rs. 6,50,21,000, the Board could not help buying from indigenous markets, though one must feel sure that, had the details been given, barring the purchase from Tatas, one would find that about 90 per cent. of the rest had been supplied by firms owned and managed by people not in any sense indigenous. Tatas, however, have supplied only

rails worth Rs. 1,76,72,000. Let no one, however, understand that this purchase is in any way a favour, help or encouragement to Tatas. This is purely a business transaction, and it means a distinct profit to the State of Rs. 25 on every ton of rail. I am thankful to my friend the Honourable Mr. Parsons, who kindly supplied me with the figures I am quoting from. On the entire supply of 182,400 tons of rail ordered from Tatas, the profit to the Railway Board comes to Rs. 45,60,000 in one year. For Tatas supplied at the rate of Rs. 110 per ton, whereas foreign supply was at the rate of Rs. 185 per ton. 80,500 tons ordered from outside would yield to the Railway Board a further profit of Rs. 20,12,500 in the same year, if Tatas had somehow been helped or encouraged to supply it.

Thus it will be found that the protection given to Tatas is being well paid back, and a loss to the tune of Rs. 20,00,000 if not more, in rails alone, could well be prevented and prospectively utilised for promotion of indigenous industry as well as profit to the taxpayer.

The ultra-commercially minded Railway Board, with the Honourable Member for Commerce at their head, might not possess a vision to this end. Let us be charitable to them. But what does the Honourable Member in charge of Industries say to this? Is not this piece of analysis of the capital expenditure of his Honourable colleague interesting to him and specially the lesson of the rail business with Tatas?

Sir, I have done. But before I sit down, I am sadly reminded of that King of whom I read in my schoolboy days. He was probably a King of England. He said: "My subjects and I have a happy contract. They will say whatever they like, and I will do whatever I like."

Pandit Hirday Nath Kunzru (Agra Division: Non-Muhammadan Rural): Sir, this is the third, and I hope the last year of the life of this Assembly. When the Railway Budget was first considered by this Assembly, a general desire was expressed in this House for the reconsideration of the scheme for the separation of Railway from General finances which was adopted by the Assembly in 1924. It was then said, however, that, as the question of the best method of keeping railway accounts would be considered by Sir Arthur Dickinson, we should wait for the publication of his Report before reviewing the policy of separation adopted by the Assembly in 1924. The Report of Sir Arthur Dickinson was made available to us towards the end of 1927. We naturally expected that Government would lose no time thereafter in appointing the Committee which had been asked for by the House, but it was a great disappointment to us that the last session of the Assembly was allowed to come to a close without the appointment of such a Committee. In September last, however, the Committee was appointed, but we do not know whether it has met, and if it has met, at what stage its work happens to be just now. I should like the Honourable the Commerce Member to enlighten us on this point, for I cannot help feeling that in this matter Government have let things drift and have not at all been sorry that they have allowed the old scheme to remain in force without its being brought under review as early as the House would have liked.

On more than one previous occasion, Sir, have I dealt with some of the salient points which should be considered by any committee which reviews the separation of Railway from general finances. It is not my desire today to dwell on those points again. But I should like to deal with one point, namely, the maintenance of separate accounts for branch lines as it is an

[Pandit Hirday Nath Kunzru.]

important matter which we have to consider if we desire to be in a position to compare the growth of railway expenditure. Now, take the current year, Sir, Mr. Parsons, in his explanatory memorandum, commenting on the rise of 68 lakhs in the charges on account of Administration in the current year says—"Partly of course the rise is due to the larger traffic which railways have carried and to the staffing of new lines, of which we hope to open 1,100 miles this year." Similarly, Sir, when you try to compare the expenditure in the coming year with that in the current year, you again find Mr. Parsons drawing our attention to the fact that the working expenses would be increased partly owing to the additional mileage which would be opened to traffic. It is necessary therefore that figures with regard to expenditure on new lines should be given separately. This is a question which has been brought to the notice of Government repeatedly. We did not know whether any consideration had been given to it by Government till my friend Mr. Belvi put a few questions on the subject on the 5th September, 1928. He asked whether separate capital and revenue accounts were maintained for branch lines built as remunerative propositions. Mr. Parsons' reply to that was, "when branch lines are built as integral parts of the main line, no separate capital and revenue accounts are maintained for them, but instructions have been issued that a statement comparing the actual earnings derived from a new branch yearly till the fifth financial year after opening, with the estimate in the Traffic Report, should be submitted to the Railway Board. Since Sir, Government have asked the Railway Board, for their information, to prepare statements comparing the actual earnings with those estimated in the Traffic Report, there should be no difficulty in placing those statements in an intelligible form before this House.

There is an item in the Railway Budget known as "worked lines". Now, these are lines, Sir, worked by the State on behalf of companies and separate accounts are maintained for these lines. I have no doubt that the maintenance of these accounts is regarded as almost a nuisance by the Railway Department. (*Mr. A. A. L. Parsons*: "Hear, hear.") My friend Mr. Parsons' remarks show that I was not wide of the mark when I made that statement. It introduces, I dare say, endless complications, but I am sure, in spite of all the complications, he is glad to have such accounts, for there would otherwise be no basis for deciding the respective shares of the State and the Companies. The State, of course, is under no such compulsion for maintaining separate accounts in the case of branch lines which are owned by it, and which form part of existing lines. But as Government themselves desire to control expenditure, and have, perhaps, in response to the repeated requests in this House, asked the Railway Board to prepare a statement of the earnings of new lines for five years, there should be no objection to placing it before the House, which might hereafter be in the same fortunate position as my Honourable friends, the Railway Member and the Financial Commissioner for Railways.

Mr. A. A. L. Parsons: There will be no objection at all.

Pandit Hirday Nath Kunzru: I am glad to learn that there is no objection to the supply of such information. The House too will be glad to have it in order to be able better to understand the growth of expenditure hereafter.

Coming to other points, I should like to turn first to the size of the reserve fund. My Honourable friend, Sir Purshotamdas Thakurdas, referred to the money in the depreciation and reserve funds, and pointed out that their size shows that our railways were solvent and that they had been administered in an efficient manner by the Railway Department. Everyone, I am sure, would welcome the growth of funds in the reserve and depreciation funds so far as that goes, but there are important matters which underlie these two questions. The depreciation fund, of course, stands on a footing of its own, but we have to take account that, for the time being, there is a surplus of about Rs. 13½ crores in it and that the interest on it goes chiefly to swell the reserve fund. In the reserve fund there is a surplus of about Rs. 22½ crores. We have thus in the hands of the Railway Department a surplus of about Rs. 36 crores. And how is the reserve fund built up? Under the convention which was adopted by the Assembly in regard to railway finances in September, 1924, it was decided that railways should make an annual contribution to the general revenues. This contribution was to depend on the capital at charge and the workings of the commercial lines in the penultimate year. This amount was to be equal to one per cent. on the capital at charge, plus one-fifth of any surplus profits remaining after payment of this fixed return. The rest was to go to a railway reserve, with the condition that, if the reserve exceeded three crores, one-third of the excess over 3 crores would go to the general revenues. One would think that the only way in which the reserve fund increased was by setting aside a certain portion of the surplus every year, but we find that the interest on the depreciation fund and the reserve fund forms part of the general railway revenues, which are divided between the State and the railways in accordance with the method fixed in 1924. It thus goes to a large extent to swell the depreciation fund. Take the current year. In so far as the general revenues get one-fifth of the surplus, we get one-fifth also of the interests on the depreciation fund and the reserve fund, but thereafter, unless the surplus exceeds three crores, and it does during current year we get no part of the interest, so that the interest on the reserve fund and the depreciation fund goes to increase the size of the reserve fund. The question naturally arises, Sir, what is to be the policy that Government should pursue in regard to this reserve fund? Next year, the reserve fund is likely to stand, as I have already stated, at about Rs. 22½ crores. The figure would have been higher but for the additional charges imposed on the Railway revenues on account of loans that have been floated free of income-tax. In the current year, the Railway Department would have to pay about Rs. 58 lakhs on this account. I am sure that the Railway Department have not generously made this offer on their own account. The House will be glad to see that the Honourable the Finance Member has allowed his gentle hand to descend upon the Railway Department. The size of the reserve fund must be determined by the purposes for which it is maintained. In September, 1924, the Assembly decided that the railway reserve should, among other things, be used for the payment of the annual contribution; if necessary, and to strengthen the financial position of railways in order that the services rendered to the public might be improved and rates might be reduced. Since 1926-27 the annual contribution of the railways—leaving aside any portion that the railways might gain as a share of the surplus when it exceeds Rs. 3 crores,—I say the annual contribution of the Railways

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has roughly speaking been between Rs. 6½ crores and 7½ crores. We thus see, taking the contribution which the Railway revenues are expected to make to the general revenues in 1929-30; that the size of the reserve fund is about three times the highest contribution during these years. Surely, Sir, so strong a reserve fund might satisfy even the most cautious railway man, but if it is desired to increase its size, I think that the interest on the reserve fund, should for the time be wholly credited to it than that it should roughly speaking absorb the surplus after the payment of the annual contribution. But from whatever point of view we regard this matter, I do think that the size of the reserve fund justifies a bolder policy than has hitherto been adopted by the Railway Department. Both the Railway Member and the Financial Commissioner for Railways expressed some disappointment with regard to the growth of passenger traffic. While they were glad that the passenger mileage had increased, they noted with disappointment that the actual number of passengers during the first seven months of the year had fallen by about 4 millions. Now, my Honourable friend Mr. Parsons pointed out in his explanatory memorandum for 1928 in dealing with this point that: "However low fares may be the great mass of India's population can only indulge the propensity to travel to the full only if they have had a prosperous year". The Honourable Member has repeated that statement in this year's explanatory memorandum also. Now, we know that the current year has been far from prosperous for the whole of India. A large part of Northern India has been affected by the scarcity of rainfall, particularly the Punjab and the United Provinces. I know that in my province, apart from considerable direct loss of revenue, the Local Government have had to apply to the Government of India for a loan of more than a crore in order to meet the demands for remission of revenue and assistance to agriculturists. If therefore this year the growth of passenger traffic has not been as much as was expected last year, there is no cause for anxiety. If the next year is a prosperous one, we may take it that the growth of traffic will resume its normal course. Apart from this, next year some important religious fairs are going to take place, the most important of which will be the 12-yearly Kumbh mela at Allahabad which, I believe, may well be expected to attract about two million pilgrims. These are additional grounds why I think that a more generous policy might have been adopted with regard to the reduction of passenger fares. The Honourable Member has announced a reduction in fares with regard to the Eastern Bengal Railway. Now, this reduction is in regard to distances over 150 miles. The average distance travelled by a third class passenger for the whole of India is about 34 miles, while for the Eastern Bengal Railway it is only 23 miles. The Honourable Member announces a concession for distances of over 150 miles.

Mr. A. A. L. Parsons: It has a very big suburban traffic which brings down the average.

Pandit Hirday Nath Kunzru: That suburban traffic exists also in the case of the Great Indian Peninsula Railway. The Eastern Bengal Railway is not the only railway in which this happens. Besides, Sir, this is not the only point on which I base my demand for a bolder policy being pursued. The main grounds are those which I placed before the House earlier.

I am afraid, Sir, of tiring the House, but I should just like to refer to one question before I sit down and that is with regard to the general spirit in which the administration of the railways is carried on, so far as Indian employees are concerned. My Honourable friend Sir Purshotamdas Thakurdas referred to one point in this connection, namely, the education of the children of railway employees. I brought this subject before the House during the last debate on the railway budget. The Honourable the Railway Member gave an assurance that this question would be discussed at a meeting of the Central Advisory Council. I understand that the first meeting of that Council was held only in September last to discuss this question. I have, through the courtesy of the Honourable Member, obtained a copy of the general recommendations made by that Council in connection with this subject. Recently I understand another meeting of the Council was held to discuss this very matter, but I do not know what decisions have been finally arrived at. I may say incidentally that, while the proceedings of the local Advisory Councils can be found in the Council Library, copies of the proceedings of the Central Advisory Council do not seem yet to have been placed there. What the reason is I do not know. I hope Government do not regard the proceedings of the Central Advisory Council as confidential and I trust that they will supply copies hereafter to the Council Library. Since however we have at present no means of knowing what were the decisions at which the Central Advisory Council arrived at at its last meeting, I would request the Honourable the Railway Member to enlighten us upon this important subject and I am particularly anxious on this point because of two reasons. Last year I ventured to draw the attention of the Government to the great disparity in the amounts spent on the education of Indian and Anglo-Indian children and I also pointed out the great difference between the salaries of the teachers of Indian and European schools. The other day the Honourable the Financial Commissioner for Railways in reply to a question I put in this House with regard to the railway schools for Indian children said that the question of transferring them to the Local Governments would be discussed with those Governments, and that the terms of transfer would be decided separately in each individual case. I do not know how long this correspondence may go on. The recommendations of the Central Advisory Council may be completely satisfactory. It has recommended, I believe, that the teachers in railway schools should be put on the same scale as is applicable to the teachers in Government schools in the various provinces, but if the discussion between the Railway Board and the Local Governments goes on for a long time the question of enabling the teachers of railway schools to profit by the recommendations of the Central Advisory Council may be indefinitely postponed. I should therefore like to know what is proposed to be done in the immediate future with regard to these railway schools. When will the teachers be placed on the new scale and will their pay and prospects be improved in the immediate future? If they are placed on the higher scale which is applicable to the schools under Local Governments I have no doubt that they will benefit hereafter. But I want to know whether Government now propose to place them only on the new scale, or to raise their salary immediately in consideration of the very inadequate salaries that have been given to them in the past, and the great disparity between their prospects and those of teachers in Anglo-Indian schools.

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The other point which I wish, in this connection, to place before the House is concerned with racial discrimination generally in regard to employment on the railways. Government have promised to make a thorough enquiry into this matter, and I understand that they propose to let us know as soon as they have heard from the various railways what action they propose to take in the matter. But in the meanwhile, I would draw their attention to a memorandum issued by the Agent of the Eastern Bengal Railway with regard to the employment of Anglo-Indians. We know, Sir, that Anglo-Indians have been disturbed a great deal in their minds with regard to their future, and particularly with regard to their continued employment under the various railways. They have on more than one occasion approached the Secretary of State. We had no means of knowing how the representations that they made to the Secretary of State had influenced the policy of the Government of India, but the memorandum issued by the Agent of the Eastern Bengal State Railway shows that their representations have not been without some effect.

"The Railway Board" (says the Agent) "have received definite instructions from the Government of India that in the preparation of schemes for recruitment to the subordinate railway services care must be taken not to impose conditions" (of education, etc.) "which would in effect seriously restrict the opportunities of employment on the Indian Railways which Anglo-Indians at present enjoy. These instructions must be duly observed."

And later on the Agent adds:

"This Railway's policy is that the aptitude of Anglo-Indians for railway work is recognised and there is no intention of ousting them from the position that they have won provided that they show themselves capable of retaining that position."

Two questions emerge from the action taken by the Agent of the Eastern Bengal Railway. Is it the policy of Government, even when men with high educational qualifications can be obtained, to keep the initial qualifications for railway employees low, and as low as possible, merely in order to give a chance of employment to Anglo-Indians? I doubt, Sir, whether such a policy would be deliberately followed in any other department. If it is followed in the Railway Department, it would furnish an eloquent commentary on the desire expressed by Government in this House for treating Indian and Anglo-Indian employees with perfect justice. They have told us during the last three years, that they have repeatedly asked the Agents of the various State Railways to see that all traces of racial discrimination are removed, but if they themselves connive at the kind of memorandum issued by the Agent of the Eastern Bengal Railway, their need be no surprise that the railways show no intention of acting upon the instructions which they receive from the Railway Board.

The other point the memorandum issued by the Agent of the Eastern Bengal Railway, draws our attention to is this. If there is no desire to reduce the number of Anglo-Indians on that railway, how can full justice be done to Indians? We all know that Anglo-Indians are employed on all railways far in excess of their proportion to the general population, and if this policy is to be persisted in, then, whatever Government might say with regard to the employment of Indians and the removal of racial discrimination, in practice their circulars are likely to remain a dead letter. I have no desire, Sir, to deal unjustly with the Anglo-Indian community. We are prepared not merely to do justice to them, but to deal generously with them. But the policy which Government at present pursue stands in need of urgent revision. It does no credit to the Government themselves, and it does no good to the Anglo-Indians. Should

a more enlightened policy be pursued, it will be found that the object which the Anglo-Indians have at heart will be gained in another and better way, *viz.*, with the consent of the people of this country. It would be in the interests of the Anglo-Indians themselves if Government were to adopt a different policy and leave it to this House to see that their rights are in no way jeopardised in future.

Mr. B. P. Naidu (Guntur *cum* Nellore: Non-Muhammadan Rural): Sir, apart from the unsatisfactory general features of the Railway Administration, which have been so ably and succinctly dwelt upon by my Honourable friends, Sir Purshotandas Thakurdas and Mr. Chetty, and subsequently at some length by my friends Pandit Nilakantha Das and Pandit Hirday Nath Kunzru, there are some special features, which I would like to take this opportunity to stress on, as are found in my part of the country. Even a cursory glance at the railway map gives us a clear idea that there is at present a vast stretch of land between the railway lines connecting Renigunta, Guntur and Guntakal unrelieved by any kind of railway communication either under construction or under proposals for construction. It is most unfortunate that in this particular area, railway development has not come in for any serious consideration, though it is proceeding apace in so many other quarters. For the last twenty years or so, surveys have been going on, but to no effect. People there have been ardently longing for the day, if not dreaming, when they would be able to see the opening of a railway line which would serve the needs of at least a portion of that area, but in vain. Proposals after proposals have been made from time to time, but have been dropped. But recently a line from Nellore to Kanigiri has been suggested and the District Board of Nellore has been asked to give a guarantee of proper return. But the District Board could not give any such guarantee owing to its slender resources. Yet I find in the pink book relating to the Madras and Southern Mahratta Railway that this line is placed under the unsanctioned projects for being surveyed in 1930-31 and for construction in subsequent years. This project is expected to be such a useful one that all competing interests have withheld their claims for railway development and voted for it unanimously. I hope, Sir, that nothing hereafter will come in the way of this project coming to fruition in the appointed time. The line, as it is proposed, is a blind one, since it does not extend as far as the other line running from Guntakal to Bezwada. Its usefulness will surely be enhanced by so linking it up and it is hoped that it will prove a main artery of communication in that area. This line can also be utilised for providing a direct means of communication between Nellore and Cuddapah districts by taking off another line from a feasible point in the proposed line. Railway construction activity need not stop there. This new line joined with Bezwada-Guntakal line and Madras-Bezwada line run almost parallel for the most part, and this situation can be utilised for constructing horizontal lines at reasonable distances from one another along defined traffic routes. Of such lines two strike me as being most prominent, namely, the old surveyed Oollapalem-Kanigiri line and Chirala-Narsarajpet line.

There is another aspect of railway administration which calls for modification. In the matter of construction of over-bridges and under-bridges in municipal and other local board areas, these local bodies are required to contribute a portion of the cost, and that heavily too. Local bodies, Sir, are generally poor, and when they are hardly able to discharge their heavy

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responsibilities for health, sanitation, education and maintenance of roads, it is not fair to make exacting demands on them in this respect. The policy in this regard needs to be immediately modified. Otherwise many necessary and urgent works have to be held up temporarily, if not forever, until the local bodies concerned feel strong enough to make the required contribution.

A word about the havoc wrought to towns and villages along the railway lines. Most of us might have read in newspapers lurid descriptions of the terrible sufferings and loss recently caused to the people of the East coast, owing to want of a sufficient number of waterways and their insufficient width wherever they exist. On a heavy fall of rain, water overflows the lines and bridges and the whole area is kept submerged in water for some days. This is a question which needs immediate inquiry and redress by the Government.

Khan Bahadur Haji Abdullah Haji Kasim (West Coast and Nilgiris. Muhammadan): Sir, I thank you for giving me an opportunity to add my humble quota to the general discussion on the Railway Budget and pay my tribute to the Honourable the Commerce Member for having presented to the House a very satisfactory budget, though there are a few points in which it could be improved upon.

Coming nearer home, Sir, I desire to draw the attention of the House to the construction of a railway linking up Malpe and Mangalore on the West coast. Honourable Members will remember that, in my speech on the general discussion on the Railway Budget for 1927-28, I had pressed for the construction of this line, and in this connection I should like to thank the Railway Board for having undertaken the survey of this line. I was given to understand that if the survey was favourable, the line would be completed by the end of 1931, but I find now, Sir, that things have changed for the worse. I do not wish to detain the House with details of the whole scheme, but with your permission, I may point out that, when the original survey was nearing completion, a second route was discovered, and now the South Indian Railway authorities are busy in carrying on the survey of this new route. The first route is along the coast line and required the construction of only 37 miles of line, whereas the second route would involve a few more miles than the first route. Thus it will be obvious that the second route, if undertaken, will be somewhat longer and more expensive. I understand that even the survey of the second route is nearing completion. Such being the case, I fail to understand why the South Indian Railway have placed this line under the category of "Unsanctioned" lines to be constructed somewhere in the year 1933-34. It is indeed a very long period, and I think to build a small railway about 37 miles in length, which will be linking two important ports on the West coast, and which are in close proximity, is not a difficult proposition if only the Railway Board make up their minds in this matter.

Sir, in reply to a question by the Honourable Dr. U. Rama Rau in the other place, the Government Member the other day said "Until the survey has been completed, it is impossible to say how long it will take to complete the project or whether it will be taken up". Now the survey report will be ready shortly and I hope the Government will see their way to expedite the construction of this line.

In this connection I wish to say one word in regard to the Shornur-Nilambur Railway which has been constructed very recently I think at a cost of 80 lakhs for a distance of 42 miles. In undertaking this scheme perhaps the Government of India had the strategic idea prominently in their mind. But whatever it may be, I think Honourable Members will agree with me that the railway authorities will do well to spend more money on lines of public utility which will be beneficial to the people of the country than on purely strategic lines which are not paying financially. Railways, Sir, are the feeders of the country. Bearing this great truth in mind, let not the Government bring forward any excuse and delay the construction of the Mangalore-Malpe line, which will link up two of the most important ports on the West coast.

Before I leave this subject, I should like to point out, Sir, that the South Kanara District Board have recently resolved that the Mangalore-Malpe and Hassan-Mangalore lines should be constructed at an early date, and this makes my case still stronger.

There is another point, Sir, which is closely allied to this project, and that is the construction of the Hassan-Mangalore line. This line has numerous advantages. Mangalore is one of the largest ports on the West coast. She exports among other things, about 5,000 tons of coffee to other countries, but the only unfortunate thing is that it is not a port which can be used all round the year. Therefore, if the line is extended to Malpe, which has some natural advantages according to experts who have reported on the possibility of converting it into a harbour, it will help the trading and planting community immensely, not to speak of the public at large. Sir, the construction of the Mangalore-Malpe line would reduce the distance between the West coast and the north by about 400 to 500 miles. At present people of the West coast who have to go north have to traverse an extra 500 miles by coming all the way from the West coast to Madras on the East Coast and then going up north. But if the proposed line is constructed, there will be a saving of two days in the journey. This line will also connect up the vast tea and coffee plantations of the Mysore State and the Western Ghats with the coast. The entire European mercantile community trading on the West coast, the United Planters' Association, which contains some of the prominent European coffee and tea planters, are all demanding the construction of this line with one voice. Further, Sir, Mysore State has for a long time been wanting a port as an outlet for its vast produce. If, therefore, Hassan is linked up with Mangalore by railway and Mangalore and Malpe are also connected, then all the produce of Mysore will go to Malpe, which has been called one of the best ports, providing natural facilities throughout the year. I am aware, Sir, that this scheme was abandoned in 1917 for want of funds, but since then conditions have improved considerably for the better. I therefore appeal to the Honourable the Commerce Member to see his way to expedite the construction of the Mangalore-Malpe line and also to undertake the survey of the Hassan-Mangalore line without further delay. I need not remind him of the statement—the great statement—that he made in his speech when the Railway Budget was introduced the other day, that the Railway organization can now cope expeditiously with all projects for new capital expenditure. I am confident he means what he says. And I feel that the Honourable Member for Commerce will place the people of the West coast under a deep debt of gratitude if

[Haji Abdullah Haji Kasim.]

he makes up his mind to expedite the construction of the Mangalore-Malpe line and undertakes the survey of the Hassan-Mangalore line.

There is only one other point, Sir, that I should like to advert to, and that is in regard to the appointment of a fifth Member on the Railway Board. I trust, in this connection the claims of an Indian will not be overlooked. For a long time we have been agitating to have an Indian Member on the Board, and now that an opportunity has arisen I trust the Government will see their way to appoint a suitable Indian on the Board.

The Honourable Sir George Bains (Member for Commerce and Railways): I am deeply indebted, Mr. President, to all the Members of the House who have spoken for the kindly tone of their references to myself. I do not want to dwell upon that, but I assure them that I greatly appreciate it.

My Honourable friend Sir Purshotamdas Thakurdas dwelt on a number of important topics in his speech, and I am sure the House must have listened to it with special interest. The first point to which I wish to refer is his suggestion that a pamphlet should be circulated, at the time the budget papers are circulated, to the Members of the House, containing information in a summarised form about the proceedings of the local Advisory Committees. It is quite true, as my Honourable friend has said, that he made that suggestion last year, and he added that he could not recollect whether I had given any promise on the subject. I have looked up the papers, Sir, and I find I gave no promise—but that was due to an accidental circumstance. The enthusiasm of the House last year was such that it dispersed before three o'clock, and the Railway Member's reply was never made. (Laughter). Had I spoken, I have no doubt I should have given a promise that the pamphlet would be supplied; but as I did not speak and had not given a promise, the matter was overlooked. However, I may say, on this occasion that I will certainly arrange that next year, a pamphlet should be circulated. I am not quite sure that the best time would be with the budget paper; it might be more convenient to circulate it a little earlier in the session. However, that is a point of detail which we can settle later.

Then, Sir, my Honourable friend and several subsequent speakers dwelt on the question of the reserve and depreciation funds, the rate of interest on these funds and so on. I do not propose in my reply to discuss these subjects. It is perfectly natural and right that the Members who spoke on them should put the House in possession of their views; but I do not think it would be equally right and proper that I should, at this stage, develop my opinions with regard to them. They must all be discussed with the Committee which has been appointed by this House to examine and review the convention for the separation of railway finance; and I do not think it is desirable that, before I have had an opportunity of discussing these questions in that Committee, I should express any opinion either on my own behalf or on behalf of Government. Naturally, of course, all these questions about the funds mentioned, must come up in the Committee and be discussed there.

Another very important matter to which my Honourable friend Sir Purshotamdas Thakurdas referred was the question of rates and fares, and

that covers the question of appointing a Rates Tribunal, the duties of that Tribunal, the principles which should regulate the earnings of railways and so on, and he expressed the hope that I would be able to make some statement in this debate on that subject. I anticipate, Sir, that this question also will, in all probability, be raised in the Separation Committee and that the views strongly held by a number of Members of this House, will be expressed there. Apart from that, Sir, I am bound to say that, on this particular question, I see more clearly at present the difficulties which these problems present than the solution of these difficulties. And even if there had been no question of a committee, I doubt very much if I should have felt myself in a position to make any pronouncement this day. But I appreciate the importance of these questions and both the Honourable Sir Purshotamdas and also two or three other Honourable Members who took up those points, will have their opportunity in the Separation Committee.

Another point taken by him was that the reductions in rates and fares have been confined to the State-managed railways. I have looked into what occurred last year in the case of the reductions which we made then. First we have the reductions in the rates for horses and other livestock and motor-cars. The following company-managed railways followed the example of the State-managed railways, namely:

- The Bombay Baroda Railway,
- The Madras and Southern Mahratta Railway,
- The South Indian Railway; and
- The Burma Railways.

An Honourable Member: What about the Bengal and North Western Railway?

The Honourable Sir George Rainy: I do not find its name, Mr. President, in the list before me. The reductions in the rates on manure were also carried out on:

- The Bombay Baroda Railway,
- The Madras and Southern Mahratta Railway,
- The South Indian Railway,
- The Bengal Nagpur Railway, and
- The Jodhpur Railway.

The reductions in the rates on oil cake, were made on the same railways except the South Indian Railway. The reductions in the rates on kerosine and petrol were made by:

- The Bombay, Baroda and Central India Railway,
- The Madras and Southern Mahratta Railway,
- The Bengal Nagpur Railway,
- The Jodhpur Railway,
- The South Indian Railway,

[Sir George Rainy.]

and on jaggery by

- The Bombay Baroda Railway,
- The Madras and Southern Mahratta Railway,
- The South Indian Railway,
- The Jodhpur Railway.

Third class fares were also reduced on :

- The Bombay Baroda Railway,
- The Madras and Southern Mahratta Railway,
- The South Indian Railway.

It will be evident, Sir, that the reductions have not in fact been confined to the State-managed railways; and that several of the company-managed railways have followed suit.

As regards the particular railway to which my Honourable friend referred, I do not want to go into any details about the Bengal and North Western Railway; but I should like to mention that the dividend of 19 per cent. was paid only on the company's ordinary capital, which I understand is only about three-tenths of its total capital. It follows that the dividend of 19 per cent. does not mean anything like 19 per cent. on the whole capital at charge. I think that, in fairness to the company, this should be mentioned.

My friend Mr. Chetty devoted the greater part of his speech to the questions to which I have already referred, namely, the questions which are likely to come up before the Separation Committee. He also mentioned the cost of repairs in the railway workshops, and the great importance of keeping down these costs as a means to economic working. I entirely agree with him on that point, and I agree with him also that it is a matter which requires constant attention from the Railway Board in order to make sure that there is no relaxation of effort in that matter. I am indebted to him for drawing my attention to the disparity in the rates on cotton yarn from Madura to Madras on the one hand and from Coimbatore to Madras on the other. I will certainly have that looked into and see if I can find out what the explanation is, or if there is no reasonable explanation for the difference, see what ought to be done in the matter.

My Honourable friend Mr. Cocks mentioned the question of a possible reduction of the freight on fuel oil. All I can say about that at the moment is that the point was brought to my notice at the meeting of the Associated Chambers; but it was not found possible to take any step in that direction this year. It is nevertheless a matter which will have to be considered. The point that appeals to me most is that oil is coming into increased use by agriculturists in various parts of India, and it would be a strong incentive to reduce the rates, if the reduction would mean cheaper pumping and cheaper power for the agriculturists.

My Honourable friend Mr. Jamnadas Mehta was, I thought, a little over-pessimistic. In his speech I really cannot see that our railways are doing quite so badly as he fears they are. He seemed to be particularly disturbed by the fact that, whereas in 1924-25 the return on the capital at charge was 5.85 per cent. this year it is only 5.40 per cent. But these ups and downs must take place if we are to follow the policy which I think commends itself to everyone in this House,

namely, that when we have done pretty well we reduce rates and fares; and the natural result is that after that is done you don't get such a good return on the capital charge. I do not think that the fact is in itself any evidence of the point he set forth to prove. He also referred to the fact that the operating rate on the East Indian Railway had gone up. I have two things to say about that. There are two reasons why an operating rate may go up. One is that the expenditure is higher, and the other that the revenue is lower. Now the East Indian Railway has not had a particularly good year, and I may point out that, when last year we were considering the various reductions in rates and fares we were making—there was a special reduction on the East Indian Railway owing to the abolition of all the terminals as between the old East Indian section and the Oudh and Rohilkhand section of the line—we estimated that the reductions would cost the East Indian Railway about a crore of rupees a year. Therefore some increase in the operating ratio—temporary I hope—was not altogether unexpected.

My Honourable friend Mr. Sykes criticised the Government for their change, as he put it, in their construction policy. Now that is a very important matter and I quite agree with him that it is a matter on which Government ought to make its position clear to this House and give this House an opportunity of saying what it wishes to say. But since it involves not only a purely railway problem, but also a very big financial question, it can be discussed to far more advantage after the ordinary budget has been presented. If we try to discuss it on the Railway Budget we are met at once by the difficulty that we have not got the whole case before us. I should like to point out to my Honourable friend, however, that apparently—I have not got the figures before me but this is my impression—the amount we are asking for capital expenditure next year, 38 crores, is higher than the amount we have ever actually spent for capital purposes in any one year. I admit it includes a special item of Rs. 7 crores for the purchase of the Southern Punjab Railway; but allowing for this, the amount that is left for ordinary capital expenditure, about 26 crores, is not a small sum. However, I will not develop my argument on this point because I think it would be preferable in every respect if the discussion is deferred till the ordinary budget has been presented. It is mainly of course a question how funds for capital expenditure are to be raised and how much we can raise.

Another question was mentioned in connection with capital expenditure to which I had meant to refer to but I cannot for the moment find the note I made about it and I will pass on to the speech of my Honourable friend Pandit Hirday Nath Kunzru. To a certain extent he traversed ground that had been traversed by preceding speakers, and he also dealt with matters which will come up before the Separation Committee. I hope he will understand that, for the reasons I have already explained, I do not propose to reply on these points now. But as regards the two points to which, I think, he attached most importance I shall have something to say. The first question related to the discussions we have been having about assistance to railway employees for the purpose of educating their children. As my Honourable friend said, that question has been before the Central Advisory Council, and he was anxious to know just how the matter stood. I am informed, that the practice in the past has been to treat the proceedings of the Central Advisory Council as confidential. That is not a fact within my own

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knowledge, but I am so informed. I can imagine that it might be desirable to treat particular discussions in the Central Advisory Council as confidential, but I can see no reason why the discussions on this particular subject should be so treated.

Mr. President: Is it the Resolution of that Council? Who has decided that its proceedings are confidential?

The Honourable Sir George Rainy: I do not know, Mr. President. I have merely been informed that this has been the practice in the past. It was on that basis that I took the thing over; but I have no reason to believe that there has ever been any decision of this House to that effect, nor can I find in the papers connected with the subject that it was ever definitely laid down. However that may be, I have no desire to keep these discussions as regards education confidential, and I propose to discuss the general question whether the proceedings should be confidential with the Council at its next meeting.

Pandit Hirday Nath Kunzru: May I ask the Honourable Member whether he is aware that the proceedings of the local Advisory Council are not treated as confidential and are placed in the Council Library?

The Honourable Sir George Rainy: The Honourable Member is perfectly right. As I said, I do not myself see any special reason for a distinction in that respect.

Mr. Jamnadas M. Mehta: May I, Sir, as a Member of the Central Advisory Council state why it was decided that this was confidential? When the Central Advisory Council was first formed, there was a very unpleasant incident called the sleeper scandal under discussion and the proceedings on that occasion being confidential, they have simply continued confidential for no particular reason.

The Honourable Sir George Rainy: I am not in a position to say whether my Honourable friend's theory is correct or not.

Mr. Jamnadas M. Mehta: It is a fact, not a theory?

Mr. B. K. Shanraukham Chetty: May I know, Sir, whether when a committee is appointed by this House is it open to that Committee to keep any matter from this House by treating them as confidential?

The Honourable Sir George Rainy: I should like to point out that it is not correct to say that the Central Advisory Council is appointed by this House. It is appointed from panels elected partly by this House and partly by the Council of State. I really must apologise for mentioning the point. I did not raise it as a controversial point at all. It was not my purpose to argue that these proceedings ought to be confidential, but merely to say that, as far as I understood the case, that has been the practice in the past. I cannot off hand give an account of what took place at the last meeting of the Central Advisory Council, but about one point which was mentioned by one of the previous speakers—I mean the pay of teachers—I gave certain assurances to the Council at that meeting. I must refer briefly to what fell from my Honourable friend to-day, with

regard to the question of improving the pay of the teachers in the railway schools, so as to bring their pay up to the standard commonly in force in the province in which the school is situated. It is not in the least our intention that the question should wait until the school is handed over to the province. What we contemplate is that, at any rate on the State-managed railways—I am not in a position to commit the company-managed railways on that question because I do not think it has yet been definitely referred to them in that form—our line will be that, so long as the schools are under our control, it is reasonable that the teachers should receive pay on about the same level as they would receive if they were employed in a school run by the Local Government

Pandit Hriday Nath Kanzu: Immediately? Will the pay now received by the teachers be raised to what that they would have been receiving had they been appointed on the new scale? Is that the intention?

The Honourable Sir George Rainy: I am not quite sure that I have caught the Honourable Member's point. Let me repeat what I said. It is our intention that, without waiting for the transfer of the schools, the pay of the existing teachers in the railway schools should be raised to the level prevailing in the province in which the school is situated. As regards the higher English schools maintained by the East Indian Railway, we have already issued specific orders to that effect; we have still got to issue orders about the remainder.

Now, Sir, the other point which was raised by my Honourable friend was the question of the policy of the Government of India as regards the appointment of Anglo-Indians, and he drew the attention of the House to a memorandum issued by the Agent to the Eastern Bengal Railway, a copy of which was laid on the table of the House about two weeks ago. The particular passage to which he drew attention reads as follows:

"The Railway Board have received definite instructions from the Government of India that, in the preparation of schemes for recruitment to subordinate railway services, care must be taken not to impose conditions of education, etc., which would in effect seriously restrict the opportunities of employment on the Indian railways which Anglo-Indians at present enjoy."

Now, Sir, I would like to remind the House of what I said in the course of the discussion on one of the motions for reduction at the time of the Railway Budget last year. The passage in my speech, which I should like to read to the House, is as follows:

"When as a matter of history members of a particular community have held a very large number of appointments of a particular class, inevitably the whole economic organisation of the community becomes involved with that fact. That is a point which the Government of India cannot possibly ignore and to take measures which would summarily involve a sudden and violent dislocation of the economic existence of an important community would clearly be a matter in which the Government of India ought to proceed very cautiously. I want to give that warning."

Now, Sir, the instructions to which the Honourable Member has referred were issued for the purpose of carrying out what was said in my speech, so that, in the preparation of schemes for recruitment to the subordinate railway services, care would be taken not to impose conditions of education, etc., which would in effect seriously restrict the opportunities of employment which Anglo-Indians at present enjoy. But where, I think, the Agent's memorandum is defective is, first of all, in this that it does not

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make it clear that the instructions were given for a special reason, and are essentially temporary instructions; that is to say, we do not contemplate that they should impose a permanent condition of service in the Indian Railways. The condition is imposed temporarily to prevent a great deal of economic dislocation in the life of an important community. In the second place, I think, the Agent's memorandum is also defective in another respect; and here, I think the blame does not rest with him but with me in not making sure that our instructions were sufficiently explicit on the point; for in my speech, after giving the warning which I have read to the House, I said this:

"But my belief is that the other side do not want suddenly to deprive the Anglo-Indian community of the appointments they hold, but what they do feel is that members of the other Indian communities ought to have a real chance of showing their fitness and a real chance of filling the class of appointment that hitherto they had very small chance of filling. That is precisely the policy of the Government. We do want to give them a real chance, and I recognise the obligation resting on Government and on the Railway Board to see that they do get it."

What I have read out, or its equivalent, clearly ought to have been incorporated in any instructions that were issued in the matter, and I propose to issue instructions bringing out that point clearly to the Agent of the Eastern Bengal Railway, and if necessary to the Agents of the other Railways, because it is clear from this memorandum that the whole thing may be given a one-sided turn which may be very misleading as to the intentions and as to the policy of Government.

Now, Sir, before I come to the speech of my Honourable friend, Mr. Fazal Ibrahim Rahimtulla, there are two or three other points to which I wish to allude briefly. My Honourable friend, Khan Bahadur Haji Abdulla Kasim, referred to important schemes of railway construction on the West coast. I am afraid it would take a long time to enter into the details of what has been done, or what may be done or what is being done about these schemes. But I know how deeply interested he is in them and if he could wait till after the Railway Budget has been disposed of in this House, I shall be very glad indeed to see him at some suitable opportunity, and with a map before us we might see what the schemes are, and what he would like to be done about them.

My Honourable friend, Mr. Duraiswamy Aiyangar,—I have not, I am afraid time to deal with all his points—referred to the recommendations of the Royal Commission on Agriculture, and he seemed to think that we were very tardy in carrying out these recommendations, and he wanted a full account of what our procedure had been. Well, Sir, one of the recommendations of the Commission was that the railways should review the possibility of giving further concessions for fertilisers; and in this particular case the railways have got ahead of the Commission, because we have already made reductions in the freight rates for fertilisers, that is, oilcakes and manures. They are now right down to the minimum, that is 1/10th of a pie per maund per mile, and this was done before the Commission's Report was published. Therefore, Sir, I do not think, in this particular matter, we can be accused of tardiness. Another recommendation was that the railway freight on agricultural implements and machinery should be examined and that, where possible, concessions should be given. We have already taken action on that. The classification for machinery used for agricultural purposes not worked by its own power was reduced from 4th class at railway risk to first class at railway risk, packed and 3rd

class at railway risk unpacked and from second class at owners' risk to 1st class. We have referred the question of reducing the rates for fodder to the Indian Railway Conference Association, and I will certainly see that it does not go to sleep there. I am indebted to my Honourable friend for drawing attention to the matter. As regards reduction in the rates for coal, an announcement has been made in the budget, and as regards wood and charcoal, the Eastern Bengal and Great Indian Peninsula Railways are reducing their rates. I see no objection to drawing the attention of other railway administrations who may be interested in wood and charcoal to what these railways have done, in order to see whether they can do something similar. There are one or two other recommendations, and I understand they have been referred to the Railway Conference Association where, I will endeavour to make sure that they are dealt with expeditiously.

I should like to congratulate my friend Mr. Rajan Baksh Shah—I do not see him here now—on the excellent speech he made this morning to which I listened with the greatest interest. The matter to which he alluded, namely the defects in the timings, the class of rolling stock on the Karachi Mail, and various other points about punkhas and water in the carriages will certainly be attended to and examined when we get copies of the debate.

I do not wish to make a long speech to-day, and I trust that any Honourable Member whose suggestions I have not alluded to will understand that they are not overlooked and that it is merely because it is a little difficult, in a single speech, to deal with a rather diversified range of topics.

Before I sit down, I should like to allude to the speech of my friend Mr. Fazal Ibrahim Rahimtulla. He said "The Government of India have put forward this proposal for an Additional Member on the Railway Board; they have said nothing at all about the question whether they are going to appoint an Indian or not if this office is created". Now, I should like to be perfectly frank upon this subject. My original intention was to make an announcement, but later it seemed to me, and particularly after the proposal had not found favour with a majority of the Standing Finance Committee, that if I made any announcement at that stage, the House might be tempted to think that I was proposing summarily to override their decision whatever it might be, and might receive an impression that the Government of India had already decided to go ahead with the scheme, whatever the House might vote on the subject. I was very unwilling to create an impression of that kind, and I hope no Member will acquire that impression. But from my point of view there is no objection whatever to indicating what the intentions of Government are if the new appointment of Member of the Railway Board comes into existence, and I think it may be for the convenience of the House—a great many Members know already what we intended to do—that I should make a statement now. The intention of the Government of India is that, if this appointment comes into existence, Mr. Hayman, at present Controller of Railway Accounts, should be appointed to the new post, and I may add that in that case, when Mr. Parsons departs on leave, as he will do very shortly, Mr. Rau, the Director of Finance in the Railway Board's office will act as Financial Commissioner until Mr. Parsons returns. I hope the House will realise that, if I erred in not making an announcement sooner, it was from a real desire not to convey an impression to them which would be disrespectful to the House and would not accurately represent the views and feelings of Government.

Mr. Fasal Ibrahim Rahimtulla: Are Government aware, Sir, that according to newspaper statements, and particularly according to the statement in the *Pioneer*, Government have already made the appointment?

The Honourable Sir George Rainy: I have seen statements in various newspapers, Sir, but quite clearly Government cannot make an appointment until the appointment exists.

Mr. Fasal Ibrahim Rahimtulla: Will Government take the decision of the House on this question and abide by it?

The Honourable Sir George Rainy: I must absolutely decline to make any statement, or even to try and make up my own mind as to what Government might or might not do in a future contingency, for the very obvious reason that one of the material facts likely to affect the decision is the course of the debate in this House, and I am not going to allow my mind to be prejudiced beforehand when that fact is not yet in existence.

Pandit Hirday Nath Kunzru: May I ask the Honourable Member how far the work of the Committee appointed to review the separation of the railway finances has proceeded, and when its Report might be expected.

The Honourable Sir George Rainy: I am only a Member of that Committee, and if the House wants a report of the proceedings of that Committee, then I think the House ought to call for the Report from the Committee as a whole. I have no more right to speak for the Committee than any other Member of that body.

The Assembly then adjourned till Eleven of the Clock on Saturday, the 23rd February, 1929.