

# LEGISLATIVE ASSEMBLY DEBATES

## Official Report

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Volume II, 1945

*(28th February to 13th March, 1945)*

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# TWENTY-SECOND SESSION

OF THE

## FIFTH LEGISLATIVE ASSEMBLY,

1945



# LEGISLATIVE ASSEMBLY

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## *President :*

**The Honourable Sir ABDUR RAHIM, K.C.S.I.**

## *Deputy President :*

**Mr. AKHIL CHANDRA DATTA, M.L.A.**

## *Panel of Chairmen :*

**Mr. ABDUL QAIIYUM, M.L.A.**

**Syed GHULAM BHIK NAIRANG, M.L.A.**

**Mr. K. C. NEOGY, M.L.A.**

**Sir HENRY RICHARDSON, M.L.A.**

## *Secretary :*

**Mian MUHAMMAD RAFI, Barrister-at-Law.**

## *Assistants of the Secretary :*

**Mr. M. N. KAUL, Barrister-at-Law.**

**Khan Bahadur S. G. HASNAIN.**

## *Marshal :*

**Captain Haji SARDAR NUR AHMAD KHAN, M.C., I.O.M., I.A.**

## *Committee on Petitions :*

**Mr. AKHIL CHANDRA DATTA, M.L.A. (Chairman).**

**Syed GHULAM BHIK NAIRANG, M.L.A.**

**Mr. GOVIND V. DESHMUKH, M.L.A.**

**Mr. N. M. JOSHI, M.L.A.**

**Sardar SANT SINGH, M.L.A.**

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

MEMBER SWORN:

Mr. Nivarty Sundaresan, O.B.E., M.L.A. (Government of India: Nominated Official).

STARRED QUESTIONS AND ANSWERS

(a) ORAL ANSWERS

COMMITTEE FOR ESTABLISHING CENTRAL TECHNOLOGICAL INSTITUTE

519. \*Mr. Abdul Qaiyum: Will the Secretary, Education, Health and Lands please state:

(a) whether any committee has been appointed or is about to be appointed for establishing a Central Technological Institute in India;

(b) what sort of institute it is going to be, and when it is likely to be set up; and

(c) the place where it is going to be located?

Mr. J. D. Tyson: (a) Steps are being taken to appoint a Committee to consider the desirability of establishing a high-grade technological institute in India.

(b) and (c). The decisions on the points raised by the Honourable Member will have to await the recommendations of the Committee.

Mr. Abdul Qaiyum: May I know if the committee has been appointed?

Mr. J. D. Tyson: Invitations have issued to the personnel: we have not had replies from all of them yet.

Mr. Abdul Qaiyum: May I know if the Honourable Member will disclose the terms of reference of this committee?

Mr. J. D. Tyson: First of all, they are being asked whether such an institution is likely to fulfil a useful purpose in India: over and above that, if they answer that in the affirmative they are to be asked to advise on the scope and size of the proposed institute, the situation of the institute, its control and management, the recruitment and conditions of service of its teachers, the cost involved (with rough plans and estimates), and "other relevant questions relating to the establishment of such an institute and its future development".

Mr. T. S. Avinashilingam Chettiar: May I know to whom the invitations have been issued?

Mr. J. D. Tyson: I would be perfectly willing to read out the list if that is the desire of the House.

Mr. President (The Honourable Sir Abdur Rahim): Is the list a long one?

Mr. J. D. Tyson: About 19 persons.

Mr. T. S. Avinashilingam Chettiar: Has anybody been approached to preside over the committee?

Mr. J. D. Tyson: I am happy to say that Mr. Nalini Ranjan Sarker has agreed to be the chairman.

Mr. N. M. Joshi: May I ask what are the subjects included in this technological institute?

Mr. J. D. Tyson: That is one of the matters the Committee has been asked to advise upon.

IMPURE WHEAT RATIONED IN PESHAWAR

520. \*Mr. Abdul Qaiyum: Will the Honourable the Food Member please state:

(a) whether impure wheat with an admixture of barley, gram and small stones is being rationed in Peshawar; and

(b) whether steps are being taken to find out who is responsible for this?

**The Honourable Sir Jwala Prasad Srivastava:** (a) I am informed by the N.-W. F. P. Government that it is not a fact.

(b) Does not arise.

**Prof. N. G. Ranga:** Is the Honourable Member aware that the same complaint is being made by people as far down south as southern India and Malabar?

**The Honourable Sir Jwala Prasad Srivastava:** No.

**Mr. Abdul Qaiyum:** May I know if the Honourable Member has seen the sample of wheat which I placed on his table this morning? \*

**The Honourable Sir Jwala Prasad Srivastava:** I have just seen the sample handed over to me by the Honourable Member himself.

**Mr. Abdul Qaiyum:** In view of the fact that some Provincial Governments are very lenient in dealing with these organisations for distribution of grain, may I know whether the Central Government will appoint its own agents directly to deal with this distribution?

**The Honourable Sir Jwala Prasad Srivastava:** No; that is not our policy.

**Mr. T. S. Avinashilingam Chettiar:** May I know whether the Government have examined anywhere, taking at random a unit of a bag of rice or wheat, and seen what percentage of it is mud and stones?

**The Honourable Sir Jwala Prasad Srivastava:** No; it is not necessary to do so; the quality is generally good.

**Mr. T. S. Avinashilingam Chettiar:** Is the Honourable Member aware that allegations have been made in this House by at least three Members of this House coming from three different provinces and in view of that fact, will he do it?

**The Honourable Sir Jwala Prasad Srivastava:** Yes; if any complaints are brought to my notice. But generally the quality is not bad: people are eating the stuff.

**Mr. Abdul Qaiyum:** May I know if the Central Government has any machinery to find out whether the report of the Provincial Government is correct or not? Will Government appoint an independent machinery of their own?

**The Honourable Sir Jwala Prasad Srivastava:** I will inquire.

**Mr. Sri Prakasa:** Is the Honourable Member aware that municipal officers of health are very nervous in complaining about the quality of foodstuffs in Government shops lest they should be sacked and that the Government strangles any complaint in the press against their grain shops?

**The Honourable Sir Jwala Prasad Srivastava:** No; I am not aware of that.

**Prof. N. G. Ranga:** Have Government got any officers of their own who are expected to go down to these places where these complaints come from and examine what sort of quality of foodstuffs are being supplied to the people?

**The Honourable Sir Jwala Prasad Srivastava:** No; I have already answered that; the Government of India have no machinery.

**Mr. Abdul Qaiyum:** Is the Honourable Member...

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

**Mr. Abdul Qaiyum:** This is a very important question, Sir.

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

#### DISPARITIES IN PRICES OF RICE IN MADRAS PRESIDENCY

521. \***Prof. N. G. Ranga:** Will the Honourable the Food Member be pleased to state:

(a) if it is not a fact that disparities are allowed to prevail in the prices of common sorts of rice in different surplus or delta districts of Madras Presidency;

(b) what the causes are for such disparities;

(c) if it is not a fact that while the ceiling price of paddy is allowed to remain at Rs. 11-12-0 per bag of 166 pounds including the cost of sack and cartage to the factory, the corresponding price in Kristna District is only Rs. 10-8-0;

(d) whether, while the Guntur price was raised from Rs. 10-8-0 to Rs. 11-12-0 during December, 1944, the price of a bag of paddy in Kristna District has not been raised;

(e) the reasons for this distinction;

(f) whether Government are aware of the fact that owing to the pressure of land revenue and harvest expenses many of the poorer peasants are obliged to sell away their paddy at too low prices, coming down to Rs. 9-8-0 per bag, while richer landlords and factory owners and many middlemen are able to purchase such paddy and hoard it up in anticipation of a later rise in prices; and

(g) whether Government propose to see that the ceiling price is raised at least to the Guntur level and make it the standard price?

**The Honourable Sir Jwala Prasad Srivastava:** (a) No, Sir. The maximum difference in price for the first sort rice is three annas a maund.

(b) The differences are based on pre-war parities.

(c), (d) and (e). The same prices have been fixed for Kistna and Guntur Districts, viz., Rs. 11-12-8 per bag of 166 lbs.

(f) Transactions at rates slightly lower than the ceiling prices, immediately after the harvest are quite normal. The ceiling rates have been fixed for the whole year.

(g) Does not arise.

**Prof. N. G. Ranga:** Is it not a fact that so far as the Kistna district is concerned, this so-called ceiling price of Rs. 11-12-0 per bag was not actually in operation and that the actual price was Rs. 2 less than this?

**The Honourable Sir Jwala Prasad Srivastava:** I am not aware of that.

**Mr. T. S. Avinashilingam Ohettiar:** May I know whether the Government have received representations from the *ryots* in these areas that the price fixed is very much less than their cost price?

**The Honourable Sir Jwala Prasad Srivastava:** I am not aware of that, either.

**Mr. N. M. Joshi:** May I ask what is the policy of the Government of India—to increase the present prices or to lower them?

**The Honourable Sir Jwala Prasad Srivastava:** This is a very general question—a very wide question; I cannot answer it.

**Prof. N. G. Ranga:** Is the Honourable Member aware of the fact that in the country the people are not only anxious that dearness allowances should be granted to the working classes in the towns but also a decent price should be given to the producers of food grains?

**The Honourable Sir Jwala Prasad Srivastava:** That is a matter for argument.

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

#### CEILING PRICES OF PADDY AND RICE IN MADRAS PRESIDENCY

**522. \*Prof. N. G. Ranga:** Will the Honourable the Food Member be pleased to state:

(a) if it is a fact that the Food Grains Producers Conferences of Guntur, Nellore, Kristna, West Godavari and Vizagapatam Districts have demanded that the ceiling price for a bag of paddy of 166 pounds *minus* the sack should be fixed at Rs. 12, which works out at about Rs. 9 per maund of 80 pounds as against the present price of Rs. 8-2-0 per bag;

(b) whether the ceiling price of the same quantity of rice is Rs. 9-8-0 in Sind;

(c) whether the ceiling price of the Punjab rice is Rs. 13-8-0;

(d) whether the Sind and Punjab prices used to be much higher than the Madras prices of paddy and rice;

(e) whether, as a consequence, the Madras paddy growers have been made to lose in view of their liability to bear the same higher prices of most of the industrial commodities needed by all peasants of all provinces;

(f) whether it is not a fact that the Madras Government is trying to further depress paddy and rice prices by selling subsidized wheat at prices lower than those of rice of common varieties; and

(g) whether Government propose to see that a reasonable price approximating at least to the price of Rs. 12 per bag of paddy or Rs. 9 per maund of rice is fixed as the ceiling as well as the price in the Deltaic areas of Madras presidency?

**The Honourable Sir Jwala Prasad Srivastava:** (a) I have no information.

(b), (c) and (d). The Madras ceiling prices are not comparable with the statutory maximum prices in Sind and the Punjab. In Sind, the statutory maximum for coarse rice is Rs. 8-8-0 per maund, but the market price is about Rs. 8. In the Punjab, while the statutory maximum price is Rs. 13-8-0, the market price has varied from time to time and is now about Rs. 11. The ceiling prices in Madras are the prices at which Grain Purchase Officers will buy from mills in surplus districts for supply to deficit districts. These prices are not inelastic but have been increased whenever an increase has been found to be necessary.

(e) No, Sir. I would refer the Honourable Member to my reply to part (a) (ii) of his Starred Question No. 197 on the 18th February.

(f) No, the sale of wheat is subsidised in order to provide at prices within the reach of the poorest, a substitute for rice which is in short supply.

(g) I am satisfied that the present purchase prices fixed by the Madras Government are not unfair to the agriculturist.

**Prof. N. G. Ranga:** Is it not a fact that it is not the poorest people who are able to consume wheat in South India but it is rather the richest, the richer and the middle class people?

**The Honourable Sir Jwala Prasad Srivastava:** We want the poorest to eat wheat. It is good for them.

**Prof. N. G. Ranga:** Is the Honourable Member then prepared to supply them with the necessary implements and vessels and other things?

**The Honourable Sir Jwala Prasad Srivastava:** I do not know what implements are necessary for eating wheat. I am sure that the Madras Government will do everything in order to popularize wheat and encourage its use.

**Prof. N. G. Ranga:** Is it not a fact that the Madras Government is doing nothing? On the other hand it is only the richer and the middle class people who are able to consume wheat.

(No reply.)

#### LOWER PRICES OF PADDY AND RICE IN MADRAS PRESIDENCY

**523. \*Prof. N. G. Ranga:** Will the Honourable the Food Member be pleased to state:

(a) whether it is not the policy of Government to protect the interests of paddy producers against any low prices imposed upon them by the local factory owners and other merchants;

(b) whether it is not a fact that the prices of paddy have gone down in Kistna District from the ceiling price of Rs. 10-8-0 to Rs. 9-8-0 now prevailing in the villages;

(c) whether there has grown to be a difference of Rs. 2 to Rs. 8 per bag between the prices of paddy and corresponding quantities of rice; and

(d) whether Government propose to take steps to fix a minimum price which may not be lower than Rs. 10-8-0 and a ceiling price of Rs. 12 per bag and to give full option to peasants to supply to Government and cooperative stores either paddy or rice and to make the ceiling price as the price to prevail throughout the year?

**The Honourable Sir Jwala Prasad Srivastava:** An enquiry has been made from the Madras Government and the information will be laid on the table of the House when received.

**Prof. N. G. Ranga:** Will Government consider the advisability of establishing a price, whether it is ceiling or medium or whatever it is, and see that at that price paddy is purchased by their officers as well as the general public?

**The Honourable Sir Jwala Prasad Srivastava:** Well, Sir, I will make a note of that.

## EDUCATIONAL INSTITUTIONS FOR WOMEN IN DELHI PROVINCE

**524. \*Shrimati K. Radha Bai Subbarayan:** Will the Secretary for Education, Health and Lands be pleased to state:

(a) the educational institutions for women in the Delhi Province which are under the management of the Government or receive grants-in-aid from Government, and the annual expenditure by Government on these different institutions;

(b) what form of control Government have over the aided institutions;

(c) if the rules for residence and management of hostels in these institutions are the same; and, if so, whether a copy of these rules will be placed on the table of the House;

(d) if Government have received direct or seen in the Press complaints about the management of any of these institutions or their hostels; and, if so, what steps Government have taken or propose to take for dealing with them; and

(e) if Government propose to appoint a representative committee to review and report on the working of these institutions with recommendations for their improvement; and, if not, why not?

**Mr. J. D. Tyson:** (a) There are in all about 96 educational institutions for girls and women which are either under the management of or receive grants-in-aid from Government. A statement giving a list is laid on the table of the House. The total expenditure on these institutions from Government funds was Rs. 6,29,528 in 1943-44. The expenditure varies from year to year.

(b) Generally by means of inspection. The payment of the grants-in-aid is dependent, among other things, on the tone and discipline of the institution. In the case of certain institutions some special conditions have been laid down before grants-in-aid can be claimed.

(c) The rules for residence and management of hostels are not uniform in all the institutions. College Hostels are under the supervision of the University of Delhi.

(d) The Government are aware that there has been some criticism of the management of the Indraprastha Girls' College, Delhi, and it is understood that the College authorities are taking necessary action to set matters right.

(e) No. Government do not think that there is any need for appointing a special committee to go into the affairs of any of the institutions at present.

*Statement giving list of institutions for girls and women in the Delhi Province which are under the management of, or receive grants-in-aid from, Government*

*Colleges.*

1. Indraprastha Girls' College, Delhi.
2. Lady Hardinge Medical College, New Delhi.

*Higher Secondary Schools.*

1. M. B. Girls Higher Secondary School, New Delhi.
2. Queen Mary's Girls Higher Secondary School, Delhi.
3. Indraprastha Girls Higher Secondary School, Delhi.
4. Anglo-Arabic Girls Higher Secondary School, Delhi.
5. St. Thomas's Girls Higher Secondary School, New Delhi.
6. Lady Irwin Girls Higher Secondary School, New Delhi.
7. Arya Girls Higher Secondary School, New Delhi.

*High Schools.*

1. Arya Samaj Girls High School, Delhi.
2. M. B. Girls High School, Delhi.
3. B. M. Gange Girls High School, Delhi.
4. Francis Girls High School, Delhi.
5. St. Therese School, Delhi.
6. Convent of Jesus and Mary, New Delhi.

*Middle Schools.*

1. Government Model School for Girls, Delhi.
2. M. B. Bengali Girls Middle School, New Delhi.
3. Arya Girls A. V. Middle School, Delhi.
4. Vidya Bhawan Girls A. V. Middle School, Delhi.
5. Victoria A. V. Girls Middle School, Delhi.
6. Butler Memorial Girls A. V. Middle School, Delhi.
7. Saraswati Girls Middle School, Delhi.
8. M. B. Middle School for Girls, Lal Kuan, Delhi.

9. M. B. Middle School for Girls, Bulbuli Khana, Delhi.
10. M. B. Middle School for Girls, Pulbangash, Delhi.
11. M. B. Middle School for Girls, Pahargunj, Delhi.
12. M. B. Middle School for Girls, Qarolbagh, Delhi.
13. M. B. Middle School for Girls, Subzimandi, Delhi.

*Primary Schools.*

1. M. B. Primary School, Minto Road, New Delhi.
2. N. A. C. Nagri Girls School, Timarpur, Delhi.
3. N. A. C. Bengali Girls School, Timarpur, Delhi.
4. M. B. Primary School (Urdu), Pahargunj, Delhi.
5. M. B. Primary School, Haveli Azam Khan, Delhi.
6. M. B. Primary School (Nagri), Kashmerigate, Delhi.
7. M. B. Primary School (Urdu), Kashmerigate, Delhi.
8. M. B. Primary School, Kanari Bazar, Delhi.
9. M. B. Primary School, Churiwalan, Delhi.
10. M. B. Primary School, Mohalla Dassan, Delhi.
11. M. B. Primary School, Daiwara, Delhi.
12. M. B. Primary School (Sundar Nani), Dariba Kalan, Delhi.
13. M. B. Primary School, Basti Punjabian, Delhi.
14. M. B. Primary School, Ajmeri Gate, Delhi.
15. M. B. Primary School, Basti Rahgarh, Delhi.
16. M. B. Primary School, Chandrawal, Delhi.
17. M. B. Primary School, Nabi Karim, Delhi.
18. M. B. Primary School, Kucha Pati Ram, Delhi.
19. M. B. Primary School, Kucha Ghasi Ram, Delhi.
20. M. B. Primary School, Anguri Khirki, Delhi.
21. M. B. Primary School, Sarai Rohilla, Delhi.
22. M. B. Primary School, Masjid Tahwar Khan, Delhi.
23. M. B. Primary School (Bengali Girls), Mori Gate, Delhi.
24. M. B. Primary School, Birla Mills, Subzimandi, Delhi.
25. M. B. Primary School, Rang Mahal, Delhi.
26. M. B. Primary School, Mughalpura, Delhi.
27. M. B. Primary School, Delhi Gate, Delhi.
28. M. B. Primary School, Ballimaran, Delhi.
29. M. B. Primary School, Ram Nagar, Delhi.
30. M. B. Primary School, Model Basti, Delhi.

*District Board Schools.*

31. D. B. Primary (Urdu) School, Mahrauli.
32. D. B. Primary (Nagri) School, Mahrauli.
33. D. B. Primary (Urdu) School, Najafgarh.
34. D. B. Primary (Nagri) School, Najafgarh.
35. D. B. Primary School, Chiragh Delhi.
36. D. B. Primary School, Palam.
37. D. B. Primary School, Narela.
38. D. B. Primary School, Khor Panjab.
39. D. B. Primary School (Urdu), Shahadra.
40. D. B. Primary School, (Nagri), Shahadra.
41. D. B. Primary School, Masjid Moth.
42. D. B. Primary School, Alipur.
43. D. B. Primary School, Ladpur.
44. D. B. Primary School, Chhaola.
45. D. B. Primary School, Dhansa.
46. D. B. Primary School, Bazidpur.
47. D. B. Primary School, Bhatal.
48. D. B. Primary School, Nangloi.
49. D. B. Primary School, Bakhtawarpur.
50. D. B. Co-Educational School, Sahibabad.
51. D. B. Co-Educational School, Bawana.

*Aided Primary Schools.*

52. Rajput Kanya Pathshala, Devnagar, Delhi.
53. S. D. Girls School, Chirakhana, Delhi.
54. Suraj Kanya Shikshala, Naiwara, Delhi.
55. Lakshmi Girls' School, Khari Baoli, Delhi.
56. Jain Girls School, Pahari Dhiraj, Delhi.
57. Jain Girls School, Dharampura, Delhi.
58. Arya Girls School, Beadonpura, Delhi.
59. St. Michael's School, Jungpura, New Delhi.
60. St. Anthony's Primary School, Paharganj, Delhi.
61. Holy Trinity Church School, Turkman Gate, Delhi.
62. Delhi Cloth Mills Primary School, Delhi.
63. Naziria Girls School, Phatak Habash Khan, Delhi.
64. Gadodia Girls School, Delhi.

*Special Schools.*

1. Government Girls Training School, Delhi.
2. St. Elizabeth Girls Industrial School, Delhi.

3. Mrs. Chatterjee's Girls Rural School, Dhaka.  
4. Lady Reading Health School, Delhi.

**Mr. Abdul Qaiyum:** May I know the nature of the complaints against the Indraprastha College and the action taken by the Government?

**Mr. J. D. Tyson:** Government have not actually received any complaint. We have heard of criticism.

**Prof. N. G. Ranga:** Is it not a fact that one of the inmates of the hostels committed suicide and was it not brought to the notice of the House as well as the Honourable Member?

**Mr. J. D. Tyson:** I have answered questions on that: it was not at the Indraprastha College.

**Prof. N. G. Ranga:** In view of such happenings, is it not advisable that Government should appoint a committee to inquire into the management of the hostels, so that the interests of the girls may be properly safeguarded.

**Mr. J. D. Tyson:** We were perfectly satisfied, in the particular case to which the Honourable Member refers, that there was no failure to discharge their duties on the part of the authorities of the Medical College concerned.

**Shrimati K. Radha Bai Subbarayan:** How long is it since Government appointed a committee to inquire into the matter?

**Mr. J. D. Tyson:** I doubt if Government ever appointed a committee for this purpose. Many of these institutions are self-governing bodies.

**Shrimati K. Radha Bai Subbarayan:** In view of the fact that there have been complaints, will Government consider the question of appointing a committee?

**Lt.-Col. Dr. J. C. Chatterjee:** Is it not a fact that in 1931 a committee was appointed in connection with the Lady Hardinge Medical College?

**Mr. J. D. Tyson:** I believe there was a committee in 1931 in connection with the financial side of that college.

#### PATIENTS' WARDS IN LADY HARDINGE HOSPITAL

**525. \*Shrimati K. Radha Bai Subbarayan:** Will the Secretary for Education, Health and Lands please state:

(a) if there are separate wards for free and paying patients in the Lady Hardinge Hospital; and, if so, on what basis fees are charged for paying patients;

(b) if there are specially reserved rooms for paying patients, and whether these patients are permitted to have their relations and private nurses staying with them during treatment in the hospital;

(c) if Government are aware that there have been complaints by the public about the neglect of poor and free patients both inside the wards and in the Out-patients Department, and what steps Government have taken or propose to take to avoid discrimination in the treatment of free and paying patients; and

(d) if there is a non-official Board of Visitors for this hospital; and, if so, the personnel of the present Board, the number of meetings per year held by the Board and the number of visits to the hospital paid by each member of the Board in a year?

**Mr. J. D. Tyson:** (a) Yes: fees are charged according to the income of the family of the patient.

(b) Yes; in the Cottage Wards relatives are permitted to stay with the patient, and also private nurses if the patient is willing to pay for them.

(c) Government have seen no such complaint and are not aware of any neglect of poor patients or of unfair discrimination between free and paying patients.

(d) There is no Board of Visitors, but there is a Governing Body which contains a considerable non-official element. For information regarding the composition of the Governing Body and its Executive Committee I would invite the Honourable Member's attention to the statement laid on the table of the House in answer to question No. 134 asked by Mr. Lalchand Navalrai on 7th November 1944. The Governing Body met twice and the Executive Committee eight times in 1944. No record is kept of visits paid to the College and Hospital by members of the Governing Body and Executive Committee.

**Shrimati K. Radha Bai Subbarayan:** With regard to (d), may I know if the members of these bodies visit the hospitals at any time?

**Mr. J. D. Tyson:** I cannot answer that. No record is kept of such visits.

**Shrimati K. Radha Bai Subbarayan:** Is it not one of their duties to visit the hospitals?

**Mr. J. D. Tyson:** Yes. I suppose it is.

**Shrimati K. Radha Bai Subbarayan:** May I ask, Sir, if the Government are aware that there is a scarcity of private nurses in Delhi and that therefore great inconvenience is caused to the public, if wealthy women engage special wards in the hospitals as well as engage private nurses?

**Mr. J. D. Tyson:** That is a matter of opinion.

**Mr. N. M. Joshi:** In view of the fact that the paying patients do not pay sufficient for the maintenance of these beds, will Government take steps to abolish these wards or beds for paying patients?

**Mr. J. D. Tyson:** I am not prepared to admit the premise on which my Honourable friend bases his question.

**Mr. N. M. Joshi:** May I ask what proportion of the total cost of the maintenance of the beds is paid by the paying patients?

**Mr. J. D. Tyson:** I must ask for notice.

#### LADY HARDINGE MEDICAL COLLEGE STUDENTS

**526. \*Shrimati K. Radha Bai Subbarayan:** Will the Secretary for Education, Health and Lands please state:

(a) the number of students in the Lady Hardinge Medical College, Province-wise;

(b) if it is compulsory for all students to live in the hostel of this college; and, if not, the supervision by College authorities over the students residing outside;

(c) if any member of the staff lives and boards with the students in the hostel;

(d) the arrangements made by the college authorities for the care of the residential students regarding accommodation, food, health and conduct; and

(e) if Government receive terminal reports of the health and conduct of the students of this college; and, if not, why not?

**Mr. J. D. Tyson:** (a) A statement showing the number of students in the College, according to Provinces, is laid on the table of the House. There are also students from Indian States.

(b) The reply to the first part is in the affirmative. The second part does not arise.

(c) Yes. The Warden resides in the Hostel.

(d) Adequate living accommodation is provided for the students. Messes are run by student Committees under the supervision of the Warden. In case of illness students are treated by senior members of the Hospital staff and admitted to Hospital if necessary.

The Warden supervises the conduct of the students.

(e) The answer is in the negative. It is not considered necessary for Government to call for such reports.

#### Statement showing Province wise the number of students in the Lady Hardinge Medical College.

Name of Province	Number of Students
Punjab	33
United Provinces	14
Bombay	6
Sind	36
Delhi Province	30
Bengal	2
Central Provinces	9
Madras	1
N. W. F. P.	5
Orissa	1



**Shrimati K. Radha Bai Subbarayan:** May I ask whether any member of the staff boards with the students and has the same food as the students have?

**Mr. J. D. Tyson:** I have no information on that. The Warden resides in the hostel. I do not know where she has her meals.

**Prof. N. G. Ranga:** Will the Honourable Member himself or any one deputed by him make a personal inquiry into the manner in which the conduct of the inmates of this hostel is properly safeguarded?

**Mr. J. D. Tyson:** In connection with some questions in the last Session of this House, we made considerable inquiries and we were quite satisfied.

**Shrimati K. Radha Bai Subbarayan:** May I ask how the Government ensure that the students have a balanced diet in this college?

**Mr. J. D. Tyson:** This is an institution run by an autonomous governing body and Government have nothing to do with ensuring that the students have a balanced diet.

#### CALLING FOR RETURNS OF PURCHASE AND SALE FROM PIECE-GOODS DEALERS IN THE PUNJAB

**†527. \*Sardar Mangal Singh:** Will the Honourable Member for Industries and Civil Supplies please state:

(a) whether it is a fact that under the textile control order returns of purchase and sale were called for from the piece-goods dealers in the Punjab for the years 1938, 1939 and 1940;

(b) if the answer to (a) above be in the affirmative, whether the returns were called for from the piece-goods dealers in the Lyallpur Town; if so, whether the Honourable Member will lay the same on the table of the House; and

(c) whether the Honourable Member proposes to give the reasons why the licence for sale of woollen goods, woollen yarn and fine cloth was granted to a Muslim dealer in preference to Sikh dealers whose returns were far above the returns of the Muslim dealer who got the licence?

**The Honourable Sir M. Azizul Huque:** (a) No such returns have been called for by the Government of India.

(b) Does not arise.

(c) As no returns were called for, the question does not arise.

#### INDUSTRIAL DELEGATION TO AUSTRALIA

**†528. \*Sardar Mangal Singh:** Will the Honourable Member for Industries and Civil Supplies please state:

(a) the main purposes of the Industrial Delegation to Australia;

(b) whether it is being officially sent by Government and whether Government will pay their expenses; and

(c) whether the Delegation will be authorised to negotiate any Pact with the Australian Government?

**The Honourable Sir M. Azizul Huque:** (a) Fostering contacts between industrialists of the two countries.

(b) No. The Government are only providing necessary facilities to the industrialists to visit Australia. The Australian Government, however, has been good enough to have them as their guests during their stay in that country.

(c) No.

#### GOVERNMENT CONTRACTS PLACED WITH THE IMPERIAL CHEMICAL INDUSTRIES

**†529. \*Mr. T. T. Krishnamachari:** Will the Honourable Member for Industries and Civil Supplies please state if information is now available in respect of starred question No. 242 put by me on the 10th November, 1944, regarding Government contracts placed with the Imperial Chemical Industries?

**The Honourable Sir M. Azizul Huque:** Honourable Member's attention is invited to the answer given to Question No. 242 on the 8th February 1945.

#### IMPORTED FILMS

**530. \*Mr. Manu Subedar:** (a) Will the Honourable Member for Industries and Civil Supplies please state the total amount of films, both positive and negative, imported into India during the five years before the war?

†Answer to this question laid on the table, the questioner being absent.

(b) What is the reduction in such importation during the war and how much of the imported films are given to the civil population and how much used for Government purposes during the war period?

(c) What attempts have Government made for securing the manufacture of the raw material for the film industry in this country?

(d) Have any proposals been put to Government for this purpose? If so, what are the proposals?

(e) Is it a fact that Government have refused licence to a company, which proposes to manufacture films in this country? If so, on what grounds?

(f) Is it a fact that no panel has been set up by the Planning and Development Department for the film industry? If so, do Government propose to do so now?

**The Honourable Sir M. Azizul Huque:** (a) and (b). I presume the Honourable Member refers to raw cinematograph film. A statement is laid on the table showing the total imports of such film of all sizes and varieties during the years 1934-35 to 1943-44 and, so far as information is available, the quantities used for Government purposes. Separate figures are not available for different varieties.

(c) The matter is receiving Government's earnest attention.

(d) No.

(e) First part: No.

Second part: Does not arise.

(f) The film industry has been included specifically among the industries for which Government in the Planning and Development Department have decided to set up Panels. It is hoped to set up this panel shortly.

*Statement of imports of raw cinematograph film during the years 1934-35 to 1943-44.*

Year	Total Quantity imported Feet (in round thousand)	Quantities used for Government purposes Feet (in round thousand)
1934-35	60,101	...
1935-36	60,670	...
1936-37	67,832	...
1937-38	75,327	...
1938-39	74,215	...
1939-40	82,953	...
1940-41	70,020	...
1941-42	92,510	352
1942-43	86,553	3,422
1943-44	78,758	9,247

**Mr. Manu Subedar:** In view of the very serious inconvenience caused to the film industry in India, may I know what is the considered policy of the Government regarding this? If there is another war in the next ten years, should not the Government take steps to manufacture raw materials for film industry in this country and not leave the industry in India depend upon imports?

**The Honourable Sir M. Azizul Huque:** If there is another war in the next ten years and if this question is asked then, the Government of the day will be able to give a complete answer to that.

**Mr. T. S. Avinashilingam Chettiar:** With reference to part (e), what is the answer?

**The Honourable Sir M. Azizul Huque:** The first part of the answer is: "No" and the second part "Does not arise". We have not refused licence to anybody.

**Mr. Manu Subedar:** Is the Honourable Member aware that a company had made an application for being registered and that Sir Alan Lloyd turned it down?

**The Honourable Sir M. Azizul Huque:** In one case, I know that an application was not merely concerned with the production of films, but with a variety of other trade and industrial activities and it might be the case. But I am

sure there is no company which has been refused licence for production of films only.

**RECENT PRIVY COUNCIL RULING RE GRANT OF BAIL TO THE ACCUSED BY HIGH COURTS**

†531. **\*Mr. Lalchand Navarai:** (a) Will the Honourable the Law Member be pleased to state if his attention has been drawn to the recent Privy Council ruling published in the *Hindustan Times*, dated the 6th February, 1945, regarding the power of High Courts in India as to the grant of bail to accused who are permitted to appeal to the Privy Council against their convictions?

(b) If so, has it been brought to his notice that that power does not lie in the hands of the High Courts but in the hands of the Legislature to confer that power on the High Courts?

(c) Does the Honourable Member propose to introduce a Bill or ask for an Ordinance for the purpose or get the High Courts that power in some other legal manner? If not, for what reasons?

**The Honourable Sir Asoka Roy:** (a) and (b). Yes.

(c) When an official report of the judgment becomes available I propose to consult Provincial Governments and High Courts on the question whether legislation should be promoted.

**ANNUAL REPORTS OF SUPERVISOR OF RAILWAY LABOUR, CALCUTTA**

†532. **\*Mr. Lalchand Navarai:** Will the Honourable the Labour Member be pleased to state:

(a) whether the Supervisor of Railway Labour, Calcutta, has submitted to the Government his annual reports on the working of (i) the Payment of Wages Act, and (ii) the Hours of Employment Regulations subsequent to 1940-41; if so, whether these reports have been published in full or part and whether the Honourable Member will be pleased to lay copies thereof on the table of the House; and

(b) if the reply to the last portion of part (a) above is in the negative, whether the Honourable Member proposes to supply the following information in a tabular form for each Railway, separately, for the financial years 1941-42, 1942-43 and 1943-44:—

(i) the amount of fines inflicted on the Railway staff;

(ii) the total number of cases in which fines were inflicted;

(iii) the total number of irregularities detected in the working of the Payment of Wages Act;

(iv) the total number of irregularities detected in the working of the Hours of Employment Regulations;

(v) the nature of instructions issued to the various Railway Administrations to avoid a repetition of such irregularities;

(vi) the nature of representations made by the Labour Supervisor to the Labour Department of the Government of India on points where a conflict of opinion existed between the Supervisor and the Railway Administrations or the Board; and

(vii) the decision given on points referred to in (vi) above?

**The Honourable Dr. B. R. Ambedkar:** (a) Since the year 1940-41, annual reports on the working of the Payment of Wages Act and the Hours of Employment Regulations for the years 1941-42 and 1942-43 have been submitted by the Conciliation Officer (Railways) and Supervisor of Railway Labour. As I informed the Honourable Member in answer to his unstarred question No. 48 on the 10th February 1944, Government have decided not to publish these reports in view of the acute shortage of paper. They have, however, now decided to issue a press note in respect of the reports for the year 1942-43 as also in respect of future reports until such time it is found possible to renew the previous practice of publishing them.

(b) Such information as is readily available is being compiled and a statement will be laid on the table of the House in due course.

**COMPOSITION OF EMPLOYEES' DELEGATION TO THE TRIPARTITE (LABOUR) CONFERENCES**

†533. \***Mr. Lalchand Navarai**: Will the Honourable the Labour Member be pleased to state:

(a) whether the Employees' Delegation to the Tripartite (Labour) Conferences or Standing Committee is composed of representatives of—

(i) the Indian Federation of Labour;

(ii) the All-India Trade Union Congress; and

(iii) other workers;

(b) which industries and workers are included in category (iii) of "other workers" and how their representatives are elected or nominated;

(c) if the representatives of "other workers" are nominated by Government, whether it is proposed to discontinue the practice; if not, why not; and

(d) on what basis and considerations Government nominate these delegates, and whether the Provincial Governments have any hand in such nominations; if so, to what extent?

**The Honourable Dr. B. R. Ambedkar**: (a) Yes.

(b), (c) and (d). Category (iii) relates to labour interests not adequately represented on the two all-India labour organisations, viz., the All-India Trade Union Congress and the Indian Federation of Labour. The nominations are made by the Government of India after taking into consideration suggestions received from Provincial Governments. It is not the intention to discontinue the practice at least for the time being. Such nomination is necessary at the present stage of development of workers' organisations in the country.

**ESTABLISHMENT OF PERMANENT TARIFF BOARD**

534. \***Mr. Abdul Qaiyum**: Will the Honourable the Commerce Member please state:

(a) the steps taken towards setting up a permanent Tariff Board;

(b) the nature of the steps taken to manufacture machinery for various industries; and

(c) the steps taken or proposed to import machinery from abroad?

**The Honourable Sir M. Azizul Huque**: (a) This question is under the consideration of Government.

(b) An industrial panel is being constituted to examine this question and make recommendations to Government.

(c) Licences are granted for the import of machinery from abroad to meet the essential requirements of the country regard being had to the limitations imposed by shipping space and supply difficulties in the exporting countries. As regards requirements for the post-war period, industrialists have been instructed to register their requirements with the Chief Controller of Imports so that necessary assistance may be given by Government to secure the goods from the supplying countries, whenever possible.

**Mr. Abdul Qaiyum**: In view of the difficulty in obtaining shipping space in war time, when will the consideration of the question regarding manufacture of machinery in India be completed by Government?

**The Honourable Sir M. Azizul Huque**: The whole question is under examination, not only machines but also other aspects of requirements of trade and industry in the country.

**Mr. Abdul Qaiyum**: Have the Government of India come to any decision as regards the policy, whether they approve of the manufacture of machinery in this country or not?

**The Honourable Sir M. Azizul Huque**: I think the Government have declared their policy over and over again that whatever is possible to be produced in this country, the Government will spare no efforts to do that, but it is no use coming to an axiomatic general policy consideration without regard to the difficulties about requirements, raw materials, resources and other interests.

†Answer to this question laid on the table, the questioner being absent.

**Prof. N. G. Ranga:** Is it not a fact that this question of the establishment of a permanent Tariff Board has been hanging fire for the last ten years?

**The Honourable Sir M. Azizul Huque:** I do not know it was hanging fire, it might be hanging, I do not know.

#### HEAVY DUTY ON IMPORT OF COTTON BORNE BY INDIAN MANUFACTURERS

**b35. \*Mr. Manu Subedar:** (a) Will the Honourable the Commerce Member please state whether it is a fact that very limited quantities of Egyptian cotton are released for Indian consumption and that East African cotton prices are higher than parity?

(b) Is it a fact that the Indian manufacturer has to bear the heavy duty on the import of cotton and that it was stated when this duty was imposed that the purpose was to stimulate the production of finer strain of cotton?

(c) Have Government any information as to the subsidy, which it is proposed by the American Government to give for the export of American cotton or as to the special price which they propose on the export of cotton held by the Government of the United States of America?

(d) Have Government considered the effect of the special handicaps to Indian industry in the matter of cotton and the special advantage to the United Kingdom industry in the matter of cotton and the resulting benefit of the price factor in favour of the United Kingdom?

(e) What precautions do Government propose to take in order to safeguard the capital and labour engaged in the textile industry in India against the United Kingdom textile goods which may be dumped in this country through export credits and export subsidies in addition to the advantage shown in part (d) above?

**The Honourable Sir M. Azizul Huque:** (a) The answer is in the negative.

(b) The Honourable Member presumably refers to the additional import duty of one anna per lb. imposed under the Cotton Fund Ordinance, 1942. As regards the objects for which the Fund was created the Honourable Member's attention is invited to the *Press Communiques* issued by Government on the 26th January 1942 and the 29th January, 1942, copies of which I am placing on the table of the House.

(c) It is understood that under the United States of America cotton export subsidy programme announced on November 11, 1944, a subsidy of 4 cents per pound is granted on all cotton exported which is of a staple length of 15/16 inch or less.

(d) If the Honourable Member is referring to the additional duty of one anna per pound on raw cotton imported into India as a handicap, I may point out that the Indian cotton textile industry is in a position to pass it on to the consumer. I am not clear to which "price factor in favour of the United Kingdom" he is referring.

(e) Government are not aware of the grant of any export credits or export subsidies to the United Kingdom manufacturers.

#### PRESS COMMUNIQUE

#### RELIEF FOR COTTON CULTIVATOR

##### *Special Fund Created.*

Ever since the breach of trade relations with Japan, the Government of India have been giving close attention to the effects on the cultivator of cotton of the cutting off of the most important markets for certain of the lower grades of raw cotton produced in India; and they recently decided to create a special fund which will enable them to undertake measure for the relief of the situation.

They have in view not merely immediate steps to steady the market by making purchases of raw cotton of the types concerned as suitable occasion arises, but also, in order to improve future prospects, arrangements for the financing, in co-operation with the Government of the Provinces and States concerned, of measures designed to assist the cultivator to change over from short staple cotton to other more useful crops, whether cottons of longer staples or entirely different crops, preferably food grains.

"B. S. Khehar"

"Commerce Department."

New Delhi, January, 26, 1942.

## COTTON CULTIVATORS' RELIEF FUND

*Additional Duty on Imported Cotton*

The Government of India very recently issued a Press Communique announcing their decision to form a special fund to be used for the relief of cultivators of short staple cotton. The fund is to be created from the proceeds of the additional duty of 1 anna per lb. on imported raw cotton which has been imposed by an Ordinance issued today.

The Government of India wish to emphasise that the accounts of this fund will be kept separate from the general accounts of Government and that the imposition of the duty is a temporary measure.

Their intention is to remove the duty when they are satisfied that the amount in the fund has become sufficient to meet all the liabilities that will be incurred in pursuance of the objects for which it was created.

"B. S. Khehar".

Commerce Department.

New Delhi, January, 29, 1942.

**Mr. Manu Subedar:** Have Government seen the text of the export credit scheme and the export subsidy scheme which we saw in the Press?

**The Honourable Sir M. Azizul Huque:** Yes, Sir.

**Mr. Manu Subedar:** If the Government have seen it, then may I ask what steps, if any, Government are taking in order to see that the textile industry in India, however, prosperous it may appear at the moment, will be safeguarded against goods landed very much cheaper than the cost price?

**The Honourable Sir M. Azizul Huque:** I said once before that immediately this matter came to our notice, we have taken all possible active steps not only to know the position but also to discuss this position with others who can discuss this matter with us. I understand the whole question is being discussed at the next meeting of the International Cotton Advisory Committee in which Government will be represented and so far as I am concerned, the textile industry, has not yet made any complaint from the African and Egyptian point of view.

**Dr. Sir Zia Uddin Ahmad:** While discussing this matter, will the Government also take into consideration the consumers interests, because the consumers are now paying three times the normal price which they ought to pay?

**The Honourable Sir M. Azizul Huque:** If my Honourable friend will only read the history of the Industries and Civil Supplies Department for the last fourteen months he will find that it is in the interest of the consumer that it is functioning.

**Dr. Sir Zia Uddin Ahmad:** But the figures given by the Honourable the Finance Member in reply to my question show that the price of manufactured cotton goods is even now  $2\frac{1}{2}$  times the price which prevailed in 1938, and though the price of cotton is much less, yet the price of piece goods is still much greater.

**The Honourable Sir M. Azizul Huque:** If my Honourable friend had compared the price which was prevailing in 1901, he would have found the price to be ten times greater. Surely that is not the basis of comparison.

**Dr. Sir Zia Uddin Ahmad:** Will the Honourable Member please give me a direct answer? May I know if anything has been done to reduce the price level? The price level, according to the figures given by the Honourable the Finance Member is  $2\frac{1}{2}$  times the price which was prevailing before.

**The Honourable Sir M. Azizul Huque:** I am afraid the Honourable Member misunderstood the explanation given by the Honourable the Finance Member. I am here referring to textiles. So far as textiles are concerned, we have succeeded in reducing the price level at least to half of what it was in 1943.

**Dr. Sir Zia Uddin Ahmad:** I was also talking about textiles.

**The Honourable Sir M. Azizul Huque:** I am saying that we have reduced the price by half.

**Mr. N. M. Joshi:** Is it not a fact that so far as textiles are concerned, the Government of India, in the Department of Industries and Civil Supplies, is a Branch of the Bombay Millowners Association?

**The Honourable Sir M. Azizul Huque:** I categorically deny it, and I consider it defamatory if it was said outside the House.

**Mr. T. S. Avinashilingam Chettiar:** May I know when the Government expect the subsidised goods to arrive in this country?

**The Honourable Sir M. Azizul Huque:** I do not expect subsidised goods at all.

“BLUE PRINT” FOR THE FUTURE OF BURMA

**536. \*Mr. Amarendra Nath Chattopadhyaya:** (a) Will the Honourable Member for Commonwealth Relations please make on the floor of the House a detailed statement on the “blue print” for the future of Burma?

(b) Is it a fact that the Honourable Member received a letter from the Council of the Imperial Citizens Association? If so, will the Honourable Member be pleased to state if the letter expresses that the “blue print”, if accepted, would create mischief and would not be for welfare of Burma nor its happiness?

(c) Will the Honourable Member state all facts regarding this letter, and does he propose to take the Central Legislature into his confidence before he decides on the “blue print”?

**The Honourable Dr. N. B. Khare:** (a) The ‘blue-print’ is the report of the Burma sub-committee of the Conservative Imperial Affairs Committee, London, and contains suggestions in regard to the future of Burma. It is not an official document and does not contain the views either of His Majesty’s Government or of the Government of Burma.

(b) Yes.

(c) *First Part:* The letter contains the view of the Council of the Association on the ‘blue-print’. I lay a copy of the letter on the table of the House for the Honourable Member’s perusal. A copy of the letter has been forwarded to His Majesty’s Government.

*Second Part:* The ‘blue-print’ is not a matter for the decision of the Government of India and the question therefore does not arise.

*Copy of letter dated the 1st February 1945, from the Chairman, The Imperial Indian Citizenship Association, Sohrab House, 235, Hornby Road, Bombay, to the Secretary to the Government of India, Department of Commonwealth Relations, New Delhi.*

*Re. “Blue Print” for the future of Burma.*

I am desired by the Council of this Association to convey to the Government of India their views on “Blue Print” for Burma which has been prepared by the Imperial Affairs Committee of the Conservative Party and signed by Peter Macdonald, its Chairman.

2. Briefly the main recommendations of the Committee are :—

(a) “When Burma is fully re-occupied there should be a period of reconstruction of fixed duration. During this period authority should rest with the Governor, with whom would immediately be associated a Council of representative Burmans, to assist him in work of reconstruction.”

(b) At the end of six years Burma will have “full self-government subject to a treaty on defence and external relations between the Imperial and the Burmese Governments.”

(c) The Blue Print Provides for a commercial treaty giving “reasonable security to British nationals engaged in the industrial and commercial rehabilitation of Burma.”

(d) Under the plan, British firms operating in Burma would be “entitled to compensation for material loss or damage arising out of the war or the enemy occupation but full compensation should only be paid to firms that are willing to restart their operation on a satisfactory basis.”



(e) On the subject of Currency, "this Committee agree that if the present arrangement for the management of the Burma currency by the Reserve Bank of India should be terminated the management of the currency should be entrusted to an *ad hoc* currency authority preferably a Burma Currency Board. The link between the Burma Currency and the Indian rupee should be maintained in the interest of the close trading relations between the two countries."

(f) The defence of Burma is an integral part of the defence of S. E. Asia and the necessary naval bases, military establishment and Air Force stations should be provided for under the treaty between H. M.'s Government and Burma."

(g) The local defence and internal security will remain a responsibility of the Burma Government.

(h) Every possible facility for the training of Burmese personnel should be provided in Imperial establishments

(i) It proposes the exclusion from the Burmese Dominion of the territories occupied by the Shans, Chins, Kachins and Karens "until such time as they clearly express their desire to join in".

3. Before separation from India in 1935, Burma was encouraged to believe that all her ills were due to her connection with India. Burmese were told that they were backward industrially, politically and educationally because she was a province of India and that if that state of affairs continued Burma would cease to be Burma. The Council do not believe that Burmese are happy under the Japanese rule but they feel that if the recommendations of the "Blue Print" are accepted, the pre-war artificial prejudices against Indians will reappear which by no means will contribute to Burma's future welfare and happiness. It will not help Britain, Burma or India if those who are responsible for the future of Burma are not benefited by past experiences.

4. The authors of the "Blue Print" have made a deliberate attempt to placate the Burmese at the expense of the non-British interests. They propose to compensate British capitalists for all their losses, but the Indians who suffered more than the British are not to be compensated. Apparently, according to the "Blue Print" Burma is to be treated by Britain as her special preserve by wiping out legitimate Indian interests in the country. On a close study of the recommendations it is abundantly clear that its authors are more anxious to keep Burma safe for British vested interests than to do justice to the children of the soil or to safeguard the rights of British Indian businessmen and workers who were in Burma before the War.

5. Several attempts have been made in the past to elicit a clear and definite declaration of policy from the British Government on the Burma question including, of course, the status of Indians in that country, but no satisfactory declaration has been made so far. If, however, the British Government are to base their policy on the recommendations of the "Blue Print", the Council have no hesitation in recording that such an action on their part will be considered by well-wishers of the British Commonwealth of Nations as violating all established standards of inter-nationals justice and fair-play. The British Government cannot do worse than to accept its recommendations.

6. The Council of Association understand that negotiations are going on at present between the Government of India and the Government of Burma for evolving an Agreement in connection with the subject of immigration and other vital matters. The Council would, therefore, strongly urge upon the Government of India the necessity of consulting such bodies as are interested in all questions connected with the status and position of Indians in Burma before any final Agreement is arrived at and that no Agreement should be concluded in connection with these vital matters without the approval of the Central Legislative Assembly.

7. The Council fears that persons known to be not friendly towards Indians in Burma like Sir A. Watson and others have already started a tirade against them. Recently he is reported to have stated :—

"The re-building of Burma is a task beyond the capacity of the Burmese. She will require expert and financial help. That help must be given by Britain. But she fears India might endeavour to help her neighbour in the re-building of her industry and agriculture and solemnly declares that any such move on the part of India will be unfair to the Burmese who in these years of freedom have developed the strongest prejudice against exploitation by Indians."

The Council are not aware of the sources of Sir A. Watson's inspiration to make such a startling statement. It seems that he is trying to prejudice British public opinion against Indians in Burma. The young Burmese now in India have repeatedly expressed a desire to live on friendly relations with their great neighbour, India. The Burmese Refugees' Association recently stated :—

"We have no desire that the Indians should be kept out merely to give Britain a monopoly of the exploitation of the "undeveloped resources" of Burma . . . . . We do not



desire that Indian capital forthcoming for employment in Burma should be subject to any discriminatory control."

Both Sir Paw Tun, First Adviser to the Governor of Burma, and U Tin Tut, in Charge of the Post-War Reconstruction Department, have made it clear that they would welcome the closest ties of alliance and friendship between Burma and India and only recently U Tin endorsed the public statement made by the Governor of Burma at the Conference held in March 1944, that there was no intention of treating Indian business enterprise in Burma differently from British enterprise.

India does not want to exploit Burma for her own selfish interests; she offers her friendly co-operation for the regeneration of an unfortunate neighbour. So far as Indians are concerned they do not want any special rights and privileges in Burma. But there is an unanimity of opinion in the Country that the rights and privileges which Indians will have in Burma shall in no way be less than those granted to Britishers and other foreigners.

8. It was recently reported that the Governor of Burma and his advisers would shortly visit England for conference with the Secretary of State for Burma in connection with the reconstruction work to be started as soon as Burma was reconquered. The Council of Association feel that India's case should not go by default and that representative Indians who are fully acquainted with the Indian interests in Burma should be invited to place India's point of view before the Secretary of State for India who is also the Secretary of State for Burma.

9. Since the "Blue Print" is a policy making document, the Council of the Association request the Government of India to forward their views on it to H. M.'s Government before the final policy on the future of Burma is formulated.

**Mr. T. T. Krishnamachari:** In view of the fact that there has been a discussion on this subject in the House of Commons, will the Honourable Member arrange for a similar discussion in this House?

**The Honourable Dr. N. B. Khare:** I will consider the matter.

#### RICE AND PADDY DESTROYED BY GOVERNMENT IN NORTH BIHAR

**537. \*Sardar Mangal Singh:** Will the Honourable the Food Member please state:

(a) whether his attention has been drawn to a press interview of Mr. E. C. Ansouge, Food adviser to the Bihar Government, published at page 2, Column 4, of the *Hindustan Times*, dated the 8th February, 1945;

(b) whether it is a fact, as stated therein that a large quantity of rice and paddy had been destroyed by the Government in North Bihar;

(c) who purchased this grain, from where, when, and at what price; who examined it and passed it as fit and when (please give full details); and

(d) whether Government have made any enquiries about this matter and what action they have taken or contemplate to take in this matter so as to prevent its recurrence?

**The Honourable Sir Jwala Prasad Srivastava:** (a) Yes.

(b) to (d). A full statement of facts was given by the Honourable Mr. B. R. Sen, Director General of Food in the Council of State on the 15th November, 1944. A copy of the statement is placed on the Library table.

#### RECALLING OF MR. K. C. MAHINDRA

**538. \*Mr. Mann Subedar:** (a) Will the Honourable the Commerce Member please state if it is a fact that Mr. K. C. Mahindra has been asked to wind up his work and to return to India?

(b) Have Government seen the report in the Press that His Excellency the Viceroy does not like the idea of increased Indo-U. S. A. trade after the war?

(c) What is the policy of Government with regard to trade between India and the United States of America after the war, and do Government propose to give an assurance that no restrictions of any kind, direct or indirect, will be placed on the full growth of such trade?

(d) What is the reason for the continued restriction on provision of dollars accruing to India from exports to the United States of America for purchase in that country?

**The Honourable Sir M. Azizul Huque:** (a) Yes. The Honourable Member's attention is invited to the press communique issued this morning.

(b) Government have seen the press report referred to by the Honourable Member.

(c) It is too early yet to envisage the post-war economic conditions that are likely to influence the trade policy of the country. The Government will, however, have the best interests of the country in view in all such matters.

(d) Shortage of dollars for meeting dollar import requirements of the sterling area countries.

**Mr. Manu Subedar:** May I know whether the prospective trade between India and the U. S. A. is going to be reduced because the Government of India have now put an official and not a business man in charge of the purchase mission?

**The Honourable Sir M. Azizul Huque:** I do not agree that putting an official in charge will reduce the business; it might increase.

**Prof. N. G. Ranga:** With reference to part (b), what is the actual position of the Government of India if this particular press statement is not quite correct?

**The Honourable Sir M. Azizul Huque:** I cannot say: it should be answered by the Honourable Supply Member or the Honourable Information Member.

**Mr. T. T. Krishnamachari:** With reference to part (d), is the Honourable Member aware that Egypt has made a satisfactory provision in regard to the supply of dollars for her needs from the 'Empire Dollar Pool', and is the Honourable Member going to take any steps to persuade his colleague the Finance Member to make a similar arrangement for this country also?

**The Honourable Sir M. Azizul Huque:** I am not aware of what arrangements have been made by Egypt, but we are constantly looking at this question to see how better provision can be made.

**Mr. Manu Subedar:** May I ask whether Mr. Mahindra was asked to go or whether he himself offered to go?

**The Honourable Sir M. Azizul Huque:** The *press communiqué* quite clearly explains that it is a result of the policy which is necessary that this arrangement has been made. For more details I think my Honourable friend should ask the Honourable Supply Member.

**Mr. Manu Subedar:** May I know whether Government do not consider it wise to refute the feeling which is in this country that this man was asked to go because he was assisting Indian industrialists to buy machinery in the U. S. A., which Government did not approve?

**The Honourable Sir M. Azizul Huque:** I deny the allegation, but I think the Honourable Supply Member will be able to answer that question.

#### HYDRO-ELECTRIC SCHEMES

539. **\*Mr. Manu Subedar:** (a) Will the Honourable the Labour Member please state how many hydro-electric schemes are at present functioning in India?

(b) What is the amount of power generated by each of them?

(c) How much of this power is used for industrial purposes?

**The Honourable Dr. B. R. Ambedkar:** (a) 84 excluding private, industrial and military installations.

(b) It is not possible to give information about individual stations. The total energy generated by all the stations is approximately 1988 million K. W. H.

(c) About 56 per cent.

#### HYDRO-ELECTRIC SCHEMES

540. **\*Mr. Manu Subedar:** (a) Will the Labour Member please state how many other hydro-electric schemes have been considered?

(b) How many of them are going to be dealt with by (i) the Government of India, (ii) the Provincial Governments, and (iii) the Indian States?

(c) What will be the total horse-power of these schemes?

(d) How many of them have been already sanctioned by the Government of India?

(e) For how many of them is machinery either under negotiation or under order?

(f) What is the approximate date when they are expected to function and make power available?

(g) Which of these schemes will be the first?

**The Honourable Dr. B. R. Ambedkar:** (a) A large number of schemes have recently been considered; several of them are in various stages of investigation. Plant requirements for 31 have so far been notified to the Secretary of State.

(b) (i) Under the present constitution, development of Hydro Electric Schemes falls within the purview of the Provincial Governments. The Government of India are, however, rendering them such assistance as is asked for through the Central Technical Power Board which they have recently set up for the initiation, co-ordination and pushing forward of electricity development schemes.

(ii) and (iii). Of the 31 schemes mentioned in reply to part (a), 14 are being dealt with by Provincial Governments, 13 by Indian States and 4 by private concerns.

(c) Approximately 6,70,000.

(d) 28 schemes requiring plant before the end of 1947 have so far been approved by the authorities concerned.

(e) Seven.

(f) Between the end of 1946 and 1949.

(g) The Mohammadpur Hydro Electric Scheme of the U. P. Government will probably be the first to start functioning out of post-war schemes.

**Mr. Manu Subedar:** Is it a fact that the Government of India are unduly strict with regard to hydro-electric projects which are submitted to them from the Provinces and from the States?

**The Honourable Dr. B. R. Ambedkar:** I do not suppose there is any ground for believing that they are more strict than the necessities of the case require.

**Mr. Manu Subedar:** By what date does the Honourable Member expect most of these projected hydro-electric schemes to function?

**The Honourable Dr. B. R. Ambedkar:** I said that; between 1946 and 1949.

#### ELECTRICAL COMMISSIONER'S REPORT

†541. **\*Mr. Manu Subedar:** (a) Will the Honourable the Labour Member state why a copy of the report produced by the Electrical Commissioner with the Government of India has not been placed in the library of the House?

(b) Has the Policy Committee, in connection with power, reported?

(c) If so, will a copy of their report be made available to the Members of the Legislature?

**The Honourable Dr. B. R. Ambedkar:** (a) Presumably the Honourable Member refers to the proceedings of the Technical Power Conference of which the Electrical Commissioner was the Chairman. The report is under print and a copy will be placed in the Library of the House as soon as the printed copies become available.

(b) and (c). Presumably the reference is to the second meeting of the policy Committee held on 2nd February 1945. The Record of the meeting is being finalised and copies will be placed in the library of the House in due course. The Record of the first meeting of the Committee is already available in the Library of the House.

#### CERTAIN ORDER OF THE RATIONING CONTROLLER, DELHI

542. **\*Sardar Mansal Singh:** (a) Will the Honourable the Food Member please state if his attention has been drawn to the issue of the *Daily Tej*, dated the 2nd February, 1945, giving news about the circulation of an order by the Rationing Controller, Delhi, requiring every "establishment" holding ration permits to deposit security either in cash or in the shape of National Saving Certificates not later than the 10th February, 1945, and to sign an agreement on a one rupee judicial stamp, which agreement is not enclosed with the said

†Answer to this question laid on the table, the questioner having exhausted his quota.

order although it is written in the said order that the agreement is appended herewith?

(b) Is he aware of the public opinion regarding the validity of the order referred to in part (a) above?

(c) Will he please state the action that he proposes to take against this order?

**The Honourable Sir Jwala Prasad Srivastava:** (a) Yes.

(b) I have seen some criticism in the press.

(c) The matter is under examination.

#### CLERICAL STAFF OF CENTRAL RESEARCH INSTITUTE, KASAUJI

**543. \*Mr. Ananga Mohan Dam:** (a) Will the Secretary for Education, Health and Lands be pleased to state the present strength of the clerical staff of the Central Research Institute, Kasauli, and the present scale of their pay?

(b) Is the present scale of pay the result of a fresh revision or an amalgamation of the three previous grades?

(c) When were these three grades sanctioned by Government? Were they originally separate or on a time-scale of pay? And if in the latter case, why were a good many clerks not allowed to continue after reaching the maximum of their lower grades?

(d) How many of these clerks had to stop without getting any increment and for how many years?

(e) Was this fact taken into consideration while fixing pay at the time of amalgamation of the three existing grades? Was any representation made by the aggrieved members to the Director in this connection? If so, with what result?

(f) Do Government propose to do something to make good the loss sustained by them as a consequence of the stoppage of their increment?

**Mr. J. D. Tyson:** (a) A statement showing the required information is laid on the table of the House.

(b) The present scale for clerks is the result of amalgamation of three separate grades which existed previously.

(c) The three grades for old entrants were sanctioned in 1920 and those for new entrants in 1934. These grades were originally separate. The last part of the question does not arise.

(d) Sixteen clerks (including two now retired) received no increments for periods ranging from 1 year and 9 months to 16 years and 9 months, up to 28th February, 1942, when the scales were amalgamated.

(e) Information is being obtained, and will be laid on the table of the House in due course.

(f) There was no stoppage of increments and no question of compensation for loss arises.

#### *Statement showing the present strength of the clerical staff of the Central Research Institute Kasauli, and the present scales of pay.*

Permanent staff	Pay for old entrants	Pay for new entrants
1 Office Superintendent . . . . .	200—10—300	180—10—240.
1 Head clerk . . . . .	120—8—200	110—5—180.
20 Clerks . . . . .	50—2—70 EB—3— 85—EB—5—110	45—2—65—EB—3— 80—EB—4—100.
<b>Temporary staff</b>		
4 Clerks . . . . .	60—3—75	
1 Stenographer . . . . .	100—5—175	

#### OVER-TIME PAY FOR STAFF OF CENTRAL RESEARCH INSTITUTE, KASAUJI

**544. \*Mr. Ananga Mohan Dam:** (a) Has the Secretary for Education, Health and Lands sanctioned any over-time pay for the staff of the Central Research Institute, Kasauli, and is that applicable to all members?

(b) Why is it not sanctioned for the ministerial staff?

(c) Is the staff entitled to work over-time after the prescribed hours? If so, what are the daily timings and duration of such periods every month?

(d) Do Government propose to give reasons for sanctioning over-time pay for one section of the staff and ignoring others in the same buildings?

(e) Is there any new unified time-scale of pay sanctioned by Government for its personnel which may be availed of by the permanent staff?

**Mr. J. D. Tyson:** (a) A consolidated over-time pay equivalent to twenty-five per cent. of basic pay has been sanctioned for all non-ministerial permanent pensionable and non-pensionable superior establishment, and all permanent inferior establishment, temporary staff and inferior servants paid from contingencies.

(b) and (d). The nature of their work is different.

(c) The staff is required to work over-time as and when the state of work makes it necessary. It is not possible to give information regarding daily timings and duration of periods during which over-time is worked as they vary from time to time.

(e) A unified scale of pay has been sanctioned for temporary Central Government clerical employees working in certain places. In places where the unified scale is applicable permanent staff have the option to elect to draw it for the time it is in force.

#### HILL ALLOWANCE FOR STAFF OF CENTRAL RESEARCH INSTITUTE, KASAUJI

**545. \*Mr. Ananga Mohan Dam:** (a) Will the Secretary for Education, Health and Lands please state whether there is any hill-allowance sanctioned by Government for its employees in Kasauli? Is that also allowed to the staff of the Central Research Institute? Has any representation been made to Government and with what result?

(b) Is there any hill-allowance for those stationed in Simla? If so, why there is no such allowance for those in Kasauli?

(c) How do the prices of essential commodities and the cost of living in Kasauli compare with those in Simla?

**Mr. J. D. Tyson:** (a) and (c). The information is being collected and a reply will be laid on the table of the House in due course.

(b) The staff of certain offices of the Government of India classed as migratory are entitled to allowances when in Simla. The staff of the Central Research Institute at Kasauli, not being migratory, is not entitled to those allowances.

#### ASSOCIATION OF STAFF OF CENTRAL RESEARCH INSTITUTE, KASAUJI

**546. \*Mr. Ananga Mohan Dam:** Will the Secretary for Education, Health and Lands please state whether there is any association of the staff of the Central Research Institute working for the benefit of its employees? Did the staff ever apply to the Director for permission to start such an association?

**Mr. J. D. Tyson:** The reply to the first part is in the negative and to the second part in the affirmative.

#### HOUSE-RENT AND WINTER ALLOWANCES FOR STAFF OF CENTRAL RESEARCH INSTITUTE KASAUJI

**547. \*Mr. Ananga Mohan Dam:** Will the Secretary for Education, Health and Lands please state whether there is any house-rent allowance or winter-allowance sanctioned by Government for the staff stationed in Simla? If so, is it also allowed to the staff of the Central Research Institute at Kasauli?

**Mr. J. D. Tyson:** The answer to the first part is in the affirmative and to the second part in the negative.

#### INCOME AND EXPENDITURE OF CENTRAL RESEARCH INSTITUTE, KASAUJI

**548. \*Mr. Ananga Mohan Dam:** (a) Will the Secretary for Education, Health and Lands be pleased to state the present income and expenditure of the Central Research Institute at Kasauli?

(b) If there is a surplus, will Government consider the proposal to revise

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\*Answer to this question laid on the table, the questioner having exhausted his quota.

the present scale of the staff in order to bring it to the level of the other attached offices of the Central Government?

**Mr. J. D. Tyson:** (a) A statement showing the receipts and expenditure of the Institute for 1943-44 is laid on the table of the House.

(b) No. The pay of the staff is fixed with reference to the nature of their work and responsibilities and not with reference to the financial results of the working of the Institute.

*Statement showing the receipts and expenditure of the Central Research Institute, Kasauli, for the year 1943-44*

	Rs.
Total income	12,04,712
Total expenditure	4,77,689

#### INDIAN MINING ENGINEERS (GEOLOGICAL SURVEY) AT KODARMA

**549. \*Mr. Ram Narayan Singh:** (a) Will the Honourable the Labour Member be pleased to state the total number of Indian Mining Engineers employed under the Stores and Purchase Section of the Geological Survey of India since 1943, at Kodarma and their scale of pay?

(b) Is it a fact that the cases of Indian Mining Engineers for increments have never been considered, though the work done by the Indian Mining Engineers is of the same nature as that done by the European Mining Engineers whose cases have been recommended for increment by the Supervisory Field Officer?

(c) Is it a fact that none of the European Mining Engineers had any previous experience of Mica mining and still they have been entrusted with the task of giving instruction to the various mica mine owners as to how to develop the mica mines?

(d) Is it a fact that the Indian Mining Engineers though with better experience of Mica mining draw only Rs. 450, whereas European mining Engineers draw Rs. 800 or in some case Rs. 1,200? Will Government be pleased to state the reasons for this discriminatory treatment?

(e) Is it a fact that Government issued an order to the Director, Geological Survey of India, to suggest the name of some Indian Mining Engineers for the post of Supervisory Field Officer at Kodarma in 1943? Will Government be pleased to lay on the table the recommendations of the Director, Geological Survey of India, regarding the above?

(f) Will Government be pleased to state the reasons, in detail, which led to the appointment of a European with only two years experience of mica factory work, as Government Inspector of Mica though there were Indians with twenty years of experience of mica factory and their cases were even recommended strongly by Mr. F. F. Watts, an American member of the Mica Mission?

**The Honourable Dr. B. R. Ambedkar:** (a) Five Indian Officers since 1943. At present 3 Indian Officers—Scale of pay Rs. 200—15—500.

(b) No, the Government of India have sanctioned a time-scale of pay for all mining engineers.

(c) No. The European Mining Engineers are University trained Mining Engineers and have had very considerable and wide experience of mining, the principles and application of which are no different for mica than for any other mineral.

(d) No. The pay of Mining Engineers is fixed with reference to their qualifications, experience and previous conditions of service which vary with individuals. If European Mining Engineers draw higher rates of pay it is on account of their greater experience and responsibilities.

(e) No. The latter part of the question does not arise.

(f) The Government of India have made the appointment after taking into consideration all the factors, and they have no information regarding Mr. Watt's recommendations.

**Mr. T. T. Krishnamachari:** With reference to part (c), may I know if the Honourable Member has been in any mica mine himself?

**The Honourable Dr. B. R. Ambedkar:** Of course I have.

**Mr. Ram Narayan Singh:** With reference to the Honourable Member's reply to part (d), how is it that one Mr. Crossfield has got an increment of Rs. 700 in a period of two years, in preference to more qualified Indians?

**The Honourable Dr. B. R. Ambedkar:** I have said that the Europeans have better qualifications than the Indians.

#### IMPORTATION OF FOREIGNERS TO ARCHAEOLOGICAL DEPARTMENT

**550. \*Mr. K. S. Gupta:** (a) Will the Secretary for Education, Health and Lands please state if it is a fact that a number of Europeans and Foreigners are being imported and new posts being created in the Archaeological Department of the Government of India? If so, how many of them are (i) Englishmen, (ii) Australians, and (iii) South Africans?

(b) Is it a fact that Mr. Dermot Casey, has been brought over here from Australia to take charge of the school run by the Archaeological Survey of India at Taxila? If so, what are his qualifications, special or otherwise?

(c) Is it not a fact that several Indians are best fitted to hold the job which is in the charge of Mr. Dermot Casey?

**Mr. J. D. Tyson:** (a) No.

(b) Mr. Dermot Casey was appointed temporarily for six months from the 15th September to assist the Director General in conducting the school of technical archaeology for Indian students at Taxila. Mr. Casey has wide experience of modern methods of archaeological excavations and has previously been associated with the present Director General in the conduct of excavations.

(c) No Indian with the necessary experience in modern archaeological methods was available.

**Mr. J. D. Tyson:** I would like to add that there is another European officer working at Taxila in an honorary capacity.

**Mr. K. S. Gupta:** Is Mr. Dermot Casey the younger brother of the Governor of Bengal?

**Mr. J. D. Tyson:** I understand that he is.

**Prof. N. G. Ranga:** How many Indians he has superseded?

**Mr. J. D. Tyson:** I should like to add that the Governor of Bengal had nothing to do with the appointment.

**Mr. T. T. Krishnamachari:** Except by way of a psychological pressure!

#### AIR SURVEY BY ARCHAEOLOGICAL DEPARTMENT

**551. \*Mr. K. S. Gupta:** (a) Will the Secretary for Education, Health and Lands please state if it is a fact that an air survey was made by the Archaeological Department? If so, when was the survey conducted?

(b) Is there any report of the air survey made? If so, would it be placed on the table of the House?

(c) Is it a fact that several new sites of the famous Megalithic remains in Madras are revealed by such survey? Will Government improve the sites of the famous Megalithic remains to attract people from far and near to appreciate the historical and pre-historical geography of India?

**Mr. J. D. Tyson:** (a) to (c). Information has been called for and will be furnished to the House when received.

#### STEPS FOR SAFEGUARDING INDIAN INTERESTS IN BURMA TRADE

**552. \*Mr. Manu Subedar:** (a) What steps has the Honourable Member for Commonwealth Relations taken to safeguard the interests of Indian merchants in the Burma trade?

(b) Is it a fact that the Burmese territory liberated from the enemy is under military control?

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† Answer to this question laid on the table, the questioner having exhausted his quota.



(c) Is it a fact that European merchants are getting every kind of facility to visit the place and to organize business, whereas Indian Merchants and their agents are not given the same facilities?

(d) Have Government accepted the "Blue Print for Burma" according to which there is going to be a deliberate attempt to exclude Indians from the trade of Burma as far as possible?

(e) What trade facilities have so far disclosed themselves?

(f) Have Government made any survey of the same?

(g) Have they received any report? If so, will they circulate this report to members of the House?

(h) Do Government propose to grant facilities for an authoritative deputation of the Federation of Indian industry and commerce to visit liberated Burma with a view to submitting to Government proposals for possible trade?

**The Honourable Sir M. Azizul Huque:** (a), (e), (f), and (g). The Honourable Member's attention is invited to the reply given in this House on the 21st February 1945 to part (d) of Mr. Amarendra Nath Chattopadhyaya's starred question No. 448, regarding trade with liberated parts of Burma.

(b) Yes, Sir.

(c) No, Sir.

(d) The "Blue Print for Burma" is not an official document and the question of its acceptance by the Government of India does not arise.

(h) Conditions in the liberated areas are not at present sufficiently stabilised to permit entry of representatives of private trade.

#### REMOVAL OF BOOKS AND MANUSCRIPTS FROM IMPERIAL LIBRARY, CALCUTTA

**553. \*Mr. K. C. Neogy:** (a) Will the Secretary for Education, Health and Lands be pleased to state whether rare and valuable books and manuscripts belonging to the Imperial Library were removed from Calcutta as a precautionary measure? If so, when and where were they removed and how many are they in number?

(b) In whose immediate custody are they being kept, and is proper care being taken of them for their preservation in a good condition?

(c) Are they available to scholars? If so, on what conditions?

(d) Have these books, etc., and the condition of their storage come under inspection from time to time since their removal from Calcutta, at the hands of any responsible officer of the Government of India not immediately connected with the Imperial Library? If so, who have made these inspections and when, and what reports have been made about the condition of these books and manuscripts?

**Mr. J. D. Tyson:** (a) Yes. The most valuable publications of the Library, numbering about ten thousand, were removed from Calcutta in February 1942 as a precautionary measure and deposited with the Aligarh Muslim University for safe custody.

(b) The books are in the charge of the University Authorities. The Government of India have taken necessary measures for their proper care and preservation.

(c) Not at present. The latter part does not arise.

(d) No inspection of the books has been carried out by any officer of the Government of India not connected with the Imperial Library. This is the responsibility of the Imperial Librarian and he pays periodical visits to Aligarh for this purpose.

**Mr. K. C. Neogy:** The Honourable Member has said that the Government of India have taken necessary steps for the proper care and preservation of these books. May I know what these steps have been?

**Mr. J. D. Tyson:** Yes, I am glad to give the Honourable Member the information he has asked for. They are at present contained in some 300 boxes lined with galvanized sheet soldered at the top to make it air-tight and each box contains from three to five pounds of naphthalene balls as a safeguard against insects.



**Mr. K. C. Neogy:** Do I take it then that the books have remained in their original condition for the last three years; and if so, will the Honourable Member be pleased to assure this House that the condition of packages is sufficiently air-tight to protect the books against deterioration.

**Mr. J. D. Tyson:** I understand that that is so. I am not prepared to say that none of them have been opened. I think it is possible that occasionally a book has had to be taken out, but I understand that the packing is in excellent condition.

**Dr. Sir Zia Uddin Ahmad:** Is the Honourable Member aware of the fact that these books, which are kept in the Aligarh University, are examined periodically—every month—by one officer of the Imperial Library, an officer of the University Library, and one other officer to see that the books are properly kept. A report is given periodically.

**Mr. J. D. Tyson:** I was not aware that it is done once a month, but generally what the Honourable Member says is correct.

**Mr. K. C. Neogy:** Do I take it that all the packages are opened once a month?

**Mr. J. D. Tyson:** Certainly not.

**Dr. Sir Zia Uddin Ahmad:** Packages cannot be opened every month; they are carefully examined from outside.

**Mr. K. C. Neogy:** Only the outside of the packages are examined: is that the position?

**Mr. J. D. Tyson:** Yes, Sir.

**Mr. K. C. Neogy:** Is the Honourable Member prepared to accept the responsibility for any deterioration that may take place as a result of the attitude of the Government in this matter?

**Mr. J. D. Tyson:** The Department certainly accept responsibility in this matter.

**Mr. K. C. Neogy:** Will the Honourable Member depute an expert to find out by opening some of the books at random as to whether the books have already not deteriorated?

**Mr. J. D. Tyson:** I am not prepared to do so. We are perfectly satisfied, and we hope that very shortly we shall be able to return the books to the library.

**Sir Muhammad Yamin Khan:** May I ask if the Honourable Member will consider sending these books to Delhi instead of to Calcutta?

**Mr. J. D. Tyson:** That raises a different matter. The Imperial Library is located in Calcutta, and I think we should certainly return them to the Imperial Library at Calcutta.

**Sir Muhammad Yamin Khan:** The Imperial Library was located at Calcutta because the Government of India was located there. Now that the Government of India have shifted their headquarters to Delhi, will the Honourable Member consider shifting the Imperial Library also to Delhi?

**Mr. J. D. Tyson:** That raises quite a different question.

**Mr. K. C. Neogy:** When does the Honourable Member expect to return the books to the Library?

**Mr. J. D. Tyson:** It is in the hands of the Governing Body of the Imperial Library and I believe they had a meeting yesterday. This was one of the items on their agenda, but what they decided I do not yet know.

#### RISE AND WHEAT SUPPLIED TO BENGAL GOVERNMENT FOR CALCUTTA

**554. \*Mr. Amarendra Nath Chattopadhyaya:** (a) Will the Honourable the Food Member be pleased to state the total quantity of rice and wheat supplied by the Central Food Supply Department to the Bengal Government for supply to Calcutta proper and industrial centres attached to Calcutta in 1943-44 and at what price?

(b) Will the Honourable Member be pleased to state the total quantity of *aus* and *aman* paddy purchased and made into rice or rice purchased by the Government of Bengal in 1943-44 and at what price?

(c) What surplus was left after a year's consumption by Calcutta consumer and Bengal consumer of rice at the end of December, 1944?

(d) What is the quantity of *aman* rice, purchased by the Government of Bengal in January and up to the 15th February, 1945?

**The Honourable Sir Jwala Prasad Srivastava:** (a) Supplies of rice and wheat to Bengal arranged by the Central Government were as follows:—

235,470 tons of rice between 1st November 1943 and 2nd November 1944; and 469,127 tons of wheat between 1st April 1943 and 30th April 1944, I regret that I cannot undertake the compilation of a statement of prices, as these varied considerably according to the season and the source of supply.

(b) The total quantity, in terms of rice, purchased by the Bengal Government during 1944 was over a million tons. Details about the varieties purchased and the prices are not available.

(c) The total stocks in the hands of the Bengal Government at the end of 1944 was over half a million tons.

(d) The Honourable Member will appreciate that it is not in the public interest to disclose this information at this stage in the season.

#### DISPOSAL OF SURPLUS RICE WITH BENGAL GOVERNMENT

**555. \*Mr. Amarendra Nath Chattopadhyaya:** (a) Is the Honourable the Food Member aware of the fact that the Government of Bengal is in a position and desire to export the surplus rice out of India, if permitted?

(b) Will the Honourable Member be pleased to state if rice or paddy in *mofussil* has been purchased by the Government of Bengal at the rate of Rs. 4 and Rs. 5 per maund, at the most? If so, does he propose to reduce the price of rationed rice from Rs. 16-4-0 to Rs. 9 from the next month?

(c) What steps is the Honourable Member contemplating to take to reduce the price of rice all over Bengal and does he propose to fix the price according to the quality of rice?

**The Honourable Sir Jwala Prasad Srivastava:** (a) The answer is in the negative.

(b) and (c). I am not aware that purchases have been made at the price quoted. The issue prices of certain coarse varieties of rice have already been greatly reduced and the question of fixing prices according to quality is under consideration.

#### SCHEDULED CASTES EMPLOYEES OF CENTRAL PUBLIC WORKS DEPARTMENT

**556. \*Mr. Piare Lall Kureel:** Will the Honourable the Labour Member be pleased to state:

(a) the number of members of the scheduled castes employed in the Central Public Works Department as Executive Engineers, Sub-Divisional Officers and Subordinates in the permanent, temporary and work-charge staff, separately;

(b) whether it is a fact that none of the temporary incumbents of the posts of Subordinates belonging to the members of the scheduled castes were confirmed as permanent staff during the year 1944; and

(c) what measures Government propose to take to secure a fair representation of the members of the scheduled castes among the permanent staff of the Central Public Works Department?

**The Honourable Dr. B. R. Ambedkar:** (a) and (b). The number of permanent and temporary Executive Engineers in the Central Public Works Department is 12 and 55 respectively. Two of the temporary Executive Engineers are members of the Scheduled Castes. There are no officers of that community among the permanent Executive Engineers and there are no posts of Executive Engineers borne on the work-charged establishment.

The rest of the information required by the Honourable Member is not readily available. It is being collected and will be supplied to him as soon as possible.

(c) Under the orders regarding communal representation in the Public services, one out of every twelve vacancies (other than vacancies filled by promotion) is set aside for members of the Scheduled Castes. These orders, which

are generally applicable to all classes of posts in the Central Public Works Department will secure a fair representation for members of the Scheduled Castes, in that Department.

**Dr. Sir Zia Uddin Ahmad:** May I ask whether the Scheduled Castes are reckoned as one of the minorities so that their share comes from 33 per cent?

**The Honourable Dr. B. E. Ambedkar:** They are a separate category.

**Dr. Sir Zia Uddin Ahmad:** Then if you put them in a separate category, how will the percentage of 33 per cent., reserved for minorities, be affected by this category?

**The Honourable Dr. B. E. Ambedkar:** It is not affected at all; it is quite apart from that.

#### RE-PUBLICATION OF THE "NATIONAL HERALD"

**557. \*Mr. Sri Prakasa:** Will the Honourable Member for Industries and Civil Supplies please state:

(a) whether any application was received by Government from the Managing Director of the *National Herald* of Lucknow, asking for permission to resume publication of the paper;

(b) if the Government of India did actually grant the requisite permission and even allotted a quota of newsprint;

(c) if it is a fact that the communication conveying the said news was stopped by the United Provinces Government who insisted on the reconsideration of the matter by the Government of India; and if the previous permission was thereupon cancelled;

(d) what exactly the considerations were that impelled Government finally to withhold permission;

(e) if it is a fact that the *National Herald* had suspended publication voluntarily in 1942 and that no orders were made against it by the Government of the United Provinces; and

(f) if Government propose to reconsider their decision in this matter?

**The Honourable Sir M. Azizul Huque:** (a) Yes.

(b) and (c). No.

(d) Government regret that it is not in the public interest to give the information asked for.

(e) Yes.

(f) No.

**Mr. Sri Prakasa:** May I know if the Honourable Member's Department is interested in the politics of a paper or in the amount of newsprint available?

**The Honourable Sir M. Azizul Huque:** We are not interested in the policy of the paper. The system followed is that we are not only seeing to the paper position but also to the opinion of the different authorities who are responsible for the provincial administration. It is as a result of a consideration of all these factors as also from time to time taking the advice of the Newspaper Advisory Committee that decisions are taken on such matters.

**Mr. Abdul Qaiyum:** Is it a fact that the Government of India decide the matter, like the one mentioned in the question, for themselves, or do they follow the advice given by the Provincial Government?

**The Honourable Sir M. Azizul Huque:** When referring to any special questions, our policy has been to consult the Province in which the newspaper is published as also to consult from time to time on such matters as are brought before the Newspaper Advisory Committee, and as a result of all these consultations decisions are taken.

**Mr. Abdul Qaiyum:** May I know whether in this matter the Government of the United Provinces brought pressure on the Government of India not to permit the paper to resume publication?

**The Honourable Sir M. Azizul Huque:** There was no pressure but certainly the views of the Provincial Government are always considered.

**Mr. Sri Prakasa:** At what stage during the correspondence did the United Provinces Government come in?

**The Honourable Sir M. Azizul Huque:** I am not prepared to disclose the details of the views received from the Province.

**Mr. Abdul Qaiyum:** Was the advice received by this Government based on political considerations?

**The Honourable Sir M. Azizul Huque:** It is not for me to answer beyond what I have said.

#### NEWSPAPER CONTROL ORDER AND NEWSPAPERS ALLOWED TO START OR RE-APPEAR

**558. \*Mr. Sri Prakasa:** Will the Honourable Member for Industries and Civil Supplies please state:

(a) the number of newspapers not in existence or having suspended publication before the Newspaper Control Order was promulgated, that have been allowed to start or re-appear after the said order;

(b) the number of papers that applied for permission to start or re-appear, and to whom such permission was refused; and

(c) the reasons that led Government to decline to give permission in each case?

**The Honourable Sir M. Azizul Huque:** (a) 90.

(b) and (c): Collection of the information asked for will involve an expenditure of time and labour which Government do not consider justified in present conditions.

**Mr. Sri Prakasa:** In view of the Honourable Member's reply to parts (b) and (c), am I to take it that the figures are very very large?

**The Honourable Sir M. Azizul Huque:** As regards the papers that have asked for permission to restart, I may state that immediately the paper shortage began, there was a demand all over India to start papers.

**Prof., N. G. Ranga:** With regard to parts (b) and (c) were the views of the Newspaper Advisory Committee sought in regard to the special applications made for newsprint?

**The Honourable Sir M. Azizul Huque:** Not in every case.

**Prof. N. G. Ranga:** What was the advice rendered by this Committee in regard to the *National Herald*?

**The Honourable Sir M. Azizul Huque:** I am not prepared to disclose the nature of the advice received by Government.

**Mr. Abdul Qaiyum:** May I know whether the grounds on which the permission is refused include political considerations?

**The Honourable Sir M. Azizul Huque:** No, Sir.

#### REMOVAL OF THE SIGN BOARD OF THE "NATIONAL HERALD"

**559. \*Mr. Sri Prakasa:** Will the Honourable the Food Member please state:

(a) if the Regional Food Controller of Lucknow has his office in the same building at Lucknow as the Associated Journals, Limited, the proprietors of the *National Herald*;

(b) if the Food Controller asked the Sign Board of the *National Herald* to be removed;

(c) if it was pointed out to him that under the Indian Companies Act, it was essential for a company to have such a board on its premises;

(d) if the provisions of the Defence of India Rules were used in order to requisition more rooms in the said building and get the Notice Board removed;

(e) if Government will inquire whether these rooms were needed for the Food Controller's Office; and

(f) if they propose the delivering back of the rooms and the putting up of the Sign Board?

**The Honourable Sir Jwala Prasad Srivastava:** (a), (b), (c) and (d). The Government of India have no information.

(e) and (f). The Regional Food Controller is an officer of the Provincial Government, and not of my Department.

**Mr. Abdul Qaiyum:** May I know if the Government have called for information after this question was received?

**The Honourable Sir Jwala Prasad Srivastava:** No, Sir. We have no concern in the matter.

**Mr. Sri Prakasa:** May I take it that as the Department does not function in the Province at all? Is it not a fact that the Provincial authorities derive all their authority from the Honourable Member?

**The Honourable Sir Jwala Prasad Srivastava:** No, Sir.

#### INTRODUCTION OF ENGLISH MEDIUM IN HIGHER SECONDARY CLASSES IN DELHI

†560. **\*Mr. Kailash Bihari Lall:** (a) Will the Secretary for Education, Health and Lands please state whether it is a fact that with the introduction of the new educational scheme in the schools of Delhi, the medium of instruction in the Higher Secondary classes has been changed into English?

(b) Are Government aware that the Delhi Province Teachers' Association had passed a resolution protesting against this innovation?

(c) Are Government aware that the Board of Higher Secondary Education had also passed a resolution to the same effect in support of the one passed by the Delhi Province Teachers' Association, which ultimately received the sanction of the Chief Commissioner, Delhi?

(d) Are Government aware that the Superintendent of Education has not given effect to this resolution so far?

(e) Do Government propose to give consideration to the resolutions of the Delhi Province Teachers' Association?

**Mr. J. D. Tyson:** (a) No, Sir.

(b) Does not arise.

(c) The Resolution passed by the Board of Higher Secondary Education, Delhi, related to a change in the medium of *examination* and not that of *instruction*. This resolution ultimately received the sanction of the Chief Commissioner, Delhi.

(d) The Resolution was subsequently reconsidered and amended by the Board. It is being given effect to in connection with the examination of 1949.

(e) Resolutions of the Delhi Province Teachers' Association are given due consideration by the Central Government.

#### SYLLABUS FOR SECONDARY CLASSES IN DELHI

†561. **\*Mr. Kailash Bihari Lall:** (a) Will the Secretary for Education, Health and Lands be pleased to say if it is not a fact that the syllabus prescribed for the teaching of secondary classes in Delhi is spread over three years without specifying any particular portion of the syllabus for the different years?

(b) Is it a fact that the Education Board of Delhi have laid down that only M. A.'s can teach in the highest of the secondary classes, that is, in class XI, and that a graduate teacher can teach only up to classes IX and X?

**Mr. J. D. Tyson:** (a) Yes, except for those subjects where it has been considered necessary to prescribe syllabuses on a yearly basis.

(b) Yes.

#### MINIMUM QUALIFICATIONS OF TEACHERS FOR CLASS XI IN DELHI

†562. **\*Mr. Kailash Bihari Lall:** (a) Will the Secretary for Education, Health and Lands please state whether Government are aware that at the end of the rules framed by the Recognition Committee of the Board of Higher Secondary Education, Delhi, regarding the minimum qualifications of teachers for Higher Secondary class, there is a note to the effect that old experienced graduate teachers fulfilling certain conditions should be considered competent to teach class XI in schools?

(b) Will Government be pleased to state the number of Head-masters and teachers entitled to the privilege under this exemption 'note' and the number of those who have actually been granted the exemption in various subjects other than 'Physical Science' and 'Lower Mathematics'?

(c) Are Government aware that the Education Board, Delhi, insists on the school managements making new appointments of M.A.'s and M.Sc.'s for class

†Answer to this question laid on the table, the questioner being absent.

XI even though such schools have on their staff graduate teachers who duly fulfil the conditions laid down in the exemption 'note' aforementioned?

(d) If the answer to (c) is in the affirmative, do Government propose to instruct the Education Board not to compel such managements to make new appointments?

**Mr. J. D. Tyson:** (a) Yes.

(b) The maximum number of graduate teachers who could be considered for this concession was 69. Of these 26 have been granted exemption under the rule.

(c) Yes, whenever the Board consider it necessary. Exemptions are granted at the discretion of the Board; the 'note' referred to by the Honourable Member is *permissive* and not obligatory.

(d) Government do not consider it necessary to issue any instructions to the Board in the matter.

#### LICENCE TO TAJMAHAL PICTURES OF BOMBAY

**563. \*Mr. Muhammad Azhar Ali:** (a) Will the Honourable Member for Industries and Civil Supplies be pleased to state on what grounds he has given licence to one Tajmahal Pictures of Bombay, when this concern had already closed its business and even offices in March 1942?

(b) Is it not a fact that several Producers having produced pictures in 1942 are still waiting in suspense for their license from his Department? If so, which are they?

(c) Does his Department consult the Film Production Licence Sub-Committee of Bombay before allotting the raw film to Producers? If so, how many cases are still pending such disposal?

(d) Is it a fact that a licence has been given to one Sadhana Bose, who has never produced a single picture? If so, on what merit?

(e) How many cases have been recommended by the Film Production Licence Sub-Committee of Bombay and submitted also through the Government Nominee of the Advisory Committee to his Department for licensing, and which are they?

**The Honourable Sir M. Azizul Huque:** (a) As far as our information go, Tajmahal Pictures 'did not stop their business from March 1942 onwards. They were granted a licence because Government were satisfied that they could not actually produce a picture after their last picture in February 1942, despite their active intention and preparatory action for doing so and that considerable hardship would be caused, if a licence was not granted to them.

(b) *First part:* Film licensing is based on production record of producers in financial years and not calendar years. If the Honourable Member is referring to that part of calendar year, 1942, which falls in the financial year, 1942-43, the reply is in the negative. If on the other hand, reference is to that part which falls in 1941-42, it is not possible to meet the requirements of producers of this class as a whole in view of the insufficiency of raw stock. The producers concerned have already been informed of this and therefore the question of issuing licences to them is not pending in the Department.

*Second part:* Does not arise.

(c) *First part:* It is presumed that reference is to the Film Advisory Committee. This Committee is consulted from time to time on matters pertaining to the film industry as a whole including the general question of allotment of raw films to producers, arising out of the working of the Film Control Order.

*Second part:* The question is not clear to me.

(d) *First part:* Yes.

*Second part:* On Mrs. Sadhana Bose's merits as a well-known *danseuse* whose record of contribution to the exposition of the Indian Dancing is worth preserving.

(e) I am afraid the question is not clear to me.

**Sir Muhammad Yamin Khan:** What is the composition of the Committee to which the Honourable Member has referred?

**The Honourable Sir M. Azizul Huque:** Its members are selected from the Film business.

**Sir Muhammad Yamin Khan:** This means that only those people who have got vested interests meet to give decisions?

**The Honourable Sir M. Azizul Huque:** It is not on every matter but on general questions of policy they are consulted.

**Sir Muhammad Yamin Khan:** That policy is laid down by people who have vested interests?

**The Honourable Sir M. Azizul Huque:** They never lay down the policy. They are consulted. The Government does that.

**Sir Muhammad Yamin Khan:** Does the Honourable Member mean that whatever advice is given by that Committee is not accepted by the Department?

**The Honourable Sir M. Azizul Huque:** Not necessarily. We have to give it consideration. We have to see to the interests of all concerned.

**Mr. Manu Subedar:** Is it not true that Government have made a distinction between producers who have a studio and those who have not and that there is great discontent on account of this arbitrary denial of raw films to certain people?

**The Honourable Sir M. Azizul Huque:** As a matter of fact this is one of the most difficult tasks which the Department has to face. At the time when this function began there was so much shortage and so much demand that quite a good number of people could not get their requirements. We have tried to help them. But with individual questions, it is open to everybody to take a different view. So far as I am concerned, I am quite satisfied.

**Mr. K. O. Neogy:** The Honourable Member referred to the Committee attached to his Department. Is it not a fact that at a recent meeting of that Committee, certain members complained of the arbitrary character of the decisions given by the Honourable Member's Department in certain individual cases?

**The Honourable Sir M. Azizul Huque:** I am not prepared to disclose the nature of the advice received.

**Mr. K. O. Neogy:** Ah! ah!

**The Honourable Sir M. Azizul Huque:** . . . and it is quite easy for my friend to say "Ah", and pick out any individual case and say that he is not satisfied.

**Mr. K. O. Neogy:** Is it a fact that personal visits paid by film stars to officers of this Department have determined action in many cases?

**The Honourable Sir M. Azizul Huque:** It is not so, Sir.

(At this stage several Honourable Members interrupted.)

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

#### LIENS ON NEW DELHI QUARTERS OF GOVERNMENT SERVANTS TRANSFERRED TO CALCUTTA AND BOMBAY

**564. \*Syed Ghulam Bhik Nairang:** Will the Honourable the Labour Member please state:

(a) whether it is a fact that allotment to Government servants of Government quarters at New Delhi is made according to seniority in service which is reckoned from the date of a person's continuous appointment at New Delhi/Simla;

(b) whether such persons transferred to Simla hold their liens on quarters at New Delhi during the period of their transfer;

(c) whether Government laid down recently that officers transferred to the Branch Secretariat at Calcutta are also allowed to retain liens on Government quarters at New Delhi whereas those transferred to Attached Offices will not be eligible for this privilege;

(d) whether it is a fact that the staff transferred to Calcutta with the office of the Additional Chief Engineer, Central Public Works Department, was allowed to retain liens on their quarters at New Delhi and were allotted quarters on their return to Delhi;



(e) whether it is a fact that the period of break in the continuous employment of certain persons employed in the Central Public Works Department which occurred on account of their transfers to places other than Simla has been condoned on their re-transfer to Delhi, as a special case;

(f) whether it is a fact that the Central Government servants transferred from Delhi to Calcutta, Bombay, etc., in the interest of service are not allowed to hold liens on their quarters at New Delhi and on their return to New Delhi are considered not to be continuously employed for the purposes of allotment of quarters; and

(g) whether Government propose to accord such persons the same treatment as is accorded in the cases mentioned in parts (c) and (e) above?

**The Honourable Dr. B. R. Ambedkar:** (a) Yes.

(b) Persons transferred to Simla on or before 10th November 1942 retain liens on quarters occupied by them in New Delhi but those transferred to Simla after that date temporarily are allowed to retain liens for a period of one year from the date of their transfer.

(c) Yes.

(d) Two members of the staff of the Office of the Additional Chief Engineer, Central Public Works Department, were allowed to retain the quarters allotted to them in Delhi for the period of their stay in Calcutta which was less than one year.

(e) Yes, but the break in such cases was under one year.

(f) Central Government servants are allowed to retain liens on their quarters if the Departments concerned certify that the individuals will return to Delhi within a period of one year.

(g) Does not arise, in view of reply to part (f).

### (b), WRITTEN ANSWERS

#### PRODUCTION CESS ON COAL MINES

**565. \*Prof. N. G. Ranga:** (a) Will the Honourable the Labour Member be pleased to state if Government have levied a Production cess of Rs. 1-4-0 on portion of coal despatched from mines in British India?

(b) Is the cost of recruiting unskilled labour from Gorakhpur, Ballia and other districts of the United Provinces and their maintenance at the coal fields defrayed out of the proceeds of the cess?

(c) What is the Contract Form the labour (including women) have to sign? Will Government place on the table of the House a copy of the order under which this labour is recruited and their contract form?

(d) What is the machinery to recruit them?

(e) Where are they usually stationed?

(f) What was the approximate number of this labour at the various coalfields on the 31st December, 1944?

(g) Have separate camps been established for them? If so, are latrine and bath-room conveniences provided?

(h) How many batches have been sent by now and what is their numerical strength?

**The Honourable Dr. B. R. Ambedkar:** (a) Yes.

(b) The expenditure is initially met by Government. A part of it is recovered from mine owners and the balance is recouped from the Production Cess Fund.

(c) No form of contract is signed by labourer who verbally agree to serve for a period of 6 or 12 months.

(d) Labour Supply Depot, Gorakhpur, run by the Government of the United Provinces.

(e) Coalfields in Bengal and Bihar and Singareni colliery in Hyderabad.

(f) (i) Bengal/Bihar coalfields. 15,400.

(ii) Singareni Colliery. 2,500.

(g) Yes, latrines are provided in most camps and will soon be provided in all, but not bath-rooms. Adequate water supply is however made available.



- (h) The total number of labourers despatched is:  
Bengal/Bihar coalfields. 37,000.  
Singareni collieries. 5,000.

#### MEDICAL AID AT COAL MINE WORKERS CAMPS

**566. \*Prof. N. G. Ranga:** (a) Will the Honourable the Labour Member be pleased to say if there is any provision for rendering medical aid to the coal mine workers at their camps?

(b) If so, has any schedule been drawn up for maintaining any minimum stock of medicines and surgical instruments at such camps? What is the number of medical staff and their qualifications?

(c) Is there any arrangement for the treatment of venereal diseases at these camps?

(d) Is any record maintained of the incidence of sickness?

(e) If so, what is the total number of cases of malaria and venereal diseases from the beginning of these establishments of the labour camps up to the 31st December, 1944?

(f) Is there any arrangement for periodical medical examination of the workers?

(g) If so, what are the diseases most prevalent which these examinations show and their percentage?

(h) Have any deaths taken place? If so, how many and due to what reasons?

(i) Is there any supervision machinery for the Medical Department of the Camp? Does the local Civil Surgeon visit the camps and treat serious cases? Are serious cases taken to Civil Hospitals?

**The Honourable Dr. B. R. Ambedkar:** (a) Yes.

(b) An adequate stock of medical supplies and surgical instruments are kept at each camp. One graduate in medicine is in charge of each camp with more than 1,000 labourers; while one licentiate in medicine is in charge of each camp with less than 1,000 labourers.

(c) Yes.

(d) Yes.

(e) The camps are spread over a large area and it has therefore not been possible to collect the information in the time available.

(f) Yes.

(g) Anaemia. In this case also time is required to collect the statistics asked for.

(h) Yes, 156 up to end of last December. The majority of deaths is due to natural causes. A small number is due to accidents at work-sites.

(i) Yes. A post of Chief Medical Officer of the Directorate of Unskilled Labour Supply has been sanctioned. In view of the special provisions made the local Civil Surgeon does not visit the camps. Serious cases are taken to Civil Hospitals.

#### RATIONS AT COAL MINE WORKERS CAMPS

**567. \*Prof. N. G. Ranga:** (a) Will the Honourable the Labour Member be pleased to state if the workers living at these mining labour camps are provided with rations directly by Government or through a contractor?

(b) Is each worker allowed to draw his ration separately or are the rations given in bulk to a gang of fifty men?

(c) Is it a fact that labour are usually supplied short weights by the contractor?

(d) Can this labour purchase their rations from the Local Government Ration Shops or Depots? If not, why not?

**The Honourable Dr. B. R. Ambedkar:** (a) Workers in mining labour camps are issued rations by Government through a contractor under the supervision of Group Officers.

(b) Rations are issued weekly in bulk for each gang.

(c) No.

(d) No; as they are issued free Government rations.

#### CORPORAL PUNISHMENTS AT COAL MINE WORKERS CAMPS

**566. \*Prof. N. G. Ranga:** (a) Will the Honourable the Labour Member be pleased to state whether it is a fact that corporal punishment is being given to the workers at these coal mining labour camps? Does this apply to men and women both?

(b) Does any machinery exist for the redress of these workers' grievances?

(c) Are the Labour Welfare Adviser to the Government of India and his Assistants or the Coal Mines Welfare Commissioner and the officers under him empowered to look after the welfare of these workers or conduct inquiries into their grievances? If not, why not?

(d) If so, who investigates their complaints?

(e) Is any record maintained of these cases?

**The Honourable Dr. B. R. Ambedkar:** (a) No. There are no women's camps.

(b) Yes. The workers can approach the Deputy Director Labour Supply (Coal) for redress of grievances.

(c) No. The Labour Camps are looked after by the Deputy Director Labour Supply (Coal) and his staff.

(d) Chief Liaison Officer and the Group officers of the Unskilled Labour Supply Directorate.

(e) If cases are submitted in writing, the records are kept in the office of the Deputy Director Labour Supply (Coal). Oral complaints are dealt with on the spot. Where considered necessary records are kept.

#### RESTRICTION ON SIZE OF LETTER PAPER FOR PRIVATE CORRESPONDENCE

**569. \*Mr. Sri Prakasa:** Will the Honourable Member for Industries and Civil Supplies please refer to his answer to starred question No. 606 on the 20th November, 1944, regarding restriction on size of note paper for private correspondence and state:

(a) if the restriction imposed on the size of Note-paper used for correspondence applies to any paper on which letters are written or only to papers with printed letter-heads;

(b) if the object of the restriction is to prevent persons from writing long letters or only to enforce that each single sheet used by them should not be larger than the prescribed size; and

(c) if more than one sheet of the prescribed size is permissible for any one single letter, and, if so, how many sheets?

**The Honourable Sir M. Azizul Huque:** (a) The restriction imposed on the size of letter paper applies irrespective of whether it is blank paper or has a printed letter-head.

(b) The object is to avoid waste in the use of paper.

(c) There is no restriction on the number of sheets of the authorized size which can be used for any single letter.

#### LIST OF TITLES FOR INDIAN NATIONALS

**570. \*Mr. Sri Prakasa:** Will the Honourable the Leader of the House please refer to his replies to starred questions Nos. 604 and 605 on the 20th November, 1944, and state:

(a) if the list of thirty-six titles given was a complete one;

(b) if the titles of C.S.I., C.I.E., and various medals and bars in connection with the title called Kaser-i-Hind not mentioned in the said list, are being still awarded; or if they have been withdrawn;

(c) if he will please give the various titles in full, stating whether the different orders are 'exalted', 'eminent' or 'honourable' and show where 'C' stands for 'Commander' and where for 'Companion'; and

(d) the authorities entitled to make recommendations for the grant of titles?

**The Honourable Sir Sultan Ahmed:** (a) Yes.

(b) The Honours specified by the Honourable Member do not carry with them the right to the use of any title such as 'Sir' or 'Rao Bahadur' before the name. They are still awarded.

(c) A list is laid on the table.

(d) The grant of titles is a prerogative function and it is for the Crown to decide from whom recommendations should be received.

#### Statement

List of various titles in full, showing which orders are 'exalted', 'eminent' or 'honourable' and where 'C' stands for 'Commander' and where for 'Companion'.

##### 1. The Most Honourable Order of the Bath—

Knights Grand Cross	G. C. B.
Knights Commanders	K. C. B.
Companions	C. B.

##### 2. The most Exalted Order of the Star of India—

Knights Grand Commanders	G. C. S. I.
Knights Commanders	K. C. S. I.
Companions	C. S. I.

##### 3. The Most Eminent Order of the Indian Empire—

Knights Grand Commanders	G. C. I. E.
Knights Commanders	K. C. I. E.
Companions	C. I. E.

##### 4. The Royal Victorian Order—

Knights Grand Cross	G. C. V. O.
Knights Commanders	K. C. V. O.
Commanders	C. V. O.
Members	M. V. O.

##### 5. The Most Excellent Order of the British Empire—

Knights Grand Cross or Dames Grand Cross	G. B. E.
Knights Commanders	K. B. E.
Dames Commanders	D. B. E.
Commanders	C. B. E.
Officers	O. B. E.
Members	M. B. E.

## UNSTARRED QUESTIONS AND ANSWERS

### COTTON YARN AND TEXTILES OF FINER COUNTS

**24. Mr. K. C. Neogy:** Will the Honourable Member for Industries and Civil Supplies please make a statement showing:

(a) the total capacity of the Indian textile mills to produce yarn and textiles of the finer counts;

(b) the average quantity of such yarn and textiles that are actually being manufactured at present;

(c) the quantities of cotton yarn and textiles of finer counts that have on an average been imported into India during the period immediately preceding the outbreak of the war;

(d) the quantities of such yarn and textiles that have been imported in each of the last six months and the prospects of their importation being maintained approximately on the present level or increased in the coming months; and

(e) the quantities of cotton yarn and textiles of the finer counts that have been exported from India during each of the last six months, and the policy,

of Government in the maintenance of the export of these varieties of cotton yarn and textiles in the coming months?

**The Honourable Sir M. Azizul Huque:** (a) 25 million pounds of yarn and 125 million yards of cloth per month, taking 36's and above as fine counts.

(b) 19 million pounds of yarn and 62 million yards of cloth per month.

(c), (d) and (e). The information is being collected and will be placed on the table of the house later.

#### REGISTRATION OF NEWS BY NEWS AGENCIES AS NEWS BULLETINS

**25. Mr. Ram Narayan Singh:** Will the Honourable Member for Industries and Civil Supplies please state if it is a fact that news sent by news agencies either by post or by telegram or by Air are to be registered as News Bulletin for the Paper Control (Economy) Order, 1944? If not so, what is the fact?

**The Honourable Sir M. Azizul Huque:** No registration of news sent by news agencies by post, telegraph or air has been prescribed under or for purposes of the Paper Control (Economy) Order, 1944. If the news sent is in the form of a news bulletin, such bulletins are covered by clause 10 (a) of that Order and cannot be started without the authority in writing of the Central Government if they were not being regularly issued during the period immediately preceding the 7th November, 1942.

#### SHORT NOTICE QUESTION AND ANSWER

##### CYCLONE IN MAURITIUS

**Mr. T. S. Avinashilingam Chettiar:** Will the Honourable Member for Commonwealth Relations please state:

(a) whether there has been a big cyclone in Mauritius and caused great loss to the poor Indians residing in Mauritius;

(b) the extent of the loss suffered by the poor Indians there; and

(c) whether Government propose to consider the advisability of giving them some help for helping the people in distress?

**The Honourable Dr. N. B. Khare:** (a) and (b). Information has been received that two severe cyclones passed over Mauritius on January 16th-17th and February 1st-2nd. There were 21 fatal casualties and 44 persons were injured. Severe damage was caused to property and a large number of Indo-Mauritians were rendered homeless, particularly those dwelling in unsubstantial houses in the agricultural districts.

(c) The Government of Mauritius are providing relief by distributing building material and have set up Central and District Committees to raise funds and assist in cases of hardship. The Government of India are urgently considering the question of sending a cargo of rice to the island.

#### AMENDMENT TO STANDING ORDERS

##### PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

**Mr. H. A. Sathar H. Essak Sait:** (West Coast and Nilgiris: Muhammadan): Sir, I beg to present the Report of the Select Committee on the proposed amendment of Standing Orders.

#### DEMANDS FOR SUPPLEMENTARY GRANTS—RAILWAYS

##### DEMAND No. 1—RAILWAY BOARD

**Mr. Zahid Husain** (Government of India: Nominated Official): Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 6,65,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Railway Board'."

This supplementary demand is based on the information that has been supplied to the Honourable Members of the House through the Budget papers. The reasons for these excesses have been given briefly in the book of Supple-

mentary Demands, copies of which have been supplied to Members. Detailed reasons have been given in the memoranda which were placed before the Standing Finance Committee. Copies of those proceedings also have been supplied to the Honourable Members of the House. All these supplementary demands have been approved by the Standing Finance Committee. I do not want to say anything more, because it is not usual to give detailed reasons after supplying all the information along with the Budget papers.

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

"That a supplementary sum not exceeding Rs. 6,65,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Railway Board'."

**Mr. T. S. Avidashilingam Chettiar** (Salem and Coimbatore *cum* North Arcot: Non-Muhammadian Rural): I find that the details in regard to this extra expenditure have been given on page 6 of the report of the Standing Finance Committee for Railways. The reason given is: Appointment of additional temporary officers: 5 Directors, 7 Deputy Directors, 6 Officers on Special Duty, 1 Planning Officer and 5 Superintendents. I asked the Honourable Member who has moved the Grant to give me an idea as to who were the people appointed. I did not want the names of the officers but I wanted to know how many were Europeans and how many Indians. Here is his reply which I shall read and I am much obliged to the Honourable Member for the information. Of the 5 Directors appointed 3 are Europeans: of the 7 Deputy Directors 2 are Europeans and the one Planning Officer is a European and I suppose the post carries a fat pay. We people have been trying to impress upon the Government the necessity for Indianisation and at every stage we find when new people are recruited the majority of them on the higher grades are Europeans. I would like to know this. I understand that most of these officers have been people who have been already in Railway service and that no man has been imported from outside this country. I hope I am correct when I say that. If that is so, may I know whether any Indian has been superseded in any of these posts? There is one Planning Officer mentioned, and in this connection I would like to know whether this appointment is with regard to the post-war planning which they contemplate and about which they said that their plans were far ahead.

Another matter which I want to raise on this as well as with reference to some other demands is this. Paragraph 3 gives us the reasons for this increase. As compared with the original Budget the revised estimate shows an increase of 5.82 lakhs. It is because of this revised estimate and the consequent larger sum necessary *viz.*, 5.82 lakh more, that they have come forward for a supplementary grant of 6.65 lakhs. May I know the reason for this difference?

**Dr. Sir Zia Uddin Ahmad** (United Provinces Southern Divisions: Muhammadian Rural): I just want to have elucidation on one point in connection with the Budget. It is on page 6, item No. 7, paragraph 3. You have provided a lakh of rupees for the supply of essential commodities to the staff. May I know whether you are supplying these commodities to the officers of the Railway Board or to the staff?

**Mr. Zahid Husain**: It is only intended for the staff.

**Mr. M. Ananthasayanam Ayyangar** (Madras ceded Districts and Chittoor: Non-Muhammadian Rural): I want to know what is the authority or who is the person that appoints these additional Directors and other officers. Are such appointments made in consultation with the Federal Public Service Commission? Or is it only persons who have been in service who have been promoted and, if so, have men in lesser ranks been appointed to their places?

As regards this dearness allowance I want to know whether it is paid to the entire staff, including the Members of the Board, or it is confined to those persons that draw salaries below a particular minimum?

**Mr. Zahid Husain**: I might explain the position regarding the method of filling these posts which arise in the Railway Board. For these posts we require officers with experience and officers who have proved their merit on Railways

[Mr. Zahid Husain]

generally. They are not posts which can be filled on grounds of mere seniority. They are posts which have to be filled on the basis of the records of the officers. Therefore there is no question in these cases of any supersession of any officers. When you make any appointments by selection naturally you select the best officer available. During this war the Railway Board has expanded and the number of officers has increased but the figures clearly show that as a result of this expansion the Railway Board has been Indianised to an extent which, to my mind, should be a source of satisfaction to the House. Our temporary officers are 41 in number, out of which only 12 are Europeans. They are not exactly temporary officers but permanent officers occupying temporary posts in the Railway Board. These selections are made on the recommendations of the General Managers of Railways and on the basis of the past record of the officers which are available in the Railway Board; their appointments have to be approved by the Government of India, which means in certain cases personally by the Honourable Member in charge of Railways and in the base of certain higher appointments by His Excellency the Viceroy.

**Mr. T. S. Avinashilingam Chettiar:** Which are the appointments which need the approval of the Viceroy?

**Mr. Zahid Husain:** Appointments of Directors.

As regards the discrepancy to which my friend Mr. Chettiar has referred, 5.82 lakhs and the amount for which we are actually asking, generally some variations occur between the time when the figures are placed before the Standing Finance Committee, and the time when the figures are finalised. These are small differences which occur on the basis of the latest information available at the time when the budget figures are finalised.

As regards the loss on the supply of essential commodities to staff, Rs. 1 lakh, as I have told my friend, Dr. Sir Zia Uddin, this is in respect of supplies made to non-gazetted staff not drawing a pay of more than Rs. 500 per mensem.

**Prof. N. G. Ranga** (Guntur cum Nellore: Non-Muhammadan Rural): Sir, this question of loss on supplies of essential commodities is analogous to the supplementary demand that has been made by Government today.

**Mr. Zahid Husain:** No, Sir.

**Prof. N. G. Ranga:** Yes.

**Mr. President** (The Honourable Sir Abdur Rahim): The point is there were speeches on the Opposition side, and then the Honourable Member replied because nobody else got up to speak. I cannot allow Prof. Ranga to speak now.

**Prof. N. G. Ranga:** I suppose I can oppose the motion.

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

"That a supplementary sum not exceeding Rs. 6,65,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Railway Board'."

The motion was adopted.

#### DEMAND No. 2—AUDIT

**Mr. Zahid Husain:** Sir, I move:

"That a supplementary sum not exceeding Rs. 2,29,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Audit'."

This grant is entirely under the control of the Auditor General.

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

"That a supplementary sum not exceeding Rs. 2,29,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Audit'."

**Mr. T. S. Avinashilingam Chettiar:** In reply to the previous demand the Honourable Member said that generally there are discrepancies between the accounts given and the grants taken. I suppose the Standing Finance Committee sanction only the amounts that are asked of them, and how can you ask for more grants than for what you give accounts. This matter becomes much worse in this case because here the Budget estimate—I read from para. 4,

page 10—exceeds the revenue estimate. As compared with the original budget, as the expenditure in the current year is now expected to be Rs. 2.45 lakhs more. The main reasons are. The reasons are there. Then a supplementary demand for Rs. 2,29,000 only is asked for. There must be some exactness between the grant asked for and the account given. Otherwise what is the use of submitting accounts and asking for grants from the Standing Finance Committee for Railways. It is very bad procedure to ask for sums much more than sums for which accounts are given. I would suggest to the Finance Commissioner for Railways to reconsider the way in which things are being done till now, and to ask only for grants for which he gives accounts, and if he has an excess ask for an excess grant later on. I think it is very wrong in principle to ask for grants much above the amounts for which accounts are given. It is something like a lump sum grant which we take. It is not accounting. You must ask for supplementary grants only for amounts for which you can give accounts, and if in any case you find later on that more money is necessary take it by way of an excess grant later on. This is wrong procedure which must be condemned, and I would like to know what he thinks of the suggestion which we have made in this matter.

**Dr. Sir Zia Uddin Ahmad:** I myself had some difficulty when I saw that the money sanctioned and put down in the Standing Finance Committee's report did not tally with the figure in the budget, but the figure was very small and I thought it was due to clerical error. But the explanation which has been given by the Financial Commissioner for Railways explained the whole position. The figures that were laid before the Standing Finance Committee were figures on a particular date, and subsequently when they went to the press there were some changes in the expenditure, sometimes more, sometimes less. The difference in this case is a very small figure which is not of very great importance, but one thing which I would very much like is that when these changes occur and there are differences between the figures asked for in your demands and the figures recommended by the Standing Finance Committee, that might be indicated in a foot note. I would have saved half an hour of my time had this note been given. I only request that these changes, when they occur, should be indicated by a foot note.

**Prof. N. G. Ranga:** Sir, I oppose this demand on a question of principle, and that is with regard to the loss incurred on account of supply of foodstuffs to the staff at concessional rates. The Honourable Member said that those who draw Rs. 500 and above are not entitled to these concessions. I would like to point out that those who get salaries of Rs. 250 and more should not be entitled to these concessional supplies at all. The other day the Honourable Member in charge of Railways told us that he could not think of increasing dearness allowances to his low paid employees because they were already being given all these various concessions—concessional supplies and so on and so forth. My point is that they are getting much lower dearness allowances.

**Mr. President** (The Honourable Sir Abdur Rahim): How does it arise?

**Mr. Zahid Husain:** As I said before, this grant is under the control of the Auditor General, and the rules which are enforced in other Civil Departments are applicable to this grant. To the best of my knowledge, concessions regarding foodstuffs are confined to people drawing up to and not more than Rs. 500 under this grant. Dearness allowances are paid at the same rates as in other Civil Departments.

**Prof. N. G. Ranga:** My suggestion is that all those people who get more than Rs. 250 should be charged ordinary market rates, and those who get less than Rs. 250, or preferably a much lower sum, should be given the advantage of these concessional rates. Then Government would be able to minimise their loss. They could, however, assure those getting over Rs. 250 the supplies of these commodities at stated periods at specified places as they are doing even now. The only thing is they should not extend concessional rates to these people who are very well paid, because in other directions also they are getting



[Prof. N. G. Ranga]

more dearness allowances than the lower paid employees. I do not see any reason why these highly paid persons should be subsidised. If they can save sums in this way, then it is much better that the money should be given to the lower paid officials, either by larger supplies or by greater dearness allowance. I would like the Honourable Member to consider this matter not only in this small context but also in the context of the whole of his Department.

Then he will find that he will be given greater satisfaction to a larger number of his own employees who are paid so much less by extending to them these concessions on a larger scale than is at present possible. In fact there is a case for charging a little more than ordinary cost price to all those people who are very highly paid and gaining money thereby, and using that money in subsidising the consumption of food for these poorer employees of theirs.

**Mr. Zahid Husain:** Sir, the question of the limit up to which this concession regarding food-stuffs should be given was discussed at length by the Standing Finance Committee as well as by the Public Accounts Committee. At one time (it was only for a short while) concession of food grains was given to all officers at concession rates along with the non-gazetted staff. As a result of discussion in the Standing Finance Committee and the Public Accounts Committee, it was decided to restrict the concession to staff drawing a pay of not more than Rs. 500 per mensem. We made a calculation and found that we saved a sum of Rs. 3 lakhs out of a total expenditure of the order of Rs. 8 to 10 crores. Orders restricting the concession to people drawing not more than Rs. 500 were issued and the Standing Finance Committee and the Public Accounts Committee both were satisfied with these orders. I have nothing more to say.

**Mr. T. S. Avinashilingam Chettiar:** What about the discrepancy?

**Mr. Zahid Husain:** As regards the discrepancy, it may be due to two reasons: either because variations occur between the time when the matters are considered by the Finance Committee and the time when figures are finalised; these discrepancies are brought to the notice of the Standing Finance Committee at a later stage. But in these particular cases, the discrepancies are due to the fact that the explanation to which the Honourable Member has referred is a complete explanation covering both voted and non-voted expenditure, while the vote is required only for voted expenditure. Taking for instance the Railway Board Demand, while the explanation was for 5.82 lakhs the supplementary vote is for 6.65 lakhs, as a result of savings in the non-voted appropriation. If the Honourable Member will look at the figures at the top, he will find that there is really no discrepancy. I am afraid my Honourable friend Dr. Sir Zia Uddin Ahmad made the same mistake in spite of his being a mathematician: if he will look at the top he will find that there is no discrepancy at all. That is where the figures are given.

**Sir Cowasjee Jehangir** (Bombay City: Non-Muhammadan Urban): He was looking at the bottom the whole time.

**Mr. Zahid Husain:** If he looks only at the voted figure, he will find that there is no discrepancy.

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

"That a supplementary sum not exceeding Rs. 2,29,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Audit'."

The motion was adopted.

#### DEMAND No. 3.—MISCELLANEOUS EXPENDITURE.

**Mr. Zahid Husain:** Sir, I move:

"That a supplementary sum not exceeding Rs. 3,32,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Miscellaneous Expenditure'."

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

"That a supplementary sum not exceeding Rs. 3,32,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Miscellaneous Expenditure'."



**Mr. T. S. Avinashilingam Chettiar:** Sir, I have looked at the top and the top is not very enlightening. I will look at the bottom now; and I would ask the Honourable Member to let me know whether they will consider the advisability hereafter, while submitting grants to the Standing Finance Committee for Railways, to separate these two things—voted and non-voted, so that . . .

**Mr. Zahid Husain:** It is given at the top; again may I refer you to the top?

**Mr. T. S. Avinashilingam Chettiar:** I referred to the top: the top is there; it requires a little mathematics.

**The Honourable Sir M. Azizul Huque** (Member for Commerce and Industries and Civil Supplies): Some substance at the top!

**Mr. T. S. Avinashilingam Chettiar:** Which many of the Honourable Members on the Treasury Bench lack. I have looked at it and I would suggest two things; the Honourable the Finance Member will, I hope, agree with me. Firstly, that they should take as supplementary grants from the Standing Finance Committee for Railways only the exact amount for which they show accounts, when the accounts are submitted to them: in case they require anything more—it must be the same.

**Mr. Zahid Husain:** It is the same.

**Mr. T. S. Avinashilingam Chettiar:** Then, if it is not the same and if the Government finds that there has been any reason for any over-expenditure, it must be brought only as excess grants later on. You cannot bring a motion for extra amount before the Standing Finance Committee.

The second point is this: this amount shows the voted and non-voted expenditure, but I would like them to show it clearly in the proceedings of the Standing Finance Committee that really so much is voted and so much is non-voted, so that the things will be clear not only at the top but also at the bottom.

**Mr. Zahid Husain:** Sir, I may explain that all these supplementary demands which are being placed before the Assembly have been approved by the Standing Finance Committee. The proceedings which the Honourable Member is studying should be read as supplemented by further proceedings, in which any variations that occur are explained and the approval of the committee is obtained to these variations also. So there are really no discrepancies between the amounts which we are placing before the House and the amounts approved by the Standing Finance Committee.

As regards any simplification which may be necessary in order to make the position perfectly clear to the Members of the House and the members of the Standing Finance Committee, I will look into the matter; and in case the Standing Finance Committee considers that any improvement is necessary in the presentation, we will certainly consider it.

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

"That a supplementary sum not exceeding Rs. 3,32,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Miscellaneous Expenditure'."

The motion was adopted.

#### DEMAND No. 5—PAYMENTS TO INDIAN STATES AND COMPANIES

**Mr. Zahid Husain:** Sir, I move:

"That a supplementary sum not exceeding Rs. 29,82,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Payments to Indian States and Companies'."

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

"That a supplementary sum not exceeding Rs. 29,82,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Payments to Indian States and Companies'."

The motion was adopted.

#### DEMAND No. 6-A—WORKING EXPENSES—MAINTENANCE OF STRUCTURAL WORKS

**Mr. Zahid Husain:** Sir, I move:

"That a supplementary sum not exceeding Rs. 6,76,98,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Working Expenses—Maintenance of Structural Works'."

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

"That a supplementary sum not exceeding Rs. 6,76,98,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Working Expenses—Maintenance of Structural Works'."

**Prof. N. G. Ranga:** It is extraordinary how the Government comes forward with a supplementary estimate for such a colossal sum as 6 crores 86 lakhs 98 thousand. It shows how lax has become the railway financial control over their budgetting as well as their expenditure. They do not seem to have any kind of an idea how their income is going to turn out or how their expenditure is being incurred in their different railways and different departments. Their revised estimates also are found to be off the mark by huge sums. They may say it is all due to the war. It may be due to the war so far as those items which are directly connected with war are concerned but I cannot understand even with regard to such items as write off of the capital cost of dismantled lines, write off of the capital cost of assets abandoned before 1924-25 and also increase in contribution to railway staff benefit fund, contribution to provident fund (that is in regard to increases)—in regard to decreases also—new minor works and so on—how they could have failed to make proper estimates either at the time they make their first budget or even at the time when they take into consideration their revised estimates. On any and every item they seem to have felt quite free with public revenues, and inclined to dispose of them as they like. They make a sort of rough approximation, ask their different spending sections and departments in railways to give them some convenient round figures and to give them complete freedom later on to make any alterations they like, to come back again to the Government with their revised estimates and they also give them freedom over these revised estimates, because the obliging Government is here to go to the Legislature and get the necessary funds sanctioned, whenever it may be. This has got relevance to the observations made by Mr. B. Das the other day that the present Railway Budget does not present a proper picture at all to the House or to the country and the Honourable Member has considerably under-estimated his revenues and that observation is borne out by these figures.

In regard to expenditure and revenue, the Honourable Member does not seem to have come to grips at all with railway finances. He does not seem to know, or if he knows he does not come here and tell us how much he is going to get as income, how much he is going to spend on these various items of expenditure. At any moment, he seems to be at liberty to think of a new scheme. Only the other day we were told that they had changed their policy in regard to dearness allowance three or four times and therefore the provision in this respect was bound to go up. But there are various other items in which huge sums of money are involved such as write back of the cost of military sidings initially charged to capital—2 crores 87 lakhs. They seem to have changed their policy in regard to this question, namely, whether it should be charged to capital or whether it should be charged to revenue in the course of the year. Repeatedly we suggested to the Railways as well as other departments that they should not make such major decisions in regard to change of policy—whether they are to charge any particular expenditure to capital or to revenue—in the course of the year. On the other hand, they should come to a decision specially in regard to these big matters fairly early, anyhow before they introduce the Budget. Thus, they should take the House into their confidence and give an opportunity to the House to know the facts as they are and to express its opinion. But the Railways seem to be persisting in their bad procedure of changing their opinion in regard to big questions of policy such as has happened in this particular case, involving a big sum.

For everything they make an excuse of the war. The war may be a very good excuse but that is no reason why they should not attempt to gain some control over these railway finances which seem to be slipping out of their fingers.

The whole Railway Budget at this rate is *tamasha*, it is more an illusion than a really substantial financial document which is expected to give us a really definite and reliable picture of the state of things so far as railways are concerned. They ask us to go to the Railway Finance Committee Proceedings. I have gone to these proceedings and even the Railway Standing Finance Committee does not seem to have been helped or assisted by the department in coming to grips with this matter and understanding the problems and the facts presented to them. I feel extremely sorry for my colleagues who serve on the Standing Finance Committee, because within the time at their disposal it will not be possible humanly for any one to unravel the mysteries of this write off, write back and the additional allowances and the new decisions taken and new items of expenditure actually brought up in the garb of old items of expenditure. There is some control to the extent to which these proposals go before the Standing Finance Committee, but I expect the Honourable Member in charge of this to give us an assurance that whatever may have happened in the past, at least in regard to the future, from this year's Budget at least, they will try to achieve a more reliable control over the railway finances than they have been able to achieve till now.

This is one of the reasons why we wanted the Financial Commissioner for Railways not to be kept under the authority of the Railway Member but to be kept directly under the authority of the Finance Member, so that he may be able to exercise his individual and independent judgement in regard to financial control. This is an old question, I admit but it is a question that ought to be considered again and again until Government are able to come to a right decision and they are able to invest the Financial Commissioner for Railways with much more independence than he has been able to achieve so far.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member need not expatiate on that.

**Prof. N. G. Ranga**: Until we are able to insure that, it will not be possible for us to have tight enough control over the railway finances. With these observations, I expect the Honourable Member himself and not the Financial Commissioner to give us an assurance that he will consider this question, and to bring out financial control in a more realistic manner than he has been able to do till now.

**Dr. Sir Zia Uddin Ahmad**: With reference to the points raised under this particular head, may I draw the attention of the Financial Commissioner to item No. 6(i) about the dearness allowance. I do not understand exactly what the explanation is. Has he fixed definitely, as far as the railways are concerned, that they will get dearness allowances up to a salary of Rs. 500?

**Mr. Zabid Hussain**: We are talking of food-stuff concessions, and not cash allowances. My Honourable friend seems to be referring to dearness allowance paid in cash.

**Dr. Sir Zia Uddin Ahmad**: Provision for dearness allowance, at increased rate. I want to know up to what salary is dearness allowance given. Is it given up to Rs. 500? That is the point on which I should like to have information. The next point is with reference to item (ix) under head 6 on page 80 of the Standing Finance Committee proceedings:

"(ix) No provision made next year for the write back from capital of the cost of military aidings."

I should like the Honourable Member to make a statement at some stage about the arrangements that the Railway Board made with the Military Department about capital and non-capital expenditure, about the work that we do for the military service, as well as about deciding what we have to provide in this particular item.

The third point is with regard to the provision made to write off the cost of the dismantled lines of Bengal Nagpur Railway and Madras and Southern Mahratta Railway. This question also is an important one. I should like to know the policy of the Railway Board in regard to this matter. From what fund the cost of the dismantled railway lines should be written off. When a line is

[Dr. Sir Zia Uddin Ahmad]

dismantled, the capital is reduced and that capital must be paid off by some fund. My contention is that this fund which should pay the cost of dismantling a line should be the reserve fund of railways. That is really the proper item and not revenue. Whenever you dismantle a line and pay the cost of dismantling, that is really not a charge on one particular year. It ought to be paid by the reserve fund so that it will be spread over a series of years. I made a suggestion at the time of the general discussion that when you dismantle a line, the capital ought to be written off against the total capital of railways. We all agree with that. From what this should be written off? My contention is it ought not to be written off from revenue. You cannot put another burden on any particular year, it ought to be spread over a certain number of years. The only fund against which you can write it off will be the reserve fund minus the accumulated depreciation under that particular head. Suppose the value of a dismantled line is a lakh of rupees. Against this one lakh you have got an accumulated depreciation fund, say, Rs. 2,000. Then this sum of Rs. 2,000 ought to be taken from the depreciation fund which is really the share of that particular capital and Rs. 98,000 ought to be paid out of the reserve fund, neither by depreciation fund nor by revenue account. In my opinion it is not correct to pay the entire cost of dismantling a line from revenue of one particular year.

**Mr. T. S. Avinashilingam Chettiar:** Sir, I want to raise two matters, both of some importance. I want to refer to item (ix) on page 30 which relates to the demand which he has moved—write back from capital of the cost of military sidings, etc. I want to know two things with regard to this. Firstly, what is the arrangement they have come to with the military department, as to what portion of the cost of the military siding should be debited to military expenditure and what portion to civil railway expenditure. I find that the understanding which they have arrived at, between the military and the railways, is given on page 2 of the Report of the Standing Finance Committee for Railways. That is the memorandum by the Railway Board regarding the incidence of cost of works executed during war. This refers to certain rules contained in paragraphs 1102—1107 of the State Railway General Code, Vol. I. I would suggest to the Honourable Member that he should present to the House in readable figures and language the understanding which they have arrived at with the military authorities. On what basis, the expenditure involved on military sidings and military expenditure will be allotted to military expenditure and what portion would actually be debited to railways. It may be said that we need not be very punctilious about this apportionment of expenditure to the military because after all a large portion of the military expenditure must, in the long run, be apportioned to Indian revenues. I should like to warn the Honourable Member for Railways over this. A time may come when we may have to claim a portion of military expenditure from other people, and if year after year, we go on writing off large portions of expenditure under railways and under other civil heads, which certainly ought to have been allotted to military expenditure, then we will be suffering in the long run when we try to claim a good portion of the military expenditure from others, may be England, may be other countries. So, it will be unfair to the Indian revenues and to the Indian people if you put large amounts of expenditure which ought really to be allotted to military expenditure, to civil expenditure and think that in view of the fact that we are having large incomes, largely illusory as he says, that they can be written off now from the revenue account of railways. So, Sir, I should like the Honourable Member to submit to this House the principles on which allotments are really made.

Now, Sir, I come to the cost of structural works. Here he talks of inflationary element in expenditure on works as one crore and odd. I tried to look carefully as to how they try to arrive at inflationary value as distinct from real value. In para. 2(b) on page 136, it is said:

"For the purpose of charges to capital and the depreciation fund, with which this demand deals, the expenditure incurred after 1942-43 on works constructed at the cost of railways will be reduced by 50 per cent. by charge to working expenses."

In short, this means that the Railway Board and the Financial Commissioner for Railways think that inflationary value is only about 50 per cent. They have actually said so in another place. I ask him to examine whether 50 per cent. is real inflationary value. As far as we know, we are also doing some construction works. From my experience I can say it is 300 per cent. or 400 per cent. more than the actual value of pre-war period. If I know things right, I think the railways are paying much more than ordinary persons do, and not only that, having experience of some of the construction works going on in my district, I can say this. About eight months ago, a station was built; next time, six months later, I found that that station was demolished and again three months later, when I go there, I find that there is another station in another side of the same station. The accounts for all these will come under maintenance and construction of works. There the inflationary value is certainly not 50 per cent., but it must be 300 per cent. I think the Honourable Member is giving the Railways a bad deal when he thinks that the inflationary value is only 50 per cent.

Now, Sir, I would refer to the Sankara Ayyar's Committee report about this matter. That Committee was asked to prepare the list of assets of railways. They were asked to prepare a rate of depreciation of those assets and the House will be surprised to know that the Committee reported that there were no accounts kept of the structural works and consequently no rates of depreciation could be fixed. Is it not absolutely shameful—I do not want to say anything more—that in a big concern like the Indian railways no proper accounts should be kept? And how do you arrive at any rate of depreciation when you do not know the assets, their age, their durability and other particulars? The assets will be shown at an inflated figure for this reason that you spent 5 lakhs for a building today and tomorrow it may cost only one lakh. And this 50 per cent. of the expenditure which you want to write off as the inflationary element is not at all sufficient. The profits which are shown in the railway budget are not real, not only because 60 per cent. of the income of the Indian railways is illusory and only in accounts, but the money that they are spending today is much more than what will be spent in normal times; and what you write off as inflationary element today is much less than what you ought to. Out of the 32 or 42 crores income which is shown in the railway budget, really 20 crores and more must be written off for this inflationary element. I therefore, request the Railway Member to consider this matter and work it out as in practical life, see the cost of things and then come to a proper conclusion as to what the inflationary elements in the present structural works are. In my opinion it is much more than 50 per cent.; it is nearly 200 or 300 per cent. Sir, if the Honourable Member is not able to reply to these points today because he may not have any figures with him, I request him to consider the matter and submit to us a note later on.

**Mr. Sami Vencāchelam Chetty** (Madras: Indian Commerce): Sir, I take it that this debate would serve as a warning as much to Government as to the members of the Standing Railways Finance Committee who have recommended these sanctions. And it is a matter of deep regret that departments of Government are vying with each other to break their own record of incompetence, incapacity and lack of control over the spending sections of their departments. Sir, orthodox finance seems to have taken to the winds long ago and I am afraid even war would not serve as a matter of excuse for coming up to the Legislative Assembly with supplementary demands to the tune of nearly 6½ crores, i.e., about half the actual original grant itself.

Sir, I think there is a sort of distinction between supplementary grants and excess grants, and I have been under the impression—subject to correction by the financiers who have so ably mismanaged the situation—that a supplementary grant is a grant which you ask the Assembly to give in advance of actual expenditure, and an excess grant is one which you have incurred and ask for sanction of the proper authority. If I am correct in that interpretation I should like to know from the department when this reason for exceeding the original grant

[Mr. Sami Vencatachellam Chetty.]

arose in the matter of expenditure and why it was that the estimates for, supplementary grants were not placed duly before the Railway Finance Committee at least for their scrutiny and sanction. The particular demands for which the Financial Commissioner has come to the Assembly were placed before the Railway Finance Committee on 30th January, 1945, evidently after the whole amount had been spent. Is that a matter of satisfaction either to the department concerned or to the Honourable Members of this House who have to put up with this kind of discourtesy? Evidently Government are sure to get sanction whenever they might care to put these demands before the Assembly, and even if they do not care to put them before the Assembly they are sure to go scot-free. Probably some comments may be made by the Public Accounts Committee after the lapse of two or three years, and the Public Accounts Committee itself would take another six months to pass some remarks, which are at best of an obituary nature.

Sir, it is not so much the amount that is perturbing the Honourable Members of this House, because during this war time we have got to think in colossal astronomical figures; and I think for the last three or four years we have become accustomed to these large figures. But what worries us is the method by which these grants are put before the Assembly or to the Railway Finance Committee and the reckless manner in which they are spent, absolutely oblivious of all regulations, even the free regulations of war time, not to speak of orthodox regulations of peace time. It is from that point of view that I make these observations and I hope that this debate will serve the purpose of even reminding the members of the Railway Finance Committee and the Standing Finance Committee to be more particular about the way in which their sanction is obtained by means of putting up figures with notes which require explanation of a more elaborate kind and which certainly cannot be easily understood during one sitting. Sir, I am afraid we must enter a protest against this kind of thing.

**Mr. Zahid Hussain:** Sir, I shall deal with a few technical points that have been raised during the debate. My Honourable friend Sir Zia Uddin Ahmad inquired what limits are imposed for the purpose of dearness allowance on the railways. There are four zones,—X, A, B and C. The limits of pay up to which dearness allowance is admissible are Rs. 250 in X, Rs. 200 in A, Rs. 175 in B and Rs. 150 in C. So we do not give dearness allowance, as he presumed, up to the limit of Rs. 500 or so.

As regards sidings, under the rules which have been in existence for a very long time, the arrangement between the War Department and the Railway Department has been that while the cost of recoverable materials is borne by the Railway Department, all other expenditure is borne by the War Department. We bear the expenditure of those materials only which can be recovered later in case lines are dismantled and used for good purpose; while all other expenditure is borne by the War Department. These rules stand and if we insist on asking the War Department to bear the entire expenditure our position would be that while we are very willing to retain the entire revenue that comes to us from military traffic, we are not prepared to bear any expenditure which is necessary in order to carry that traffic. That would be, to my mind, an indefensible position. Now under the rules expenditure which is charged to the estimates of the railways has been borne in the past on capital account. But when we reviewed the position we came to the conclusion that these sidings must be regarded as temporary, because the whole position will have to be reviewed at the end of the war and it is likely that most of the sidings will be dismantled. Some of them will probably be retained but it is impossible to decide now which of them would be retained and which of them would be dismantled. It was on this view that we came to the conclusion that the entire cost borne by the railway estimates should be charged to revenue; and the position was fully explained in the speech of the Honourable the War Transport Member



and in the explanatory memorandum, and it came under discussion on the motion relating to the finances of the railways. The same applies to the Works Expenditure where we propose to charge an amount of a little over one crore, sixty lakhs to Revenue. My friend, Mr. Chettiar, thinks that 1 P.M. we ought to charge more than 50 per cent. Sir, we have looked into the question and we think it would be unjustifiable to charge anything more than 50 per cent. to Revenue.

**Mr. T. S. Avinashilingam Chettiar:** From which point of view?

**Mr. Zahid Husain:** According to the experience of Mr. Chettiar, the actual cost should be much more, but our experience does not concede with his.

**Mr. T. S. Avinashilingam Chettiar:** It is unjustifiable from every point of view.

**Mr. Zahid Husain:** We have made comparisons with the expenditure that we incurred in the past and we think that 50 per cent. is about right. We placed this before the Standing Finance Committee and obtained their approval.

**Mr. T. S. Avinashilingam Chettiar:** Of course, that you have done.

**Mr. Zahid Husain:** As regards budgeting, I feel flattered when I am told that we should be able to predict unpredictable events. If the actual items to which these excesses are due are looked into in detail, I feel that it will be agreed that most of them, nearly all of them, could not be foreseen.

**Sir Cowasjee Jehangir:** Sir, may I ask one question with regard to these sidings, and the division of their cost between the Railways and the War Department? I heard the explanation during the budget discussion which is repeated by the Honourable the Financial Commissioner of Railways today. It is rather an important matter when sidings are being put in to such an extent as is necessary for war purposes. When there was no war, the principle might have been fair and correct, but today how do you estimate the cost when a siding is put in? What will be the value of materials when the siding is pulled up? You do not know when it is going to be done, and so how are you going to value the materials which are to be debited to the Railways?

**Mr. Zahid Husain:** Present day costs.

**Sir Cowasjee Jehangir:** But they will deteriorate by the time the sidings are pulled up. If you put the present day cost, you are not paying the proper value of the materials which you will receive when the sidings are pulled up. Who will make up that difference? Will the War Department make up that difference or the Railway Department? If the sidings are pulled up immediately, they may be of some value, but if they are pulled up ten or twenty years hence, their value will be very much reduced. The Railway Department therefore stand to lose. I would like that matter considered and some ratio fixed when you are paying for goods that you are likely to receive some years hence. It is a simple issue.

**Mr. Zahid Husain:** I might briefly explain that so long as these sidings are there and remain in existence, the War Department has to pay the cost of maintenance, depreciation and also interest, so that the question of any loss to the Railway Department does not arise. But at the time when they are dismantled and the War Department say they have no use for these sidings, we will take over the materials at the depreciated cost. It may be that there may be some small difference between the depreciated cost of the material at that time and the depreciated cost at present day prices, but it is impossible to estimate the difference now. It may be negligible. (Interruption.) The difference will be very small; it may not exist at all. At the same time, supposing the difference is in favour of the Railways, would it be justifiable for the War Department to make a claim against us? It is hardly necessary to make a claim against another Department for an item which is not likely to be very large, and that is why we have agreed to bear the cost under the rules without asking for any special adjustment on this account.

**Sir Cowasjee Jehangir:** You will be paying for the depreciated value?

**Mr. Zahid Husain:** Yes, Sir.

**Sir Cowasjee Jehangir:** Then how do you know what that depreciated value is today when you have to adjust your accounts just now?

**The Honourable Sir Edward Benthall** (Member for Railways and War Transport): Sir, the Honourable the Mover asked that I should personally answer one or two questions. In particular, he indicated that in his view the Standing Finance Committee did not get sufficient time to go into all the details of the figures and another speaker asked why the figures were not placed before the Standing Finance Committee somewhat earlier, that is to say when it became apparent that a supplementary grant would be necessary. Answering the last question first, the biggest item under this heading is in connection with the cost of military sidings and the inflationary element, and the action which the Government ultimately recommended was in actual fact much influenced by the action of the Standing Finance Committee itself which at its meeting on the 19th of December considered the position of the Railway depreciation fund and desired to place on record their concern at the excessive rate at which the depreciation fund was being depleted and to bring this to the notice of the Government. Government had already got the matter under notice, but that decision confirmed Government's determination to deal with this whole question systematically and thoroughly in the course of this year's Railway Budget. In consequence, there were two further meetings at which full details were put before the Standing Finance Committee. The preparation of a Budget—even a Railway Budget, which is a much smaller thing than a General Budget—is a very complicated matter which has to be done in a very limited time. We should like ourselves to have much more time to examine the figures and browse over them and consider them before the Standing Finance Committee, but under the system of budgeting you just cannot do it. I should only be too glad myself to have much more time to study the figures. In actual fact, I don't mind telling the House that I only got the full figures, which were placed before the Standing Finance Committee on the 29th and 30th of January, a few days, almost a few hours, before the Standing Finance Committee itself got them. If you are going to have an up-to-date budget, that is the process which must be followed. If you are content to budget on the figures for, say, the half year ending September, it would be much easier, but that is not what the House wants. If the House wants the most up-to-date figures it can get, as I believe it really does, then obviously it has to deal with them rather more speedily than any of us would like. It is inherent in the situation itself. The suggestion is also that we do not give the House an opportunity to see the figures and to give an opinion. I do not honestly see what further we can do in this matter. We place the fullest possible figures before the Standing Finance Committee. We discussed them on three occasions in so far as time permitted, and the reports and the full figures are placed before the House who have an opportunity to debate them in general discussion, to move cut motions and again consider them on supplementary demands and the House has already considered and in principle approved the policy which is involved in this question of military sidings.

**Prof. N. G. Ranga:** Question!

**The Honourable Sir Edward Benthall:** Well, a full debate has taken place

**Mr. T. S. Avinashlingam Chettiar:** It has not been approved on a specific motion!

**The Honourable Sir Edward Benthall:** The policy has been discussed and the grants have been made for the next year and this relates to the current year, which is consequential.

I frankly do not see what we can do to place fuller figures or arrange for much fuller discussion of the figures either in the Standing Finance Committee or in the House. But if the Standing Finance Committee has any suggestions to make we are naturally willing to consider them and we will certainly try to clear up any points which are not clearly set forth in the papers placed before Members in the House.



The Honourable Mover asked that we should have more reliable control. One of the later speakers recognised that close budgeting in war-time was extremely difficult and my friend the Financial Commissioner drew attention to particular items on these supplementary demands and pointed out that in fact it was not possible a year ago to budget very closely. Take the first item. The expenses there arose out of acts of Nature—washing away of ghats on the river bed or threats from the river to wash away important bridges. Nobody can foresee that sort of expenditure until it becomes necessary. There are other items of the same nature. In the second item, relating to the construction of technical staff quarters, the expenditure was included in the budget last year and not being expended went to reduce the same budget head last year and so has been thrown forward this year. Obviously all these headings are not things which one can foresee. In particular the biggest item of all arose out of a decision of major policy arrived at only after discussion on the Standing Finance Committee at its last meeting. The policy was in process of formation in December and January and the final conclusion was reached on the 13th-14th February, the day before the Budget.

I think if Honourable Members will consider the matter they will realise that it is neither possible to be much more accurate in war time or to give a longer time to the Standing Finance Committee to consider matters.

One further question raised was the position of the Financial Commissioner. It was suggested that he should be under the Finance Department. Well the arrangement is that the Financial Commissioner is Adviser to the Government of India in the Railway Department. But as in the case of all other departments, the Financial Adviser, in this case the Financial Commissioner, has a very special relation with the Finance Department and keeps in regular touch and advises the Finance Member with regard to railway finances, just as he advises the Railway Member.

**Prof. N. G. Ranga:** You control him. He is subject to your control.

**The Honourable Sir Edward Benthall:** He is in my Department. He is in special relation with the Finance Member and he watches the Railway finance from the point of view of the Finance Department as well as from the point of view of the Railway Department.

**Mr. Sri Prakasa** (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): So he controls you?

**The Honourable Sir Jeremy Raisman** (Finance Member): Controls us both!

**The Honourable Sir Edward Benthall:** That, Sir, explains the position to the best of my ability.

**Dr. Sir Zia Uddin Ahmad:** On a point of order. We may meet at 5 p.m. instead of 2.30 p.m. because on the Budget day we have never met in the afternoon.

**Mr. President** (The Honourable Sir Abdur Rahim): There is no point of order. The question is:

"That a supplementary sum not exceeding Rs. 6,76,98,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Working Expenses—Maintenance of Structural Works'."

The motion was adopted.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Abdul Qaiyum (One of the Panel of Chairmen) in the Chair.

#### DEMAND NO. 6-B.—WORKING EXPENSES—MAINTENANCE AND SUPPLY OF LOCOMOTIVE POWER.

**Mr. Zahid Husain:** Sir, I move:

"That a supplementary sum not exceeding Rs. 19,99,47,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Working Expenses—Maintenance and Supply of Locomotive Power'."

[Mr. Zahid Husain]

Out of this large amount 17 crores 72 lakhs relate to locomotives, part of the cost of which is being debited to revenue according to the special procedure, of which the House is aware.

**Mr. Chairman** (Mr. Abdul Qaiyum): Motion moved:

"That a supplementary sum not exceeding Rs. 19,99,47,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Working Expenses—Maintenance and Supply of Locomotive Power'."

**Mr. T. S. Avinashilingam Chettiar**: In this also the question that I would like to raise is about Depreciation. They think that 40 per cent. is the extra price that they are paying today and so they want to write it off in the actual current expenses. We would like to know the basis of their figures. The real price of a locomotive is calculated on comparison with its pre-war price, its power and its durability. The pre-war price they can readily have for comparison. But two other elements must come in if they were to make a proper valuation and they are the power of the locomotives, whether they are much above the capacity of the pre-war engines and their durability. As regards durability we understand that war products always are more flimsy and less durable than the pre-war machinery and the Honourable the War Transport Member in his speech said that they have arrived at this figure of 40 per cent. as being the extra amount that they pay for the war-time products. In the memorandum which was supplied to the Standing Finance Committee for Railways, on page 5 of the proceedings on the 13th and 14th February 1945, it is said:

"For all locomotives 40 per cent. of the cost will be debited to revenue and the balance will be regarded as the cost incurred for the purpose of allocation. The Government have found in their dealings with industry that a contribution of 40 per cent. towards capital costs is considered sufficient by proprietors of factories to undertake expansions to meet Government demands."

That by itself does not explain anything. It can be explained only when power and durability are also taken into consideration along with cost. Now, Sir, I want figures regarding the cost of the present locomotives, the cost of the pre-war locomotives and how the present ones compare with the pre-war locomotives. Without taking into consideration all these three factors you will not be able to arrive at a proper cost of depreciation or at the figures of cost which are really paid extra in the war time period.

**Prof. N. G. Ranga**: The Honourable Member for War Transport was himself confessing that he was not having enough time to scrutinise all these figures and naturally he could not be expected to give sufficient time to the Standing Finance Committee and at the same time study these figures.

**The Honourable Sir Edward Benthall**: What was the Honourable Member saying?

**Prof. N. G. Ranga**: That the Honourable Member was getting these papers too late and therefore he did not have sufficient time before he went to the Standing Finance Committee.

**The Honourable Sir Edward Benthall**: It is the Financial Commissioner for Railways who presides over the meetings of the Standing Finance Committee for Railways.

**Prof. N. G. Ranga**: Quite right. The Honourable Member was speaking for himself. He was replying to our observations in regard to the earlier demand. Sir, he was asking us to believe that railway budgeting was going on nicely or rather not too badly. But I want to know one thing. Wherefrom did he get this 19 crores, 99 lakhs, which he has paid towards the cost of these new rolling stock. He says that it was received subsequent to 1942-43. Did he specifically make provision for this sum when he presented his budget for 1942-43 and later on in 1943-44? I do not think so. Then wherefrom did he get this money with which he was able to pay for the locomotives? Presumably it was from the surplus that he was able to get out of that particular year's railway accounts. He did not make provision for this expenditure at all but he did make provision for certain receipts and when he calculated his receipts

perhaps he did not expect such a huge surplus and when he actually got the surplus he paid this money out of that surplus. It can only mean that. Either he under-estimated his revenues for that year to the tune of 20 crores or the Government had disguised or concealed this expected surplus of 20 crores when they framed the budget. They came to the House, presented a budget and asked for an increase in fares and freights and told the House that they did not expect to get as much as 20 crores surplus and when they realised this surplus of 20 crores in the course of that year, they thought of purchasing all these locomotives. Otherwise if they were to pay for these locomotives wherefrom are they to pay? Was it from capital or was it from working expenses? Here was an unexpected or concealed surplus and so they decided in favour of paying for the locomotives from this concealed surplus and then they come to the House and say that they had paid for all these things without the authority of the House and ask us to give our authority saying that at this stage it can only be done on a supplementary grant. I want to know whether the Honourable Member was so completely helpless as he wants us to believe when he was making the budget that he did not anticipate that he was going to get these 20 crores surplus. Later on he himself says that these were received subsequent to 1942-43 but that he had already placed orders for them either in the United Kingdom or England. So he knew that the locomotives were going to come, whether during that particular year or later, and it is possible for him to say that he did not know for certain when. But he certainly knew that he had placed these orders and when he placed the orders against what sum did he do it? Was it to come from the Reserve Fund or from the ordinary railway incomes or from what source? Did he expect to pay for them from the surplus of 20 crores when he placed these orders? I want to know, Sir, his reply.

When he placed these orders he should have come to the House and told them that he had placed these orders but that he was not quite sure whether they would be fulfilled by the manufacturers concerned during the particular year or the next, that he was expecting a surplus of 20 crores and since the date of delivery of the locomotives was indefinite he proposed to place this sum of 20 crores in the Reserve Fund, so that he would be able to pay for these locomotives if and when they came to be delivered. Supposing they were not delivered during that year, the Reserve was always there and during the next year he would have paid out of that, but he did not do anything like that at all. He came to this House with a sort of a balanced budget, and told us that as there was going to be a surplus, he had made provision for what was to happen to that surplus. He got the approval of this House for his budget and went back, and, mind you, last year he came to the House asking for an increase in railway fares and rates, but, thanks to this House, he was prevented from imposing all those additional burdens. If he had been allowed to do so, he would have imposed another burden, may be, easily Rs. 20 crores, and would have found himself in possession of that additional Rs. 20 crores surplus. Then, after placing orders either in England or in America for the benefit of the manufacturers there, he would have sprung another story. He would have given a fine story like this: I am placing orders for some thousands of carriages in order to relieve congestion of third class passenger traffic, and in that way would have secured the assent of the House. He would have done it, but he could not do it, he was not allowed to do that. To the extent, however, he was allowed he was able to find himself in possession of not only this Rs. 20 crores, but very much more also, because the House has already voted for him Rs. 6,76,000. May be, he is coping with many other demands: there is a demand here for Rs. 76 lakhs, another for Rs. 2,38,000, another for Rs. 2,51,000. All this money he was able to get he must have got either from the last year's budget or the previous year's budget, he could not have got it with a magic wand. That is why I say this Government plays ducks and drakes with Railway Finance as well as General Finance of the country, and so far as this Member is concerned, I can only say, with all the seriousness I can command, with all the sense of responsibility that I can command, that he does not seem to know the A, B, C, of his War Finance so far as the Railway Budget is concerned. He

[Prof. N. G. Ranga]

seems to be fathering the baby of somebody else, who that somebody else is we do not know, anyhow the budget is prepared, he is asked to bring it and place it before this House. Whether he is having any lot in this budget we do not know, but the budget is being prepared and placed before this House in such a manner and it is guided or misguided into voting such funds for him as would leave for him not less than Rs. 30 crores as surplus. This I consider to be a very bad budget, and I hold the Honourable Member for War Transport to be entirely responsible for this jugglery. That is why there have been all these criticisms which the Honourable Members have been making, namely, that this year's budget is thoroughly illusory as figures given there cannot be depended upon at all, that there is a disguised surplus in it, and that the Honourable Member will again be faced with a huge surplus, if not a huge surplus a considerably big surplus, at the end of this year also. Sir, with these remarks I enter my emphatic protest against this bad budget which both the Honourable Members opposite have placed before this country, if one is to judge from the figures they themselves have supplied us today.

**Mr. Sri Prakasa:** I am a very ignorant man; but as I find that a fairly large amount of money is involved—about Rs. 20 crores—I should very much like to know what is the procedure adopted in such cases. So far as the motion is concerned, it clearly says that the supplementary sum of money is being asked for to defray the charges which will come in course of payment. Now, so far as I know, 'will' is future tense; and I want exactly to understand whether this sum of Rs. 20 crores will be paid during the next 31 days—today is 28th February, and to-morrow March begins—or that these Rs. 20 crores have already been paid. Does the supplementary grant really relate to the future, as the language of the motion denotes, or whether all this expenditure has already been met and that on the last day these supplementary grants are put before the House in the expectation that the same shall be granted? I hope I am clear. I want the Honourable Member opposite to tell me exactly whether the money has already been paid or whether it is going to be paid; and if it has already been paid, then what exactly does the word 'will' in the motion mean? As I put before the House, 'will' denotes the future, and not the past. I want to make sure that the Honourable Member has not come to the House asking for the condonation of payment already made; and that he has actually come to the House asking for a grant which will actually be paid after the motion is passed. Frankly, I cannot believe that all these large sums of money will really be paid during the next month. I have a suspicion that they—or at least large portions thereof—have already been paid; and that we are asked to put our seal of approval on the payments made in the past on the plea that they will be actually made in the future. I am asking a straight and honest question, and expect a straight and honest reply.

**Dr. Sir Zia Uddin Ahmad:** I do not agree with my Honourable friend, Prof. Ranga, that there is something very confidential in the budget, and that there are certain figures which have been concealed from the Members of the Assembly. The budget is not like the counting of a person who was engaged to keep some accounts so that he may not embezzle anything. The man was put on the top of a tree and a soldier was placed underneath with a gun to shoot him if there is any embezzlement. He began to count—3 plus 5, 8; 8 plus 7, 15; 15 plus 8, 23; and of this 8 is there and 2 is carried away. So, this budget is not a budget of that kind. There is nothing in this that is confidential. Of course every budget requires some study. In the case of their accounts in regard to military sidings, their principle is perfectly sound—that the military ought to pay the full cost, minus the materials which might have recovered after it has been dismantled. But from what fund should you advance the money? You should not advance it from revenue but from borrowing or capital, so that you clearly know that this money has been borrowed for a certain purpose, and the moment it is dismantled the price of the materials sold may be adjusted and the balance debited to the military department. I think that this particular sum ought to have been paid from borrowing and not from revenue.

They may pay it out of the revenue for a couple of years but it should be recovered from the Army Department. That is the only point I wish to make.

Here I shall take up the memorandum that has been referred to. It says here on page 187:

"It is therefore proposed to restrict the debit to the depreciation fund to an amount equivalent to the credits thereto for the items treated as replaced, to meet from the Railway Reserve the arrears of depreciation represented by the difference between the debits to the Depreciation Fund as proposed above and the original cost of the items replaced, and to charge to working expenses the difference between the original cost and the replacement cost of a like asset."

The principle asserted here is, I think, correct and sound and I do not criticise it because when you have an article and replace it, that is the correct principle to adopt. Suppose I have a pair of spectacles costing me Rs. 100 and the amount under depreciation fund is about Rs. 50 and then I want to purchase another costing Rs. 150, it is fair that this Rs. 50 should be recovered from the depreciation fund and the balance of Rs. 100 ought to be paid from revenue and not by borrowing because the fundamental principle we ought to adopt is this: that whenever any expenditure can yield revenue then meet it by borrowing i.e., capital expenditure. If by any expenditure you improve the traffic and provide better facilities and comforts but there is no yield in revenue, then always meet it from revenue because in that case revenue expenditure is expenditure which does not yield any income and capital expenditure is expenditure which always yields income.

Now, I come to the next point—the money you have advanced for engines. It is very desirable that it ought to be paid from revenue and I think it is very sound. Whatever we may have advocated about the accounting in peace time it is exceedingly difficult in war time to keep it up. We must give some allowance that people do not know when commodities would be arriving during the war; it is very difficult therefore to put it to the revenue of any particular year because in that particular year the things may not have come. We have to wait till these things are received; and therefore under war conditions, the criticism of some of my honourable friends cannot hold good. Another thing is that we cannot disclose the fact of how many engines have been ordered during the war, we can disclose it to the Assembly and the Standing Finance Committee when they have actually arrived: till then they have to be kept confidential: once they have arrived there is no risk in divulging these things and bringing them in the regular budget. Under war conditions, the Railway Board and the Financial Commissioner cannot do otherwise than what they have done now.

As regards engines, I have already expressed my opinion during the general discussion of the Railway Budget and on the cut motions and I need not repeat them now—namely, that it is very doubtful whether the purchase of these engines is a good bargain: my information is—and I want the Honourable Member to get up and say if I am wrong—that these engines cannot be used with safety to the passenger traffic: they can only be used for goods traffic: and then again the life of these engines, instead of having normal life of 70 years is only about 15 to 20 years—certainly not more than 20. I was aware of this before but on account of war conditions I did not say anything; but now that it has come on the floor of the House I do not mind expressing my opinion, that these things ought to be examined very carefully; and if my information is correct, then we should stop importing engines of this type and wait till after the war, when we can get engines of the type we got in the past.

**Mr. Sami Vencatachalam Chetty:** Sir, the Railway Board's memorandum on the allocation of the cost of railway assets built or acquired during the war is, in one sense, a revealing document of the mentality behind the preparation of the railway budget by the Railway Board. I could see in between the lines how the mind of the Railway Board works. Its paramount policy is to be as disobliging as possible to its customers and as secretive and as least communicative as possible, so far as the Members of the Assembly are concerned. I

[Mr. Sami Venotachelam Chetty]

am only sorry that a shrewd business man who is now the head of that department should have also fallen a victim to these methods of the Railway Board and the bureaucracy. He, more than anybody else, can easily discover the methods by which figures can be concealed from the public eye and the sanction of deliberative assemblies of this type could be easily snatched. I am afraid his busy commercial life has made him rather take the present moments as those of leisure than of real work. That is why these things have escaped his otherwise vigilant attention.

Sir, they start on the basis of the expected actuals of the previous year's budget. In doing so, while they know that their revenues are exceeded and their estimated expenditure has gone down, they would not divulge that fact but merely put that aside, so that the public and the Assembly might be under the impression that they have to find the money required from current revenues rather than from the surpluses which they expect in the previous year. In preparing the current budget, they take particular care to underestimate revenue and overestimate expenditure and to see if possible that no money

3 P.M. is given to general revenues beyond what is compulsorily expected of them, so that the Honourable the Finance Member might be at full liberty to keep up high taxation and they themselves would go in for increase of railway rates and fares, denying at the same time even the ordinary amenities to passengers, whether they belong to the first class or the third class. This seems to be the policy of the Railway Board. You can easily see in this memorandum that the previous year's surpluses were not taken into account, that the current year's expenditure was over-estimated and the revenues were underestimated and any surpluses that were available from the previous year's revenues were debited to the cost of working expenses on the plausible ground that expenses during war time must naturally be taken into account and be debited to working cost instead of merely over capitalising. Under that plausible plea they went on debiting almost practically 75 per cent. of the surplus towards the working cost and even curtailed the share of the general revenues from the railway revenues, so that this evening the Honourable the Finance Member would say that the contribution which he expected from the railways has gone down and that his own expenditure has increased.\* Therefore there must be increased taxation. So far as the railway finance is concerned, while they debited every possible surplus to the working cost, which in certain circumstances might be justifiable, they did not make any serious attempt to build up a fund to satisfy the grievances of the third class passengers and I am surprised to see that the Railway Finance Committee which has usually taken, all that has been said by the Railway Board, for granted, in this matter at least, added a rider to their Resolution making reference to the question of building up a reserve for the amenities of third class passengers. After some discussion it was decided to postpone the consideration to the following day. I do not know what happened on the following day. Evidently that has been dropped. I understand that there was no meeting afterwards. That is the way they want to treat third class passengers. Only the other day Mr. Jamnadas Mehta drew pointed attention to the smallness of the amount provided for third class passengers' amenities. In 1935, the then Transport Member exhibited a third class railway compartment for the approval of the Members of the Assembly, as if those compartments were coming in in three or four months time. It is now ten years since and not a single compartment of that or any other type has arrived and still every year you pass a Resolution or a cut motion drawing the attention of the Government to the necessity of providing more amenities for third class passengers. Every year it is neglected. This year there is a large surplus. The possibilities of getting more revenue have not disappeared and are likely to continue even this year and yet no sincere attempt has been made to alleviate the grievances of third class passengers. A deliberative assembly like this is intended to see that the grievances of the public are not ignored either through ignorance or carelessness. Here we see a deliberate attempt not to give anything to third class passengers.



**The Honourable Sir Edward Benthall:** On a point of order. To which portion of the Supplementary Demand for the Maintenance and Supply of Locomotive Power is the Honourable Member referring?

**Mr. Sami Vencatachelam Chetty:** Sir Edward Benthall wants to meet me on a technical point. Even there he cannot be successful, because you find a provision here for part of the cost of rolling stock, subsequent to 1942-43—17 crores 72 lakhs. It is not on a technical point that I want to meet my Honourable friend. I want to know what he has done for the third class passengers when his finances are in such a prosperous condition. Has he become so callous as not to mind these things? Why should the Railway Board always make it a policy to throw dust in our eyes and get money away from us? We can only co-operate with you in your good governance of the country. We cannot always be like C.I.D. men watching the criminal acts on the people of this country at every moment. I hope there will be a change of mentality in the conception of the duties of the Railway Board and of the War Transport Member. He is particularly there to serve the public and to ask for money for serving the public. If he makes it a point to keep people in ignorance of all the manipulations of the accounts and of the way in which he may dispose of the surplus by over-debiting to the working cost instead of meeting urgent demands to improve the condition of the third class passengers, then I am afraid no Assembly can possibly check that kind of action. If it is possible for us, I think we must record a strong protest against these things by recording a dissenting vote at least on one motion.

**Mr. M. Ananthasayanam Ayyangar:** On a matter of information. The last item refers to 17 crores odd—Debits to revenue of part of the cost of rolling stock received subsequent to 1942-43. In the purchase programme of rolling stock, some portion of the cost of new rolling stock purchased is debited this year to revenue and the rest of the amount is distributed over subsequent year's revenue. That is what I understand so far as this item is concerned. I find, now, that the new rolling stock that is purchased is in substitution of some that exists. From the speech of the Honourable Member when he introduced the Railway Budget, I thought that this was an addition to the existing rolling stock. Now that he charges this to revenue and shows it as one of our assets, we must find it among the assets when we look into the assets of the Railways. Otherwise if it is not included in the assets, it might be possible for any subsequent Railway Member or the Administration to write this off as having been worn out. Then there would be no opportunity for the Assembly or the public to know what has become of this amount, if it does not find a place in the capital at charge. The Honourable Member said when he introduced the Budget that he does not want overcapitalisation and therefore he does not want to charge against capital the new stock that he now purchases and to that extent he has relieved. But there must be an account showing capital which we have invested whether the amount is for the time being taken from revenue of that year or by fresh capital, that is added—we must know what the assets are. Is there any account preserved of this 17 crores and odd which are spent? Are they added on to the existing capital?

**Mr. Zahid Husain:** Sir, I find myself in a rather difficult position; the ground that has been covered by Honourable Members who have spoken on this subject is so vast and so extensive that it is difficult to deal with all the questions that have been raised in the course of a brief reply to a discussion on supplementary demands.

**Mr. Sri Prakasa:** Twenty crores is a big sum. Take your own time. There is no hurry.

**Mr. Zahid Husain:** I will deal with some of the questions that are relevant to this supplementary demand. The most important item here is naturally the one relating to locomotives, amounting to ₹77,24,000. This liability arises out of our programme of purchase of rolling stock costing about 94 crores. This rolling stock purchase had to be made in order to carry traffic in connection with war. It was not open to us to refuse to purchase this rolling stock. As a matter

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of fact, it was essential to maintain the war effort of the country as well as civil economy of the country. It was not open to us to insist on any other types of rolling stock. The manufacturing capacity of America and England is allocated according to certain priorities and according to certain rules. It is not open to any country to demand that it will get only particular types or particular varieties of things. We have to take whatever is offered to us.

**Mr. M. Ananthasayanam Ayyangar:** We do not manufacture locomotives.

**Mr. Zahid Husain:** That is past history. I am only describing the present position. If we followed the existing rules for the purpose of allocating the cost to capital, revenue and depreciation fund, what would be the result? The result would be that the depreciation fund which stands today at 98 crores would be reduced to the negligible figure for railways of 36 crores. Also capital would be debited to the extent of 15 crores. Actually on examining the whole position, we found that there would be little addition to our wagon capacity or tractive effort of locomotives. But there would be a very large debit to capital under certain rules which were framed not to deal with the situation that has arisen today but with peacetime conditions. Should we have allowed these debits to depreciation fund and consumed the fund, so that we should have nothing left to rehabilitate the railways at the end of the war? Should we have allowed this debit to capital and watered it down, so that at the end of the war when revenues go down, we should find ourselves in a position of over capitalisation? We are earning large sums of money, but those large sums of money are being earned as a result of our assets including rolling stocks being consumed at a very rapid rate. It was necessary therefore to make a special procedure in order to relieve the depreciation fund of the danger with which it was threatened and also to avoid overcapitalisation of railways. I maintain, Sir, that these measures were absolutely necessary in the interest of the country and people who think that they should not have been adopted do not devote considerable time to the matter.

**Mr. Sri Prakasa:** Question.

**Mr. Zahid Husain:** The question was asked by my Honourable friend Mr. Avinashilingam Chettiar whether we have taken adequate account of the fact that these items of rolling stock are probably poorer in quality. Sir, if my Honourable friend had read the various memoranda that were presented to the Standing Finance Committee, he would find that this question was discussed and we have taken adequate account of that fact. The poorer quality of rolling stock would be reflected in the form of lower life for stocks. Such lower or shorter life has been taken duly into account in the formula for the purpose of allocating expenditure to depreciation fund and revenue.

**Mr. T. S. Avinashilingam Chettiar:** In which page is it? How have you arrived at 40 per cent. formula?

**Mr. Zahid Husain:** Forty per cent is a different formula altogether. As a result of applying the formula based on additional tractive effort or additional wagon capacity, we found that there is very little debit to capital and therefore that formula of 40 per cent. will be effective only when there is a very large increase in wagon capacity or tractive effort.

My Honourable friend Mr. Sri Prakasa asked me the exact significance of a supplementary vote. What happens after a Budget is passed? The Executive Government has certain powers, which are recognised under all constitutions, of transferring provision made under one head to another in the same grant, so that if we have any excess expenditure under one head, and there is a saving available under certain other head, it is open to the Executive Government to transfer the saving from one head to the other head under which the excess occurs. Occasions arise in which certain liabilities have to be faced which are inevitable in character. If they are not accepted immediately, either you have to stop the administration or you have to face a serious loss of efficiency. Take the case of railways. Supposing there is more traffic to cater for. Would you advise the Railway Board to wait until the Legislature meets in order to spend



more money on coal? Or would you allow the Executive Government to meet the liability and then come before the House and explain the position? There are certain items which are not inevitable, for which it is necessary that the vote of the House must be taken before any liability is incurred. There are others which are inevitable and they must be faced immediately they arise if the administration is to continue.

**Mr. Sri Prakasa:** On a point of explanation. Sir? I was not making any grievance of what has happened. Because the word "will" has been used in the motion, I only wanted to know whether all these payments *will* have suddenly to be made during the next 31 days or whether they have *already* been made. My Honourable friend seems to think that I was trying to blame the Department for having done this, that or the other.

**Mr. Zahid Husain:** I was not at all suggesting that you threw any blame on the Department. On the other hand, I was trying to explain the present position.

**Mr. Sri Prakasa:** The Honourable Member was angrily asking: Should this not have been done; should not that be done; and so on.

**Mr. Zahid Husain:** As regards the language of the formula, it is only formal language recognised under the constitution. I do not know whether there is any particular significance attached to it. I have explained the position in which supplementary demands arise. Well, for example in this case, with regard to the sum of Rs. 1,77,24,000 it is a question of adjustment between the Railway Department and another Department. This large sum has not yet been met. This can be met only if the Legislature has voted the demand.

**Mr. Sri Prakasa:** Is there any compulsion that the future tense alone should be used?

**Mr. Chairman** (Mr. Abdul Qaiyum): The Honourable Member is not giving way.

**Dr. Sir Zia Uddin Ahmad:** Under the Standing orders, we have framed this language.

**Mr. Zahid Husain:** Now, Sir, my Honourable friend Sir Zia Uddin asked whether these engines which we are obtaining for goods services can be used for passengers. I think the Honourable Member for War Transport explained that these locomotives can be used for passenger services. Their tractive effort is naturally greater because they are intended for goods. Their speed would be less but they can nevertheless be used for passenger services.

**Dr. Sir Zia Uddin Ahmad:** Don't use them in the train in which I am travelling because the margin of safety is very poor!

**Mr. Zahid Husain:** Now as regards the information which we supply, I really feel that we have never been secretive in the matter of information which has been supplied in the various documents. As a matter of fact the information is perhaps more than can easily be digested. But it is very complete information. We look into it with extreme care and take all measures to see that nothing material is omitted from the documents that are given to the Honourable Members of the Legislature.

Now, as regards the recommendation of the Standing Finance Committee which it made in its meeting of the 14th February for making specific appropriations from revenue surpluses towards the reserve for the purpose of lower class amenities, I remember it was explained by the Honourable the Railway Member in reply to a certain cut motion that this recommendation will be taken into consideration and the whole matter will be placed again before the Standing Finance Committee. In case there is any improvement in the surplus during 1944-45 and 1945-46 we will place the matter before the Standing Finance Committee next year, and the question of making a specific provision will be taken into consideration.

Certain Honourable Members have charged us with manipulation of accounts. As I have explained, we give complete information in the documents that are supplied to Honourable Members. I do not know whether there is any evidence of manipulation of accounts. Manipulation of accounts would be

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adjustment of the accounts without disclosing the reasons and without giving full details. If we make certain adjustments we place the whole information before you through the documents that are supplied to the House.

Another question that was asked was whether these locomotives are being treated as additions to the stock or are being treated as being on replacement account. This point also was explained in the speech of the Honourable the Railway Member. All these items that are being purchased are being treated on replacement account. But in order to meet the heavy traffic which we have to carry at the present moment we are not scrapping the items which are treated as replaced. This is not removed from the ordinary normal practice of railways. These old items will be scrapped after the war when the traffic begins to go down. Sir, I have nothing more to say.

**Mr. T. T. Krishnamachari** (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, I should like to ask the Honourable Member a question arising out of his statement. Since he mentioned of this rapid depletion of assets by overworking, I should like to know whether the department have examined the possibility of increasing the percentage of the allotment towards depreciation and consequently the amount allotted to the depreciation fund.

**Mr. Zahid Hussain:** The Honourable Member is aware that the Convention Committee looked into this question in great detail and made certain recommendations which were given effect to last year, as a result of which we are contributing two crores a year to cover the extra depreciation due to the war.

**Mr. Chairman** (Mr. Abdul Qaiyum): The question is

"That a supplementary sum not exceeding Rs. 19,99,47,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Working Expenses—Maintenance and Supply of Locomotive Power'."

The motion was adopted.

#### DEMAND NO. 6-C—WORKING EXPENSES—MAINTENANCE OF CARRIAGE AND WAGON STOCK

**Mr. Zahid Hussain:** Sir, I move:

"That a supplementary sum not exceeding Rs. 2,51,85,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Working Expenses—Maintenance of Carriage and Wagon Stock'."

**Mr. Chairman** (Mr. Abdul Qaiyum): Motion moved:

"That a supplementary sum not exceeding Rs. 2,51,85,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Working Expenses—Maintenance of Carriage and Wagon Stock'."

**Mr. T. S. Avinashilingam Chettiar:** Sir, here also the main thing that I would like to raise is about the debit of 1 crore and 80 lakhs. In this there are two matters; one is for the extra price which they pay for the war-time manufacture of wagons and carriages and the other is the depreciation which they are unable to make good and the repairs which they are not able to make good because of the present war-time conditions. About the first I hear this is the calculation they have made. For wagons all expenditure in excess of 150 per cent. of the cost of wagons in 1938-39 is proposed to be debited to revenue. And now I refer to the second item. On page 7 of the proceedings of the Standing Finance Committee for Railways of the 13th and 14th February 1945, they say that due to war-time conditions they are not able to make the necessary repairs which it is necessary for them to make but which they are unable to make owing to war-time conditions. This is what they say:

"The Government have in this connection considered also the question of the extent to which the maintenance of railway equipment is being postponed owing to the difficulties created by the war. 'Maintenance' in this context should be understood to be the maintenance chargeable to working expenses. For renewals chargeable to Depreciation Fund appropriations are being made to the Fund the balance of which will be available after the war for overtaking the arrears."

I should like to know to which of the two sections this refers. It must be composed of these two items,—the cost of the postponed repairs which they must make today but which they are unable to make owing to war-time conditions to which they refer in paragraph 11 on page 7 of this small book, or it must refer to the extra price which they are paying on account of the war owing to the urgent orders they had to place with the United States. I should like to know to what this item refers and how much of each has gone to make up this item.

Then there is another matter that I should like to raise. This refers to the maintenance of carriages. Can they give also by way of cost how much has been spent on the repairs of First and Second Class carriages and how much on the Third Class. It is a very crucial question for some of us who have to travel in the ordinary carriages. The War Transport Member of course has his luxurious saloon fitted with all comforts, but for poor people like us who have to travel in ordinary carriages it has become absolutely impossible. The third class compartments are not at all attended to by way of repair, the windows do not open properly or fix. They fall on your head, the latrines are in disrepair and you cannot even close them properly. The whole thing is extremely bad, and it is high time that Government keep separate accounts of these. Separate accounts will help every one. It will be a pointer and will explain where the mistake has been made, and they will find to their own conviction how in comparison with the higher classes the third class has been sadly neglected. Government seem to think that all that we say is nothing but stories. But it is nothing but the absolute truth, and I want them to give us separate accounts if they can. Can the War Transport Member get these accounts? Can he give me separate figures for maintenance?

**The Honourable Sir Edward Benthall:** I am afraid I shall require notice for that.

**Mr. T. S. Avinashilingam Chettiar:** I am giving him notice today and I shall be satisfied if he can get a statement prepared showing these figures separately and circulate it to this House in any way he likes, so that we may be able to know that the third-class passenger is attended to in proportion to the money that he contributes.

**The Honourable Sir Edward Benthall:** If the Honourable Member will put down a question, I will do my best to answer it.

**Mr. T. S. Avinashilingam Chettiar:** We have to do only a few questions a day, and then you must have proper notice and so on. If the Honourable Member can take this as a notice of this question it would serve my purpose. He has got his staff here who can put this down for him.

Now, I come to the other point. This point is the same as the last point that I raised with regard to locomotives. With all the erudition and the cleverness with which he understands the subject—I do not want to deny him that knowledge—he has not been able to make me understand what he meant. He referred to the proceedings of the Standing Finance Committee. I do not read every page of it, but will he refer to me the page in which there are calculations by which he has arrived at the figure of 40 per cent.

**Mr. Zahid Husain:** I have got a long statement ready. In case the Honourable Member is interested, we will be able to present this statement to him.

**Mr. T. S. Avinashilingam Chettiar:** I shall be glad if he will send this to me. I do not think the Honourable Member would like me to go to the Secretariat for this statement.

**Mr. Chairman (Mr. Abdul Qaiyum):** After all the Honourable Members have to meet somewhere.

**Mr. T. S. Avinashilingam Chettiar:** If he arrives at a conclusion by this process, it seems to me to be very arbitrary. There must be some basis by which they should arrive at a certain figure.

While dealing with this matter, I would also refer to the very poor way in which the assets have been made. I would like to read just a few lines from that very illuminating report of the Sankara Aiyar Committee: It is illuminating for the fact that it gives nothing and it is illuminating for the fact that it

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is unable to give anything. If accounts are kept in such a way that you are able to find nothing that is a matter on which you can congratulate yourself as something very glorious—I have no objection—but the Honourable the War Transport Member should think twice before making such statements. I will read just a few lines:

"The recommendations of the Depreciation Fund Committee of 1922-23, were based on economic, or functional life of each class of assets, by the application of statistical data, after making due allowance for altered circumstances then obtaining. It would seem from the report of that Committee that statistical data were either available on the railways or could be easily collected . . ."

**Mr. Chairman** (Mr. Abdul Qaiyum): The Honourable Member cannot read out long extracts.

**Mr. T. S. Avinashilingam Chettiar**: Sir, I am not in the habit of reading long extracts. I will read just a few lines more which I hope will be enough for the Honourable Member to understand what I mean:

"The Committee considered that similar statistical data would also be indispensable for the present investigation and therefore indicated their requirements to the Railways and asked them first to collect the information more readily available so that it could be discussed in the first round of their visits to the Railways."

They made enquiries from the various railways whether that statistical data was available:

"The Committee's enquiries from the G. I. P., B. B. & C. I., M. & S. M., S. I. and N. W. Railways revealed that with the exception of the Mechanical Department, the statistical information required, the existence of which was implied in the report of the Committee of 1922-23, was not there. No regular statistical records were introduced when the Depreciation Fund was instituted in 1924. The information required would, therefore, have to be collected from estimates and registers of works scattered over various Districts and Divisions."

This is the report of the expert committee which they themselves have appointed; they said that they could not do it. The Government is very clever and they said, "You shall not do it". So they have postponed it till after the war and God knows when they will take it up again. In the meantime they will go on multiplying the capital investments and God knows whether there are 900 crores of assets in this country in respect of Railways. Nobody knows that; no calculations are made; nobody has checked these figures; no depreciation has been fixed, and how they are going to do it is beyond me to say. No commercial concern will allow this sort of thing. No shareholder will allow this if it is a commercial concern. So we would like to know these figures and how they have arrived at these figures.

**Dr. Sir Zia Uddin Ahmad**: I entirely agree with what my Honourable friend has said about the depreciation fund. I have been pressing this point all these years and I pressed it in the Depreciation Committee, namely, the calculation of depreciation fund and the life and the strength of the article. You cannot calculate that. Supposing you ask me, "What is the life of your motor car?" What can I say? Can anybody tell that? It depends on the way in which it is used. If it is in the hands of a good driver and cleaner, its life will be longer . . .

**Mr. N. M. Joshi** (Nominated Non-Official): Average life.

**Dr. Sir Zia Uddin Ahmad**: I said further that this attempt is as useless as it is impracticable to obtain, and that is the reason why I have been advocating time after time for the abolition of this depreciation fund altogether. It is the root cause of all the financial intricacies that we have before us. If you follow the simple principle, we will be better off, namely, every expenditure which yields revenue should be debited against the capital expenditure and the expenditure which increases comforts, which really improves the traffic, but does not bring in any revenue, ought to be put under revenue. If you had adopted this principle, all your difficulties would have disappeared and the criticism of my Honourable friend, Mr. Chettiar, will not be here today and probably I would have been saved many speeches which I have been delivering in this House during the last so many years.

The other point which he has raised—and quite correctly too—is the difficulty of the third class passenger. I entirely agree with him, but unfortunately the contagion has spread to the first class also. Travelling in first class now is as uncomfortable as travelling in third class before the war. If you go to a first class compartment, you will find that there is no light, there is no peg, if you enter the bathroom you find it is absolutely dark, it has no mirror, and, above all there are so many passengers that the bathroom door is blocked . . .

**Mr. N. M. Joshi:** Abolish first class.

**Dr. Sir Zia Uddin Ahmad:** I have been advocating that there should be only two classes—upper class and lower class—and not four as at present.

**An Honourable Member:** There should be only one class.

**Dr. Sir Zia Uddin Ahmad:** If there is only one class, it would be better still.

As regards the particular expenditure under this item, I did not see any reason anywhere for creating the office of the Director-General of Railways, Calcutta Area. Not that I am against having such an office—probably it may be necessary—but we have not seen its justification by Finance Committee. I can quite understand that you have ordered the engines, but the creation of an important post like this is a thing which cannot be done under emergency powers of the Railways and without the advice of the Finance Committee. I think in this case the permission of this House should have been obtained.

**The Honourable Sir Edward Benthall:** I think that has been dealt with in Supplementary Demand No. 3 which has been passed!

**Dr. Sir Zia Uddin Ahmad:** Since it is mentioned in the report, we ought to have had a memorandum about it. In the whole of the discussions not a single member of the Standing Finance Committee for Railways has spoken so that we could be enlightened on the subject. All we have had is the printed report of the Standing Finance Committee. You ought to supply us with better information so that we can intelligently vote and exercise our right in a useful manner. At present we have to take for granted the opinion of our colleagues in the Standing Finance Committee.

It is desirable when an important action is taken that it ought to be reported in the form of a statement or a resolution. We do not want to stop the good working of the railways, but it is desirable that the House should be taken into confidence in all these important measures. If you do that you will get the support of this Assembly and that means public goodwill. We had an example of the Road Trust Board. That is a point on which the opinion of the House ought to have been taken before embarking on the scheme. The point that my friend emphasizes, and I do the same, is that in any measures where you deviate from the settled policy, you should take the House into confidence and I can assure you that the House will give you full support because we are anxious to see the railways progress as it is our biggest national asset.

**Mr. Zahid Husain:** Mr. Chettiar asked a question regarding deferred maintenance. That is not mixed up with any item under this supplementary demand. What is proposed in connection with the maintenance is that a portion of the general reserve should be considered as ear-marked for overtaking areas of maintenance at the end of the war in case it is found necessary to obtain any assistance from the reserve. It was explained that maintenance is being postponed in a very limited field.

**Mr. T. S. Avinashilingam Chettiar:** Can you give me the cost of the deferred maintenance?

**Mr. Zahid Husain:** We propose that a sum of five crores should be ear-marked for deferred maintenance up to 1944-45 and two crores a year thereafter subject to revision in the light of conditions obtaining from year to year.

Some questions have been asked about the Depreciation Fund Enquiry Committee. The report has not yet been examined and we have not yet reached any conclusion, but it is our intention to resume the enquiry as soon as the

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conditions are favourable and it is possible to detach officers for the purpose of undertaking the enquiry and for the purpose of collecting statistics and data which must be supplied to the Committee for the purpose of enabling it to discharge its duties. The enquiry committee has found that the railways are not maintaining the necessary data in regard to various categories of assets but it did find that data is being maintained for the assets of the mechanical department which covers rolling-stock, locomotives and machinery, which comprise the largest proportion of the assets of the railways. So although I would not claim that the conditions are as satisfactory as they should be, they are not as unsatisfactory as they are sometimes painted.

**Mr. T. S. Avinashilingam Oettiar:** But how to judge it without figures?

**Mr. Zahid Husain:** Data are being maintained for assets of the maintenance department which covers rolling-stock and machinery. This covers the largest proportion of the total assets of the railways.

With these remarks I commend the motion to the House.

**Mr. Chairman** (Mr. Abdul Qaiyum): The question is:

"That a supplementary sum not exceeding Rs. 2,51,85,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Working Expenses—Maintenance of Carriage and Wagon Stock'."

The motion was adopted.

#### DEMAND NO. 6-D.—WORKING EXPENSES—MAINTENANCE AND WORKING OF FERRY STEAMERS AND HARBOURS

**Mr. Zahid Husain:** Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 10,87,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Working Expenses—Maintenance and Working of Ferry Steamers and Harbours'."

**Mr. Chairman** (Mr. Abdul Qaiyum): Motion moved:

"That a supplementary sum not exceeding Rs. 10,87,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Working Expenses—Maintenance and Working of Ferry Steamers and Harbours'."

**Dr. Sir Zia Uddin Ahmad:** You will find that this is due to the heavy repairs caused by excessive use of the engines. The Standing Finance Committee on page 67 of their report . . .

**The Honourable Sir Edward Benthall:** I take it that the Honourable Member is dealing with Demand No. 6-D relating to the working of ferries and not of engines—page 8 of the supplementary demand!

**Mr. Sri Prakasa:** Anything that the Honourable Member says is relevant to anything! That is our experience.

**Dr. Sir Zia Uddin Ahmad:** About ferries I have one thing to say. When you embark on such a scheme of ferries, that is really the co-ordination of the water services with the rail. The question of rail, road, water and even air services should be discussed together. This is similarly linked up with the problem of railways taking the responsibility of running the water services. So I think this is also a question to be associated with the general problem of transport.

**Mr. Chairman** (Mr. Abdul Qaiyum): The question is:

"That a supplementary sum not exceeding Rs. 10,87,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Working Expenses—Maintenance and Working of Ferry Steamers and Harbours'."

The motion was adopted.

#### DEMAND NO. 6-E.—WORKING EXPENSES—EXPENSES OF TRAFFIC DEPARTMENT

**Mr. Zahid Husain:** Sir, I move:

"That a supplementary sum not exceeding Rs. 2,38,44,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Working Expenses—Expenses of Traffic Department'."

**Mr. Chairman** (Mr. Abdul Qaiyum): Motion moved:

"That a supplementary sum not exceeding Rs. 2,38,44,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Working Expenses—Expenses of Traffic Department'."

**Mr. T. S. Avinashilingam Chettiar**: Sir, there is a reference to 'handling charges': I would like to know what are these charges? I find that in the coming year's Budget it has been further increased.

**Mr. Zahid Husain**: It represents charges paid to contractors for loading and unloading of goods. Naturally their rates have increased owing to war conditions.

**Mr. T. S. Avinashilingam Chettiar**: Are these charges not recovered from the people who receive the luggages?

**Mr. Zahid Husain**: So far as goods are concerned the goods rates are supposed to include handling charges.

**Mr. Chairman** (Mr. Abdul Qaiyum): The question is:

"That a supplementary sum not exceeding Rs. 2,38,44,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Working Expenses—Expenses of Traffic Department'."

The motion was adopted.

#### DEMAND NO. 6-F.—WORKING EXPENSES—EXPENSES OF GENERAL DEPARTMENTS.

**Mr. Zahid Husain**: Sir, I move:

"That a supplementary sum not exceeding Rs. 76,58,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Working Expenses—Expenses of General Departments'."

**Mr. Chairman**: (Mr. Abdul Qaiyum): Motion moved:

"That a supplementary sum not exceeding Rs. 76,58,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Working Expenses—Expenses of General Departments'."

**Mr. M. Ananthasayanam Ayyangar**: In the Explanatory Memorandum in the explanation that is printed below it is stated "Additional provision has been found necessary on all railways mainly for the benefit of dearness allowance, engagement of additional staff and for raising the minimum pay of staff". I want to know what was the minimum before and by how much it was raised?

**Mr. T. S. Avinashilingam Chettiar**: Sir, I want to know what these General Departments are. Under this heading there are many items such as management and control of Boards of Directors, Agents and General Managers' offices, Accounts and Audit Departments, Stores Department, Medical Department, Watch and Ward Department, the cost of the Order Police, etc. Why are these things jumbled up under one Head. Medical and Police should be separate. I would suggest that some of these departments should be separately accounted for and separate accounts given. That would be the proper procedure.

There is an expense for London Boards. What are these London Boards? I do not know whether any of our railways still maintain London Boards.

As regards police, there is reference to contribution towards the cost of Order Police and additional police for the protection of railway property. As far as I remember the Honourable Member in reply to a question the other day said that these police were imposed in 1942 and they are being gradually reduced owing to improved conditions. Now, I find that in 1945 they are spending more on the Order Police. I would like to know whether the time has not come when the police which were requisitioned in 1942 at the time of the August disturbances should be withdrawn gradually and the money spent on this particular item reduced.

**Mr. Zahid Husain**: There are three categories of staff on the Railways—Gazetted, Subordinate and Inferior staff. This refers to subordinate staff, which includes clerks, station staff, and so on. The minimum pay varies from



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railway to railway but generally it used to be Rs. 30 and it was raised by Rs. 10 subject to a maximum of Rs. 40.

As regards various departments being collected together under one demand, I must say that I am not responsible for collecting them under one demand. This was done possibly as a result of the Resolution passed in 1924 when railway finance was separated from general finance and a Standing Finance Committee was appointed. This Committee was expected to examine the question of the demands which should be placed before the Legislature. This was the set-up agreed upon at that time and I believe it must have received the approval of this House. We have a separate demand for each major department like the Traffic Department. There are two demands for one Mechanical Department. But the departments under this demand are comparatively small ones and probably therefore from the point of view of convenience it was decided to collect them under one demand. If it is the desire of the House that this should be looked into again, we will place the matter before the Standing Finance Committee and take their views on the question.

As regards London Boards, the accounts of all company-managed railways which belong to the State were incorporated in our accounts. Therefore the London Boards exist in our accounts also but they will disappear now from 1945-46, because there is no major company-managed railway managed from London now.

As regards protection of Railway property, there are two kinds of establishment that are engaged for ensuring the safety of railway communications in India. Police provided by Provincial Governments and our own establishments. There were schemes on all Railways and they were given effect to from varying

4 P. M. dates. According to the figures before me, the police provided by Provincial Governments has cost Rs. 22,47,000 in 1942/43, Rs. 21,86,000 in 1943/44, Rs. 26,40,000 in 1944/45 (revised budget), and will cost about Rs. 24 lakhs next year. The 1944/45 figure contains some arrears thrown forward from 1943/44, and the actual expenditure properly relatable to that year is less than Rs. 26 lakhs 40 thousand. There has been some reduction in numbers, but we have not got accurate information at present; that reduction has been swallowed up by the increase in the costs of the establishments. Now, taking our own establishments in 1942/43 we spent about Rs. 11½ lakhs, in 1943/44 Rs. 26½ lakhs, and in 1944/45 Rs. 12 lakhs. We keep the matter under constant review, but until the war ends, it will not be possible to make a very large reduction in the police provided by the Provincial Governments; but we have been able to make very large reductions in the establishments financed by Railways themselves.

**Mr. T. S. Avinashilingam Chettiar:** If I may point out a contradiction, he said that the police were reduced, but that the cost has increased. The note on the other hand says, 'additional police for the protection of railway property in the conditions created by the war'. This specifically says that the number has increased.

**Mr. Zahid Husain:** I apologise for this loose wording.

**Mr. Chairman (Mr. Abdul Qaiyum):** The question is:

"That a supplementary sum not exceeding Rs. 76,53,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Working Expenses—Expenses of General Departments'."

The motion was adopted.

DEMAND No. 6-H—WORKING EXPENSES—EXPENSES OF ELECTRICAL DEPARTMENT.

**Mr. Zahid Husain:** Sir, I move:

"That a supplementary sum not exceeding Rs. 76,74,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Working Expenses—Expenses of Electrical Department'."



**Mr. Chairman (Mr. Abdul Quiyum):** Motion moved:

"That a supplementary sum not exceeding Rs. 76,74,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Working Expenses—Expenses of Electrical Department'."

**Mr. T. S. Avinashilingam Chettiar:** Details are given on page 115 of the Proceedings of the Standing Finance Committee's Meetings of 29th and 30th January, 1945. I find two items there for which I would like to have an explanation:

"Cost of wireless equipment being mainly a throw forward from 1943-44 in which year provision was made for this in the Capital programme—Rs. 25½ lakhs."

What is the wireless equipment referred to, and for what use?

"2. Increased expenditure on repairs to electric coaches, plant and installations, signalling materials, train lighting equipment, replacement of battery sets, etc."

I am surprised that there is an extra provision for train lighting. We do not find any lighting at all in the trains. In huge compartments we find one 5 candle power bulb. Even in the higher classes latrines are not lighted, and the Honourable Member said that he had not received bulbs.

**The Honourable Sir Edward Benthall:** More intensive use, the note says.

**Mr. T. S. Avinashilingam Chettiar:** I am not able to see how you spent extra money on lighting equipment. Possibly as he said, no bulbs were purchased or lost, but in the accounts we read 'spent on bulbs'.

**Mr. M. Ananthasayanam Ayyangar:** I would like information on two points. (1) 76 odd lakhs has been spent under this heading, for electrical and other goods. Was any portion of this manufactured by the Railways themselves? (2) Where, if any, and to what extent these stores were produced in India?

**Mr. Zahid Husain:** As regards wireless equipment, after the disturbances of 1942-43, it was decided to establish wireless communications between important stations as an alternative means of communication for use in emergencies. According to the usual practice of Railways this equipment was treated as a charge to capital, although strictly speaking, under the rules, it should have been treated as a temporary work required only for the emergency and therefore debitable to revenue. We have therefore decided now, after looking into the question, to debit it to Working Expenses. The question whether wireless communications should be established on Railways as a permanent means of communication has not yet been considered and decided.

As regards lighting equipment, we make our best efforts to do whatever is possible, and we have been ordering large quantities of bulbs and other equipment, and we hope to improve the position as far as possible.

As regards manufacture in our own workshops in India, I am not able to make any statement regarding electrical equipment, but, I know generally that Railway workshops have manufactured a very large number of spare parts, components, etc., which used to be imported before the war.

**Mr. M. Ananthasayanam Ayyangar:** What about bulbs?

**Mr. Zahid Husain:** As far as I am aware, bulbs are not manufactured in our workshops, but are manufactured in private workshops in India.

**Mr. Chairman (Mr. Abdul Quiyum):** The question is:

"That a supplementary sum not exceeding Rs. 76,74,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Working Expenses—Expenses of Electrical Department'."

The motion was adopted.

#### DEMAND No. 10-A—WITHDRAWAL FROM RESERVE.

**Mr. Zahid Husain:** Sir, I move:

"That a supplementary sum not exceeding Rs. 2,17,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Withdrawal from Reserve'."

**Mr. Chairman (Mr. Abdul Qaiyum):** Motion moved:

"That a supplementary sum not exceeding Rs. 2,17,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Withdrawal from Reserve'."

**Mr. T. S. Avinashilingam Chettiar:** This matter has been creating some sort of doubts in the minds of many of the Members of this House. While the Railway Member or people who go along with him may think that the management of the finances of the railways is satisfactory, there are others who have misgivings. The real reasons for the misgivings are these. Looking at the figures on paper one may think that the railway finances are very well off and we are getting a lot of money and we are paying to the general revenues as we never did before—32 crores. But the reason for the misgivings are these. As the Honourable Member accepted it himself, the income figures are largely illusory. The reason is that they are never received in cash but by way of adjustment. If I remember correctly, the figure he gave was that about 60 per cent. of the traffic in India today is military. Most of it is paid by way of adjustment; and naturally when we talk about bloated receipts it arises out of these illusory receipts. But the debits are real. Why do we call them real? The 92½ crores of rupees which you have paid and are bound to pay for the locomotives is real—every rupee of it must be paid. The few crores of rupees that you have to pay on the orders for wagons placed outside this country are real. And all the money you have spent on the maintenance of the works, and on your highly paid officers is all real; and now I ask this House to consider whether the allotment you are making to reserves for the future is sufficient for a good commercial concern. That is a matter which we raised a few minutes back—about the depreciation that ought to be allowed for structural works, the depreciation that ought to be allowed on locomotives, the depreciation that has to be allowed on wagons—if they are all on a rational basis and if we can say with courage that we will meet what is going to come to the railways in the future—it may be depression like the one we had after the last war—and whether the Railway Member and the Financial Commissioner can say "We have done well". Considered from that point of view I want you to think it over whether we have really considered well. I ask them, what is the rationale of writing down 40 per cent. of the monies spent on locomotives as an extra war time payment? I have not been satisfied with it. The Honourable Member says that he will satisfy me—I hope he will; but in my opinion it is not a proper value. Again, what about wagons? The standard that he has set before himself—about 150 per cent. over the value of 1938-39 as the proper cost of the present wagons—that also I am not able to understand the reasons as to how he arrived at that figure.

**The Honourable Sir Edward Benthall:** Actuals.

**Mr. T. S. Avinashilingam Chettiar:** I would like the Member to give us figures instead of mere *a priori* statements as to the rationale with which they have arrived at those figures. As regards structural works, the extra value is put at 50 per cent. of the present value, as being the higher price they paid for war time buildings. I say from daily experience as a layman that this is absolutely insufficient. We are building at 300 per cent. of pre-war levels of cost; and if you say 50 per cent. above pre-war prices is sufficient, you are wrong and you are deluding yourself and you are trying to shut your eyes to facts. If you calculate your depreciation properly you are afraid to arrive at a figure at which large profits will not be left. But I warn you. I want you to be rational; I want you to have proper statistics and good accounts, and then whatever has to be met, we shall have to meet.

Now, I come to the question of reserve. I understand, subject to correction—I have not read the book which my Honourable friend, Dr. Sir Zia Uddin Ahmad has given me—that there are two reserves in the railways. One is the Railway reserve and the other is the depreciation fund, which is also a reserve. I do not know—and I wish that they will give in some portion of their reports hereafter—the figures of the current depreciation fund and of the railway

reserve fund somewhere in their books—I have not been able to find it in any of these books.

**Mr. Zahid Husain:** Explanatory Memorandum.

**Mr. T. S. Avinashilingam Chettiar:** I am thankful to you—I did not go through it as carefully as I ought to have. I would like to know what reserve you have in the railway reserve fund. I would also like to know something—laymen as we are—as to what purpose you want to take monies from the railway reserve for, and for what purposes you want to take money out of the depreciation fund. Our assets are about 900 crores; our reserve, if I remember aright, will be 92 crores at the end of the war; the railway reserve is—how much?

**Mr. Zahid Husain:** Expected to be about 30 crores at the end of 1945-46.

**Mr. T. S. Avinashilingam Chettiar:** That is about 120 crores in both the reserves. Out of these have to be met also the deferred renewals which you have not repaired to date, which the Honourable Member has calculated at 5 crores till now and 2 crores per year. I would like him to consider all these things together and to say whether he feels that the railway reserves are kept at their proper levels. Also, whether their assets, which they have not been gone into, are really today equal to 900 odd crores, which are the capital sunk over these railways. It may be all right for the Railway Member to come forward today with surpluses. But he must remember these are not the results of his efficient working, but the results of four or five causes, namely: one, you have cut down your own trains; two, the competing agency, the buses, have been cut down; three, the military traffic is the biggest traffic you are having; four, all these controls are being kept in Delhi, and they keep a large amount of people from going to different parts of the country. These are things which will disappear suddenly at the end of the war, and what will you be left with? All the railways will be rotten; all third-class compartments will be rotten; all the first and second class compartments will be rotten; the lines will all have been overworked and will need large repairs; in addition you will have these war-time locomotives and wagons which are short lived and their renewals will come up much quicker than otherwise. The result will be in a few years after the war, with depression working on one side, the road traffic coming in on the other side and destroying your traffic, and your own enlarged traffic—the result will be you will find everything rotten, and when you want to repair all these things you will not have any money. It will not then be a case of contribution to the general revenues; but I am afraid the general taxpayer will have to pay even the interest charges on these 900 crores. We have made it before and I am afraid we may have to do it again, judging by the way in which Railway finance is being managed today. Then after 15 years it will be said, when everything gets rotten, when the locomotives and tracks are bad and everything requires repair and you do not have money and when the Honourable Member perhaps has retired and left matters in charge of Indians—he will say that the blame for the rotten working of the railways is due to having Indians at the top. I have no doubt that if some unthinking Englishman were to make a statement like that, we can only say that you have given us a rotten heritage and your working has been very bad. I seriously contend that the way in which the finances of the railways are managed is not proper and the future of the railways after the end of the war is not as hopeful as it should be.

One word more. I should like him to consider these things. When this bureaucratic administration does a thing, it tries to stick to it and says it is best under the circumstances. They would not like to change it. I hope that this foolhardy attitude would not be adopted by the business man who has taken office today. I hope he will consider these things and bring about a change at least by the time he presents his next budget before this House.

**Dr. Sir Zia Uddin Ahmad:** This particular demand vitates the very purpose for establishing a reserve fund. The very idea of a reserve fund is that you build up some reserve during boom time in order that it may be available to you during the time of depression. We hear all the time that the railways are

[Dr. Sir Zia Uddin Ahmad.]

a public utility concern and my friend the Railway Member pressed upon us something more, that we are also a business concern. I agree with him and if it is a business concern, you ought to build up a reserve which may meet your difficulties during the time of depression. In the depression of 1930, we had to follow strict economy. We had retrenchment, we reduced salaries, we reduced the scale of promotion and we raised the customs duty by 25 per cent. and upset the whole economic structure of the country. The Railways ought to be above these vicissitudes and changes and they followed the methods of business concern. This was also the recommendation of the Wedgewood Committee, that we ought to build up some reserve during the boom period so that it may be used during the time of depression. My friend Sir F. E. James persisted on one occasion that this reserve ought to be 10 per cent. of the capital, that is 100 crores. Now, what is the meaning of spending from your reserve fund during the boom period? It must come from other sources, I am sorry that we should be asked to vote for withdrawal from the reserve. As my friend pointed out, by the end of the year, it will be in the neighbourhood of 30 crores. It really falls very short of 10 per cent. of the capital at charge. Any withdrawal during boom time is not justifiable. It is not in keeping with the object of the reserve fund. It is not in keeping with the claim that the Railways have always put up, that they are a business concern. When depression comes, there should be no retrenchment and no difficulty in running these trains. My friend who is a business man ought to know that in the depression of 1930-31 only those businesses flourished which had built up a reserve and which could be used in times of difficulty. Those that had invested in assets which could not be sold at a moment's notice came to grief. This principle ought to be adopted in the case of railways. They should have sufficient reserve to meet the cyclic period of 6 or 7 years of depression which comes at regular intervals. If you look into the history of railways from 1857, you will find that they always had a cycle of boom and a cycle of depression. Any attempt to use up the reserve during the boom is not a correct policy and it is against the recommendations of the Wedgewood Committee.

As regards the point raised by Mr. Chettiar, it is unfortunate that the Acworth Committee came to India in 1922. Sir William Acworth came to India after his experience in Australia and of the German railways after the war. If the committee had been appointed in 1930, its recommendations would have been very different. It is unfortunate that they advised to restore depreciation in spite of its abolition in 1875. The time will come when we shall find ourselves in a series of financial conundrums. The basis on which we started and our blessings of the convention of 1924 were in the wrong direction and the time will soon come when they will have to be revised. I do not object to the expenditure but the money should not be debited to the reserve fund. The boom will not go on for many years and then the depression is sure to come. With a reserve of 50 crores, I would have given you 3 crores, but as things are, I oppose the motion.

**Mr. Sami Vencatachalam Chetty:** It is with some trepidation that I speak on this motion. I am not inclined to be unduly pessimistic about the position of the Railways as my friends Mr. Chettiar and Dr. Sir Zia Uddin Ahmad. After all, I believe the recommendations of the Wedgewood Committee have been strictly followed with particular emphasis this year and a considerable portion of the cost of materials bought is debited to working expenses instead of to capital. I thought that the Railway Board and the War Transport Member did really a wise thing in debiting more than the ordinary proportion of the cost of materials to working expenses, so that the excessive cost that we are paying during this war period may be counteracted by larger debits to depreciation and other working expense accounts. So far as the receipts from the military are concerned, my friend Mr. Chettiar said that it was all a paper adjustment. Now, Sir, I believe that every transaction is a paper adjustment. If there is a credit from the military to the railway finance, there must naturally be a debit in our defence budget which we will see in course of time. Therefore, Sir, so

far as railway finances are concerned, it is really actually an entry of credit, whether that credit is in the shape of goods or in the shape of paper money, which is the only money that is now current with us. If there is going to be a general depreciation in regard to value of paper money, there will be depreciation also including railway surplus. So, I do not think there is much point in saying that receipts from defence expenditure is not a substantial and reckonable entry so far as our railway finances are concerned. In my opinion, it is as much a credit item as the receipt from passenger traffic or goods traffic outside military operations. So far as debit to purchase of goods and structural constructions, I think they have been prudent in making a larger provision for depreciation. My fear is that by stressing too much upon the whole thing being debited to working expenses, they in their usual unsympathetic attitude towards public grievances will get greater support from our arguments; you said all this money should be debited to working expenses or to depreciation fund, and so there is no money for giving more amenities or more facilities for passengers. It is from that point of view that I am afraid this argument might be used. So far as railway financial condition is concerned and the railway finances are concerned, I should rather think it is better than in previous years and I find large sums towards depreciation reserve fund are very prudently made.

**Mr. M. Ananthasayanam Ayyangar:** Sir, I am not so hopeful as my Honourable friend who spoke just now. I hope that a majority are in my favour. Sir, I am not merely addressing myself or addressing the House on the political aspect of this question. I treat it more from a commercial point of view, from the point of view of a businessman or of a shareholder of a company who would ask the managing director to account. The Honourable Member for War Transport wanted the entire Indian population to feel as if they are the owners of this asset and that we are the directors of that company. The Honourable Member himself is the managing director. I shall now address myself from this standpoint. Now, Sir, let me say that after nearly 100 years of administration of this asset, we are aware that we have got a debt of 899 crores. What is the capital at charge? The capital at charge is an unknown figure. It has been said to be 799 odd crores. What is the present worth of this capital at charge? If we have the present worth in rupees, annas and pies calculated up to date and then add to it depreciation, then we will have a capital at charge. But here both depreciation and present worth are unknown quantities. If in an equation, out of three, two are unknown, how are you to get the third? That is our present position. After nearly 100 years, is it not necessary to take the analogy of any company? Would we not wipe out the whole debt and also build up a huge reserve? The debt is there. The Wedgewood Committee, in their report, say that every year, there should be allotted some five crores towards amortisation of debt. That has not been done. That has never been done till now. The present allocation is between reserve and depreciation and I personally would say, if there is a conflict between setting apart certain funds which are surplus in a particular year to the reserve or the depreciation fund, then I will preserve the depreciation fund, because reserve is intended for paying off interest every year. So far as depreciation is concerned, it is for the purpose of replacement. It is no doubt true the question therefore will be into which pocket belonging to the same administration money is to be put in—the administration as a whole is neither undergoing a profit or undergoing a loss. Therefore, we need not be too ticklish about the question as to whether reserve ought to be built up in preference to depreciation or depreciation fund must be overloaded in preference to reserve. Both mean the same thing. If the reserve is not sufficient there, we will draw from depreciation fund. In one year or other, we will borrow and pay our interest. That is the present situation. What we have to address ourselves to is whether the situation as a whole, the administration of the asset as a whole is on a sound basis. I honestly differ from what the Honourable Member for War Transport has been saying all along and from what he addressed us in his opening speech on the Budget. Our present position is far from sound. There is a huge debt over this asset. We do not know what

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exactly it is. The asset, as Mr. Chettiar said, may be wholly rotten, the railways are rotten, the wheels are rotten, the coaches are rotten, everything concerning the railways are rotten. All these together, if they are scrapped, may not fetch even ten per cent. of the capital at charge. Therefore, 800 crores and odd are our debt; ten per cent. of it are our assets. In order to pay this debt, we will have to tax ourselves, in order to re-establish and rehabilitate this industry we will have to tax ourselves. That is our present financial position. Therefore the more the depreciation fund, the better for us. Therefore I agree that out of this demand, two crores odd ought to be set apart, taken from the reserve and allotted to depreciation fund. I want an assurance from the Honourable Member in charge of this Portfolio and it is this. Depreciation has not yet been calculated on any scientific basis. It was complained of that one-sixtieth flat rate is allotted towards depreciation fund. This was condemned in the Wedgewood report. How do you arrive at one-sixtieth? Is it by rule of thumb? Therefore they suggest actual valuation of the assets and that the depreciation must be calculated on the life of each asset and average struck. Even this is not felt to be scientific by the American standard. They have a different rule. But let at least the superior method suggested by the Wedgewood Committee so long ago as 1936 be followed. What is the explanation of the Honourable Member and his Department, which is already heavily overloaded? What is their explanation for not having brought this scientific approach towards the calculation of this depreciation fund? There is absolutely no explanation. One gentleman who has been appointed has not yet been able to calculate. My first and foremost complaint is that this is not treated as a commercial concern at all. He has clouded the whole thing, he has camouflaged the whole thing. I am really sorry that this huge asset is mismanaged. No doubt in the speech which the Honourable Member made and in the arguments advanced by the other Honourable Member who joined him, they made an attempt to make what is a bankrupt as not really bankrupt so that in the world at large, we may be able to borrow and have large credit. That is for the purpose of making it appear in America that we have got a beautifully huge asset on the credit of which we can borrow from the American market. Let me say once more that this asset is absolutely rotten. I therefore appeal to this House not to vote for this item unless and until the Honourable Member gives an assurance that he will change the method of calculation and arrive at a regular scientific depreciation and then say what is exactly the present worth of our asset. Let us know it. As regards allocation between reserve fund and depreciation, I have no quarrel with him. It is a matter of no consequence whether the amount is to put into depreciation fund or in the railway reserve fund.

**The Honourable Sir Edward Benthall:** I am very glad to hear some Honourable Members support the argument for strong railway finances, and I am particularly pleased to hear my Honourable friend Mr. Sami Venkatachalam Chetty, if I understood him correctly, express some appreciation of the better conditions of railway finances compared with previous years. I think there are only one or two points which have arisen from the remarks of the Honourable speakers which need explanation. The last speaker referred to the question of a scientific basis for the depreciation fund. That has been the subject of discussion on the Convention Committee, and in order to reach this scientific basis we set up the Sankara Aiyar Committee which made certain investigations and found that owing to the pressure of war work and the expenditure of officers' time that it would take to prepare all the schedules that they required it would not be possible to carry through that investigation without seriously interfering with the operation of the railways. But I can give him the assurance that the desire to find that scientific basis exists and that we have taken the first step to meet the requirements of the situation.

[At this stage Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]



My Honourable friend Sir Zia Uddin and one or two other speakers criticised the withdrawal from the reserve of 2.17 lakhs. I think that that should be viewed in close connection with the addition to the reserve of 10.1 crores against which there is this withdrawal of 2.17, so that there is a net accretion this year 7.84 crores. Whether that is enough or not is of course a matter of opinion, but our policy has to be shaped in accordance with the means at our disposal. I would, however, point out that that 7.84 crores compares very closely with the figure of 8 crores which two years ago I said that I thought ought to be set aside each year for Reserve. I consider that the appropriation of a figure of 7.84 crores to railway reserve this year coupled with the preservation of our capital position and the preservation of our depreciation fund is a satisfactory achievement, particularly at this stage of the war.

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

"That a supplementary sum not exceeding Rs. 2,17,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Withdrawal from Reserve'."

The motion was adopted.

#### DEMAND No. 12—OPEN LINE WORKS.

**Mr. Zahid Husain:** Sir, I move:

"That a supplementary sum not exceeding Rs. 1,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Open Line Works'."

This is a supplementary vote which I trust will meet with universal satisfaction and approval. There is actually no excess under this grant but this token demand is being placed before the House to bring to its notice and seek its approval to a major transaction which occurred during the year without being included in the budget,—I mean the purchase of the Bengal Nagpur Railway. At the time when last year's budget was framed we did not expect that the negotiations would be completed so quickly as they actually did. The negotiations had been started at that time but progress was not expected to be very quick. They however took a favourable turn and we were able to take over the Bengal Nagpur Railway from 1st October, 1944.

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

"That a supplementary sum not exceeding Rs. 1,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Open Line Works'."

**Mr. M. Ananthasayanam Ayyangar:** Sir, I only want to say that neither the Honourable Member in charge nor the Government of India need take any credit for having purchased this line now. This is a token cut and I am entitled to say that they are obliged to do it as a matter of policy. We know that when Sir Muhammad Zafrullah Khan was in charge of this department some years ago we pressed upon him to purchase the railways then. One of the railways was the M. and S. M. Railway and we asked him to purchase it. Money was then very cheap in the market; people were throwing their money in the savings bank which was not giving them an interest of even one per cent. Money otherwise was very cheaply available; but he said, "We shall purchase one other railway—the South Indian Railway—so that both of them can be worked together. For administrative purposes it will be convenient." Therefore he put it off with excuses. The real excuse was that they had plenty of money before the war. If this money should be repatriated to England Englishmen might not have another easy investor. That was the truth. Today they are in need of money for war and wherever they have invested they have taken it away, and therefore it is a virtue of necessity. So far as the purchase of this goes, let not Government take credit for having purchased it, if there are no facilities for its being Indian-owned, Indian-operated, and so on. Let them not purchase it now; after all it is not a useful asset. So far as I am concerned, these are according to the Honourable Member himself illusory gains that we are having during the war on account of military operations up and down. We do not know what this



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asset will yield. Soon after the war trade will be depressed and also the up and down operations of the trains will get depressed for the want of funds. I therefore take this opportunity to say that Government need not take credit for this. If really they establish locomotive factories and automobile industries and aeroplane factories, they will be entitled to get thanks from us. Till then they will only be entitled to abuse.

**Dr. Sir Zia Uddin Ahmad:** Sir, we have already voted 85 crores 82 lakhs and 91 thousand rupees today as supplementary grants to the Railway Department. And after getting this huge sum they now come with their thirteenth demand for Rs. 1,000. This reminds me of a story. A man went to a sweetmeat shop and bought sweets worth Rs. 10,000, and at the end of all that he wanted a small *rabre* to eat.

This demand for Rs. 1,000 is a token demand. As regards the policy of purchase which lies behind this demand we are at one with the Railway Department; I think they have done wisely in purchasing these railways, and they are still wiser in purchasing the Bengal Nagpur Railway which in fact was to be purchased in 1951. So this purchase is in accordance with the wishes of this House expressed for the last 15 years, although it looks like a joke to demand Rs. 1,000 after the huge sums already granted.

**Mr. T. S. Avinashilingam Chettiar:** Sir, we are absolutely at one with Government in the matter of acquiring this railway. I am not referring to anything which my Honourable friend Mr. Ayyangar said. Many of the views which he expressed are true, and it rests with the administrations of the railways to see that Indians do really become proud of the Indian railways. It is really very good that we should acquire this railway too; and in this matter I should like to raise one question. I have seen in the reconstruction report which has been issued by the Government of India, one and a half pages in which post-war development of the railways is mentioned. I may assure the House and the Honourable Member that it is precious little that is given in those pages. We expected in that reconstruction pamphlet to get some detailed idea as to what is proposed to be done. One of the things mentioned in that is something relevant to this issue. They are going to regroup the railways to form economic units. When all the Indian railways have been acquired as State-owned railways it becomes easier for regrouping for the purpose of efficiency and economy of administration. I should like to know whether Government have really gone into the matter of regrouping of railways. If I remember aright, even in his Budget speech the Honourable Member made reference to the regrouping of the railways. Now that almost all the railways have become State-owned, when almost all the company-managed railways are no more company-managed but have come under the control of the Railway Board, will they speed up with this arrangement of regrouping so that there might be better coordination, greater efficiency and less expense? I hope the purchase of these railways will go a long way to speed up that regrouping and coordination.

**Mr. Sami Vencatachalam Chetty:** Sir, it is no doubt a matter for congratulation that the Railway Board after acquiring the M. and S. M. and S. I. Railways are also acquiring the Bengal Nagpur Railway. We are feeling pleased in the hope that the administration of the Railways would be much better and would improve in course of time at least. If it is going to be in the same manner as it is today, we would rather have a company system in which case we can look forward to our grievances being quickly redressed and which works on business lines than we are accustomed to in our transactions with the Railway Board.

Moreover, I suppose the Honourable the War Transport Member has not forgotten that this railway system is circumscribed within some territories and areas to suit the private companies which originally initiated these lines. Those areas have now become archaic and the whole of India requires regrouping having regard to the movements of commodities and passenger traffic.

Unless regrouping is made and the systems of administration are improved and also the rates all over the country are uniform, there is no particular reason why we should feel gratified at the Government having purchased this system. There is the case of one gentleman belonging to the M. and S. M. Railway Company who when requested to provide drinking water at Bezwada railway station had the audacity to say that the railway fare did not include the provision of water service charges. I hope that the heads of this administration will not behave like that and that they will have more sympathy and more regard for the conveniences of passengers.

**The Honourable Sir Edward Benthall:** I do not think I need make any prolonged remarks. The question of regrouping is, as I have said on a previous occasion, under the consideration of the Government at the present time. We are awaiting proposals from the experts as to what is the best way in which to regroup the railways and of course the Bengal Nagpur Railway is one of the Railways which we are considering in any regrouping that may take place. I hope, therefore, that the House will pass this grant of Rs. 1,000.

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

"That a supplementary sum not exceeding Rs. 1,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1945, in respect of 'Open Line Works'."

The motion was adopted.

#### THE INDIAN COMPANIES (AMENDMENT) BILL—*contd.*

**The Honourable Sir M. Azizul Huque** (Member for Commerce and Industries and Civil Supplies): Sir, this Bill was moved by me the other day and we have now to consider the amendments. I am quite prepared to accept amendment No. 2 of Mr. T. S. Avinashilingam Chettiar. I think that will satisfy the House.

**Mr. T. S. Avinashilingam Chettiar** (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, I move:

"That in clause 2 of the Bill, for the proposed sub-section (6) the following be substituted:

"(6) Nothing in sub-section (2) shall affect any rights of an employee under the rules of a provident fund to obtain advances from or to withdraw money standing to his credit in the fund, where the fund is a recognized provident fund within the meaning of clause (a) of section 58A of the Indian Income-tax Act, 1922 (XI of 1922), or, the rules of the fund contain provisions corresponding to rules 4, 5, 6, 7, 8 and 9 of the Indian Income-tax (Provident Funds Relief) Rules."

Sir, originally the fund contemplated withdrawals without any conditions. We, by an amendment, wanted to limit it to borrowing on certain conditions, but now we find that there are certain occasions in which certain withdrawals, without the liability to pay back, are also necessary, and so I move this amendment which has been agreed to by the Honourable Member.

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

"That in clause 2 of the Bill, for the proposed sub-section (6) the following be substituted:

"(6) Nothing in sub-section (2) shall affect any rights of an employee under the rules of a provident fund to obtain advances from or to withdraw money standing to his credit in the fund, where the fund is a recognized provident fund within the meaning of clause (a) of section 58A of the Indian Income-tax Act, 1922 (XI of 1922), or, the rules of the fund contain provisions corresponding to rules 4, 5, 6, 7, 8 and 9 of the Indian Income-tax (Provident Funds Relief) Rules."

**Dr. Sir Zia Uddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): Sir, may I ask one question? The Honourable the Mover of the amendment did not put down any limitation, namely, up to the extent to which money could be withdrawn from the Provident Fund.

**Mr. T. S. Avinashilingam Chettiar:** It is given in the rules.

**Mr. M. Ananthasayanam Ayyangar** (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): Sir it is opposed to the principles of the Provident Fund Act (1926). Sir the Provident Fund principle has not been applied to Provident Funds in companies. It is open to the Honourable Member to apply it to other institutions as funds of companies as it has been

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applied to local boards, railways, etc., where provident funds have been established. Under section 2, it is laid down:

" 'Compulsory deposit' means a subscription to, or deposit in, a Provident Fund which, under the Rules of the fund, is not until the happening of some specified contingency, repayable on demand, etc. . . . "

In the case of death of a person, it is a provision for his family. As a matter of fact, there is a provision that provident fund is unattachable and no debts can be paid out of it. Therefore to allow anybody to withdraw from his provident fund at any particular stage for whatever purpose would be opposed to the principle underlying the Act. I find, Sir, that the Honourable Member is going back on that principle and I would therefore suggest that he should delete the word 'Withdraw' in the amendment and restrict it to borrowing.

**Mr. President** (The Honourable Sir Abdur Rahim): It is now Five of the Clock. Sir Jeremy Raisman.

### THE BUDGET FOR 1945-46

**The Honourable Sir Jeremy Raisman** (Finance Member): Last year, when presenting the fifth war budget to this House, I referred to the period through which India had then recently passed as one of economic storm. This year, in presenting the sixth war budget, it is possible to refer to the twelve months which lie behind us as one of relative consolidation and stability in the economic field, in strong contrast to the dramatic events which have been taking place on the field of battle. In Europe, in Asia and in the Pacific the tide has more than turned; the enemy is at bay and who can doubt that 1945 will bring final victory, at least in Europe? These heartening achievements have helped, and abundantly helped, the battle on the economic front also; they are dispelling that fear of an indefinitely prolonged war which contributes to hoarding and to speculation. But important as the psychological consequences of military victories have been, I feel I can legitimately claim that the measures of economic control which were effected in 1943 and which have since been enforced with increasing vigour and determination have also contributed to the result. First and foremost I would put the improvement in the food situation. We are moving forward on three fronts: towards monopolistic government procurement, towards an everwidening extension of rationing, and now that we have a solid foundation under our feet, towards a wider nutrition policy, which will embrace the protective foods as well as the foodgrains.

2. Secondly, we have made notable progress in our attempt to maintain prices generally on an even keel, to control the distribution of textile goods and to prevent profiteering of all kinds. The general level of wholesale prices has been subject to fluctuations from time to time, according as a more or less optimistic view was taken of the duration of the war, but prices as a whole do not differ markedly from what they were in the spring and summer of 1943, when our anti-inflationary efforts began to be undertaken on a wide front. It is encouraging to note a greater degree of willingness on the part of the public to co-operate with us and to resent the anti-social activities of certain traders in withholding supplies and of others who do not hesitate to offer or accept bribes in the furtherance of their own selfish interests. Our efforts to improve the economic situation have been greatly assisted by the freer flow of imports—of foodgrains, raw materials and finished products. The House is aware of the fact that a Mission has recently gone to London for the purpose of further discussing with His Majesty's Government the possibility of lightening the load which the continuance of the war imposes on the Indian economy.

3. I must again emphasise, as on previous occasions, that though individual measures of the kind that I have referred to are indispensable, yet the keystone of our defences, apart from our taxation and loan programmes, lies in the conscious restriction of expenditure by the mass of individuals. Though certain

classes of the population have suffered, and continue to suffer, from the fact that their incomes have not yet become fully adjusted to the higher level of prices, yet large and very important classes of the population are now in receipt of money-incomes very much higher than those which they previously enjoyed. This applies to the industrial population and to the agricultural classes as a whole; to the traders and to the manufacturers. The consumers goods for which they crave are not yet available and, except in so far as the additional incomes which have been generated by the war are amenable to taxation, the only possibilities are abstention from expenditure and lending to Government. Naturally, at the present time, the latter is the more completely satisfactory solution; not only does such lending greatly assist Government in its anti-inflationary campaign, but it marks a break with the age-old tradition of hoarding, which may well be an even greater obstacle to the rapid progress of India than many of the factors which are more frequently mentioned.

#### FINANCIAL YEAR, 1943-44

4. I will first, as is customary, give briefly the results of the last financial year. In our revised estimates we expected to end the year with a deficit of Rs. 92.48 crores. The actual deficit turned out to be Rs. 189.79 crores. Defence expenditure exceeded estimates by about Rs. 96 crores. This was due partly to the fact that much of the fighting against the Japanese took place within, instead of wholly outside, India's frontiers and partly to an unexpectedly heavy adjustment in the accounts of the year in respect of vehicles utilised for the initial equipment and maintenance of India's local defence forces. There was also a deterioration of about Rs. 9 crores under Taxes on Income which was offset by an increased contribution from Railways and larger receipts under Excise.

#### FINANCIAL YEAR, 1944-45

##### *Revenue*

5. Coming to the current year, the total revenue receipts are now expected to be Rs. 356.88 crores, an improvement of Rs. 48.60 crores over the budget estimates.

Customs receipts are expected to improve by Rs. 12 crores as a result of larger imports made possible by the general easing of the shipping position. Of this amount, Rs. 2½ crores are accounted for by the import of locomotives and wagons. Under Central Excises, however, there is a shortfall of some Rs. 2 crores, mainly under tobacco, caused by transport difficulties and by reduced cultivation as a result of the drive in favour of food crops.

6. Taxes on income were expected to yield Rs. 182.5 crores, Rs. 78 crores from excess profits tax and Rs. 104.5 crores from other taxes on income. The progress of regular E. P. T. assessments has been stepped up so that we now expect collections under this head to reach Rs. 110 crores. There is, however, likely to be a fall of Rs. 4½ crores under other taxes on income, which are expected to yield Rs. 100 crores. This figure excludes the collections of approximately Rs. 60 crores under the "Pay-as-you-earn" scheme which are treated for accounting purposes as deposits pending completion of the regular assessments. The divisible pool of income-tax has been taken at Rs. 61.13 crores and the share of the Provinces at Rs. 26.56 crores (including Rs. 49 lakhs on account of the previous year's arrears), or Rs. 2.87 crores more than the budget figure.

7. An improvement of Rs. 2.56 crores is anticipated under Currency and Mint, due mainly to Government's share of the surplus profits of the Reserve Bank increasing from Rs. 7.50 crores to Rs. 10.07 crores.

The estimates also include Rs. 10.27 crores proposed to be transferred from the two War Risks Insurance Funds to cover the estimated payments this year under the Bombay Explosion (Compensation) Scheme.

The revenue of the Posts and Telegraphs Department is now estimated at Rs. 28.78 crores; that is, Rs. 86 lakhs more than the budget figure. Expenditure is placed at Rs. 19.46 crores, an increase of 2.85 crores. The anticipated surplus of Rs. 9.32 crores will accrue to general revenues.

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For reasons already made known to the House, it has been decided to stabilise the contribution from Railways to general revenues at Rs. 32 crores for the current and ensuing years.

#### *Expenditure*

**8. Defence Services.**—Turning to expenditure I begin, as usual, with the defence services. The past year has witnessed a succession of major triumphs for the Allied cause. On the Western front the years of intense effort and patient preparation at last bore fruit and the liberation of France was effected with a dramatic suddenness equal to that of its fall, four years earlier. The Allied forces in this theatre are now fighting on the borders of, and even within, Germany itself. Our progress on the Italian front has, it is true, been slowed down but only at heavy cost to the enemy who have had to lock up in this theatre forces that they very badly needed elsewhere, especially on their Eastern front.

On that front the Russians, in a succession of titanic offensives sweeping all before them, have succeeded not only in freeing their own territory entirely from the enemy, but also in forcing the capitulation of most of the Axis satellites—Rumania, Bulgaria and Hungary—and are now within striking distance of Berlin itself. With the Russians investing her capital, the other Allies hammering at her Western frontiers, and the Allied air forces continually destroying her centres of war production, it is difficult to see how the final collapse of Germany can be long delayed. Nor is the position of the other surviving Axis partner much less precarious. In the Pacific Japan is rapidly being forced to give up her ill-gotten territories; her navy and merchant shipping are disappearing under the combined attacks of the Allied sea and air forces, and she is now being subjected in her turn to the devastation of air attack.

**9. Developments in the S. E. A. theatre,** in which India naturally has a special interest, did not take quite the course envisaged at the time of my last budget speech. Before any major offensive based on India could be launched against them, the Japanese took the initiative and committed almost their entire resources in Burma to a large scale assault on India's North-Eastern frontier. Some of the bitterest fighting of the war followed, largely on Indian soil, but the months of rigorous training in jungle warfare based on past painful experience in this theatre, which had been given to our forces, now paid magnificent dividends and, as the House knows, the Japanese suffered a major and decisive defeat. The full magnitude of the disaster inflicted on the Japanese in this brilliant campaign has yet to be revealed but the results to some extent speak for themselves, since not only were such of their forces as survived flung back over the border but the demoralised remains have been in continuous retreat, suffering heavy losses in men and munitions of war in the process. As a result the whole of Northern Burma has now been delivered from their control.

Although the date of Japan's final discomfiture cannot yet be confidently predicted, the events just summarised encourage us to think that it may be nearer than we dared to hope a year ago. India may well be proud of the part played by her forces of all three services in these events, and it is satisfactory that the importance of her contribution in this theatre has at last been duly recognised and appreciated by the other Allied Nations.

**10.** I shall now briefly refer to other important developments in the field of defence which have taken place in India during the past year.

There have been a number of improvements in the terms and conditions of service affecting all arms. Certain improvements in the rates of proficiency pay of Indian other ranks that were in contemplation a year ago have since been sanctioned with effect from the 1st January 1944. Improved scales of basic pay and *batta* for Viceroy's Commissioned Officers were also introduced from the 1st April 1944. The Government of India have recently extended to personnel of the British Services in the India Command the war service increments of pay sanctioned from 3rd September 1944 by H. M. G. for such personnel in other

theatres. They have also sanctioned similar increments for personnel of the Indian services with effect from the same date. These pay increases are admissible to all those having more than 3 years' service since the outbreak of war.

There have been further improvements in the medical arrangements for dealing with sick and wounded in India. The standards of military hospitals, both as regards buildings and equipment have been raised; better cook houses, fully modernised operating theatres, and improvements in ambulance trains have been introduced. Particular attention, too, is now being paid to the rehabilitation of wounded men, and the medical services are doing everything in their power to restore the normal functioning of limbs injured on active service so that the men concerned may take the fullest possible part in their subsequent civilian roles. An artificial limb centre has been established in India and is playing a very important part in this rehabilitation process.

11. During the cold weather of 1943-44 plans were made whereby the Defence Services would produce much of the supplies of fresh provisions required for their own consumption. These plans have now matured and by the middle of the year 60 per cent. of the fresh vegetables and potatoes required by these services was being obtained from schemes sponsored by them. Large quantities of eggs and poultry were also being produced monthly. By the end of the year the Defence Services will be largely self-supporting in fresh vegetables and potatoes and the output of the other items mentioned will have been multiplied many times. In some places supplies of fresh food produced in this way exceed the service requirements and so become available for sale to civil consumers. These arrangements will also exercise a salutary check on the prices of such produce in the country at large.

In my last budget speech I made special reference to the efforts being made for the promotion of the welfare of the Defence Services. During the past year this subject acquired a good deal of publicity, particularly in the U. K., and the visit of the Earl of Munster to India was designed to investigate how far the complaints from service personnel regarding the welfare and amenities arrangements in India were justified, and what steps were necessary to put things right. The investigation showed that within the limited resources at their disposal the authorities in India had done what was possible to ameliorate generally living conditions for soldiers—both British and Indian—in India. Such improvements as were called for were dependent in most cases on obtaining goods and services from overseas and it is expected that greatly increased facilities for this purpose will now be afforded.

12. The improvement in the quality of the Indian Air Force continues; the most recent development is the introduction of the famous Spitfire aircraft, and one squadron equipped with these will shortly be given an active operational role as a fighter squadron.

During the past year the quality of the men who presented themselves for selection as General Duty Officers in the Indian Air Force has been somewhat lower than formerly. The effect of this has been a large wastage in training, and the necessity for increasing the monthly intake from 70 to 104 recruits. In spite of this, the 10 squadron target has not been reached owing to lack of pilots. The 9th squadron of the Indian Air Force was formed on the 20th February 1944 and the formation of the 10th is under consideration, but, unless recruiting improves, this will not be possible.

The Empire Training Scheme has been temporarily discontinued, but flying training in India continues as before.

13. The Royal Indian Navy continues to grow and further progress has been made in the construction of training establishments and holding depots. Apart from its work in the defence of India's ports and coasts, the Royal Indian Navy is playing a considerable role in escorting shipping and general policing duties in Indian waters. It has given invaluable support and protection to the land forces in the recent operations on the Eastern Front in which its landing craft have played a major part.



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14. India continued to receive goods and services from the U. S. A. under Lend-Lease arrangements and, in return, to grant Reciprocal Aid in various forms of supplies and services as explained in my speech last year. The demands for such aid have been heavier than was anticipated last year particularly in regard to works (mainly airfields), petrol and aviation spirit. To some extent this was due to the increased activities of the U. S. Forces in strafing the Japanese on India's North-Eastern Frontier. The estimated cost of Reciprocal Aid to be afforded at India's expense to the U. S. A. for which provision has been made in these estimates is Rs. 76.38 crores during 1944-45 and Rs. 70.34 crores during 1945-46. The value of such aid furnished in the year 1943-44 amounted to Rs. 35.11 crores and the progressive total of Reciprocal Aid from the beginning of the war to the end of 1944-45 would, on these estimates, amount to about Rs. 124 crores. At present the great bulk of Reciprocal Aid afforded to the U. S. A. in India is charged to Indian revenues and only a relatively minor amount of such aid (e.g., that relating to certain non-indigenous supplies) is financed by H. M. G. and treated as British Reciprocal Aid. The total amount of supplies and services expected to be made to India under Lend-Lease arrangements up to the end of 1944-45 is now estimated at roughly Rs. 515 crores and the value of these supplies and services which India, but for Lend-Lease, would have had to provide at her own expense is now assessed at approximately Rs. 150 crores. It is impossible to make any similar estimate for the year 1945-46 as the extent of Lend-Lease granted during that year must necessarily depend on war developments both in the European and the Eastern theatres. There seems no reason, however, to think that the value of Lend-Lease aid received by India to the end of that year will fall short of the corresponding amount of Reciprocal Aid to the U. S. A.

During the year under review India signed a direct Mutual Aid Agreement with the Government of Canada, which entitles her to participate in the benefits of Mutual Aid accorded by the Canadian Government to the Allied Nations. The precise effect of this Agreement upon India's defence expenditure has not yet been finally ascertained in the absence of complete information regarding the amount of such aid to be made available but, in framing the revised and budget estimates, a reduction of Rs. 5 crores has been allowed on this account in the estimates of each year.

15. In my last budget speech I referred to the necessity for ensuring that India's economy was not subjected to an intolerable strain as a result of its employment as a major base of operations against Japan. I have already referred to the Mission under Sir Akbar Hydari which is now in London examining in detail the extent to which demands for commodities required for war purposes, hitherto placed on India, can be met from other sources, and further what goods badly needed here can be sent out in order to offset the general depletion caused by war demands. It is hoped that this Mission, besides bringing much needed relief to India's economy, will have a wholesome educative effect on opinion in the United Kingdom and produce a better appreciation of the magnitude and nature of India's war effort.

16. During the year the negotiations with H. M. G. that have been in progress for some time past regarding the allocation during the war of non-effective charges, i.e., pensions and gratuities paid to personnel of the defence services and their dependants, were concluded and an agreement between the two Governments on the subject has now been reached.

Prior to the outbreak of the present war, each Government received from the other contributions in respect of so much of the pensions and gratuities of their own armed forces as were reckoned to have been earned in the service of the other Government. Since under normal conditions the number of British service personnel employed in India far exceeded the number of Indian service personnel employed at Imperial stations, the net result of these adjustments was a substantial annual payment by India to H. M. G. This process necessitated the



maintenance of an elaborate non-effective account and the continuous collection of detailed information regarding the service of many thousands of officers and men. During the last war it was found quite impossible to keep up this non-effective account which had therefore to be held in abeyance and the settlement of numerous claims and counter-claims in respect of non-effective charges relating to that war formed the subject of prolonged correspondence and eventually—though not until 1931—had to be settled in a more or less arbitrary manner. It was felt most desirable to avoid a similar long-drawn out controversy over the non-effective charges arising out of the present war. The matter has been examined at great length by technical experts on both sides and the agreement now reached may be summarised as follows:—

(1) The non-effective account between the two Governments to be finally closed as on the 1st April 1939, India's net liability towards H. M. G. for the non-effective charges of all defence personnel on that date being discharged by a lump sum payment of £15 millions.

(2) India's net liability thereafter during the war to be fully discharged by an annual payment of £1,350,000 to H. M. G.

(3) Each Government to bear the cost of those casualty pensions and other abnormal non-effective charges arising out of the war, which are sanctioned under its own regulations.

(4) The new agreement to be co-terminous with the main Financial Settlement, a fresh agreement to be negotiated thereafter.

It is felt that this non-effective agreement has the great merit of simplicity, while securing an equitable apportionment of the charges in question between the two Governments.

The agreement provides for the payment of the sum of £15 millions on the date of its termination. Recently H. M. G. enquired whether the Government of India would be disposed to pay this amount in advance of that date and offered to reduce the annual payment of £1,350,000 by £450,000 as from the date of such premature payment. As this offer seemed to the Government of India a favourable one, it has been accepted and the payment was made on the 1st February 1945, from which date the annual payment will accordingly be reduced to £900,000.

17. It is now necessary to consider the effect of these developments on our estimates of defence expenditure for the current year. The Financial Settlement accepted in 1940 was the target for a great deal of abuse—much of it extremely ill-informed—by the press both in India and in the United Kingdom during the year. As was no doubt inevitable with any arrangement of this character, the criticism has been vehement and has proceeded from diametrically opposite points of view. It still remains, however, our sheet-anchor for the purpose of determining India's share of war expenditure. Under the operation of that Settlement India becomes liable for a considerable amount of additional expenditure arising out of the Japanese invasion at the beginning of the year. In framing the budget for 1944-45 it had been assumed that operations against the Japanese would take place outside India and, in consequence, that no portion of their cost would fall on Indian revenues, which, on the other hand, would be relieved as a result of the sending of forces beyond her frontiers to take part in those operations. In the event, not only had forces earmarked for employment overseas to be retained in India but others were brought in from outside to repel the invader, and no provision existed in the budget for the cost of all these troops or for the other additional expenditure incurred on these operations for which India is liable. This constitutes one of the major causes of the heavy excess of the defence expenditure for the year over our budget anticipations, but I trust the House will realise that this is a small price to pay for the victory which has assured to India immunity from the Japanese invader.

Other major developments that could not be foreseen a year ago, and for which consequently no provision was made in the budget are:—

(1) The grant of war service increments and other pay increases to both British and Indian troops during the year;

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(2) heavy demands from the U/S. A. Forces in India for goods and services on Reciprocal Aid;

(3) the decision that India would be liable for the indigenous element in the cost of imported petrol utilised for her own war purposes. As mentioned in my speech last year, H. M. G. offered to bear the cost of petrol and aviation spirit required for the expansion of India's land and air forces, but this offer, it has since been made clear, will only cover the cost landed at an Indian port, leaving the expenses of distribution in India to be borne by India;

(4) the payment of the sum of £15 millions in connection with the Non-effective agreement.

18. The revised estimates of defence expenditure for the year 1944-45 amount to Rs. 397.28 crores and Rs. 59.41 crores under the Revenue and Capital heads respectively. The details are as follows:—

*Revenue Portion*

	(In lakhs of rupees)
(1) Basic Normal Budget	36.77
(2) Effect of rise in prices	16.92
(3) India's war measures	3,34.22
(4) Non-effective charges	9.32
<b>Total</b>	<b>3,97.23</b>

*Capital Portion*

(1) Air Force—Airfields	15.89
(2) Capital outlay on industrial expansion	3.34
(3) Reciprocal Aid—Airfields	15.20
(4) New Construction for the R. I. N.	1.00
(5) Capital outlay on Tele-communications scheme	3.98
(6) Lump sum payment under the Non-effective Agreement	20.00
<b>Total</b>	<b>59.41</b>

In the revenue portion, the increase of Rs. 1.87 crores in item (2) over the corresponding budget figure is due mainly to the grant of further increases in pay and allowances to the forces in India. The increase of Rs. 118.64 crores in item (3) is due to the major developments just mentioned and to an under-estimate of the cost of air services in India. The total increase has been counter-balanced to a certain extent by an increase in the amount of receipts on account of Lend-Lease stores supplied to Provincial Governments, Railways, Posts & Telegraphs Department and other paying indentors, and also to the relief anticipated from India's participation in Mutual Aid from Canada.

As regards the capital portion, the increases under items (1) and (3) are due to further demands for new airfields and the improvement and expansion of existing airfields for both British and American Air Forces in India. There have been further expansions of ordnance factories, dairy farms, etc., which account for the increase under item (2), while the decrease under item (5) is due largely to a carry-forward of expenditure connected with the Tele-communications Scheme to the year 1945-46. Item (6) represents the lump sum payment under the Non-effective agreement which I have already explained.

*Civil Estimates*

19. The continuance of war conditions and, at the same time, the necessity to plan for the transition period and the days of peace ahead inevitably involve an increase in governmental co-ordination and control, which is reflected in increased expenditure. Thus civil estimates now stand at Rs. 115.42 crores compared with Rs. 86.38 crores provided in the Budget. Honourable Members will find details of the variations in the Explanatory Memorandum on the Budget and I shall confine my remarks here to a few of the more important items.

Provision for Rs. 1½ crores was made in the current year's estimates as central assistance to Bengal for meeting their heavy expenditure on famine relief.

Representations were, however, received from the Provincial Government that the grant was inadequate and the position was reviewed. It was finally decided to make an *ex gratia* subvention of half of the direct cost of the famine, subject to a maximum of Rs. 10 crores, of which Rs. 3 crores had already been adjusted in 1943-44. This decision is responsible for an increase of Rs. 5½ crores in expenditure this year.

Another important item is the expenditure involved in paying compensation for damage resulting from the explosions in the Bombay Docks in April last. The House is already familiar with the measures for the relief of the victims announced by the Government of India. The machinery for dealing with claims is at work and steady progress is being made in disposing of them. At present it is not possible to assess accurately the total amount which will be involved, but provision has been made for an expenditure of Rs. 10½ crores this year and Rs. 5½ crores next year. The question of the incidence of this expenditure is under consideration and, pending a final decision as to the sharing of the cost between India and His Majesty's Government, it has been decided to meet the sums involved from general revenues, at the same time transferring from the War Risks Insurance Funds to the revenue account amounts equal to the estimated compensation payable.

20. Consistently with the drive for increased production of food, Government has steadily pursued its policy with regard to the statutory control of prices, procurement by or through its own agencies and extension of rationing which now covers some 42 million people.

In the matter of the procurement of grain, a steady advance has, as I have already mentioned, been made towards Government monopoly. While the object has been to maintain a price-level which will ensure adequate production without imposing too heavy a burden on the consumer, it is not the intention to attempt to bring prices down to pre-war levels and we have announced our readiness to intervene in supporting the market should prices fall unduly.

The steps taken to achieve these objectives, which involve transactions of vast magnitude, have necessarily led to considerable revenue expenditure and outlay of capital.

The same objectives of increased production, and control of distribution and of prices have been pursued in the field of other consumer goods. Price control of cloth has been extended to cover both the imported and exported varieties and a progressive reduction in prices has been achieved. We have recently been able to effect a further reduction in prices which today are nearly one-third less than those fixed in 1943. This represents a total overall reduction of approximately 75 per cent. from the peak reached in June 1943.

At the same time the problem of the stabilisation of the prices of Indian cotton within suitable limits has engaged Government's close attention and, in fulfilment of their undertaking to maintain the price above the fixed floor, Government entered the market and purchased during the current year some 2½ lakhs of bales valued at over Rs. 6 crores.

21. The activities of the Supply Department have been directed towards the fulfilment of the same policy. An organisation has been set up in Calcutta for increasing the production of coal and ensuring its equitable distribution among the consuming interests. Schemes for the payment of a bonus to colliery owners on increased raisings and for open-cut mining have been introduced, while facilities have been provided for the import of labour into the coal areas and welfare officers have been appointed to look after the interests of mine labour.

The Disposals Directorate has been strengthened and out of some Rs. 5 crores worth of goods reported as surplus, stores and salvage valued at nearly Rs. 2 crores have been disposed of. Closely connected with this aspect of the Supply Department's work are the plans now being laid for dealing with contracts which will have to be cancelled or reduced as war demands lessen. It is essential that steps be taken as soon as the war situation permits to cancel or curtail production so as to avoid the manufacture of redundant stores and the locking up of useful raw materials which are urgently needed for civilian requirements. At

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the same time the problems involved in the transition from war to peace are being carefully studied with a view to preserving the economy of the country from violent shocks in the process of adjustment.

The value of orders placed by the Supply Department, which was Rs. 256 crores in 1942-43 and Rs. 162 crores in 1943-44, amounted to Rs. 76 crores for the first seven months of the current year. This reduction is due partly to the transfer of responsibility for the procurement of textiles and foodstuffs to the Departments of Civil Supplies and Food and also to a falling off of demands in certain lines.

22. The scheme for financial assistance to evacuees and their families, to which I referred in my last budget speech, has been continued and extended. These measures are now estimated to cost a little over Rs. 1 crore more than the budget provision.

There is one other matter which I should mention, namely, India's contribution to U. N. R. A. The House has already agreed that India should participate in this Administration and in implementing that decision, the Government of India have decided that India's contribution should be Rs. 8 crores. A sum of Rs. 1.10 crores is likely to be expended in the current year, for which a supplementary grant will be taken in due course and it is proposed to provide for the remaining Rs. 6.90 crores in the next year's estimates. This sum will be transferred to a special fund to prevent budgetary inconvenience in the future.

I alluded last year to the hardships caused to Government servants by the continued rise in the cost of living, and referred to the measures taken by Government to afford relief. Ameliorative measures in the shape of dearness allowance and concessional issue of food grains still continue. The scheme of dearness allowance to low-paid Government servants was substantially liberalised in March 1944 and its cost this year is expected to be Rs. 3½ crores in respect of Central Government servants other than those paid from Railways and Defence Estimates. We also came to the conclusion in the course of the year that certain other Government servants, who had so far received no cash relief, must also be given an allowance to enable them to meet their essential commitments. We have therefore given with effect from the 1st July 1944, a war allowance at 10 per cent. of pay to married officers drawing pay up to Rs. 1,000 and at 5 per cent. of pay to single officers whose pay does not exceed Rs. 750. As the House is aware, we have under constant review the problems connected with the rise in the cost of living and its effect on Government servants of all classes and proposals for increasing the scope and extent of the relief already afforded are at this moment under active consideration. Until a decision has been taken it is not possible to evaluate the extra expenditure likely to be involved. The estimates are, therefore, based on the existing scales of relief.

23. The year that is now drawing to a close has thus seen India preparing herself more intensively not only for the launching of the final blow against Japan but also for the tasks of peace that lie ahead. It is inevitable that these great efforts should react on the budgetary position. Thus, while our revised estimates provide for a revenue of Rs. 356.88 crores, expenditure charged to revenue is expected to be Rs. 512.65 crores, resulting in a revenue deficit of Rs. 155.77 crores in the current year.

#### FINANCIAL YEAR, 1945-46

##### *Revenue*

24. I turn now to the financial year 1945-46. Our total revenue estimates amount to Rs. 353.74 crores compared with Rs. 356.88 crores in the Revised Estimates for the current year.

Customs Revenue has been placed at Rs. 52.85 crores net, an increase of Rs. 12.85 crores over the revised estimate for the current year. This is based on the expectation of additional imports including a large number of locomotives and wagons. Under Central Excise Duties, we look for an improvement of nearly Rs. 6 crores, half of which is under tobacco. We estimate the total

collections of Corporation Tax and Income Tax at Rs. 190 crores. This includes an expected yield of Rs. 90 crores from Excess Profits Tax, the forecast for other taxes on income being the same as the revised estimates for the current year, *vis.*, Rs. 100 crores. The divisible pool of income-tax has been taken at Rs. 57.07 crores and the share available to Provinces at Rs. 24.04 crores.

The revenue of the Posts and Telegraphs Department is expected to be Rs. 30½ crores and expenditure Rs. 20 crores, inclusive of an extra contribution of Rs. 50 lakhs to rehabilitate the Renewals Reserve Fund. The surplus is estimated at Rs. 10½ crores, the whole of which will accrue to general revenues.

#### *Expenditure.*

25. *Defence Services.*—The Budget estimates of defence expenditure for 1945-46 amount to Rs. 394.23 crores and Rs. 17.76 crores for the Revenue and Capital heads respectively. The details are as follows:—

#### *Revenue Portion*

	(In lakhs of rupees)
(1) Basic Normal Budget . . . . .	36,77
(2) Effect of rise in prices . . . . .	19,76
(3) India's War measures . . . . .	3,28,51
(4) Non-effective charges . . . . .	9,19
<b>Total</b>	<b>394,23</b>

#### *Capital Portion*

	(In lakhs of rupees)
(1) Air Force—Airfields . . . . .	2,42
(2) Capital outlay on industrial expansion . . . . .	1,55
(3) Reciprocal Aid—Airfields . . . . .	10,74
(4) New Construction for the R. I. N. . . . .	50
(6) Capital outlay on Tele-communications Scheme . . . . .	2,55
<b>Total</b>	<b>17,76</b>

In the revenue portion, the increase of Rs. 2.84 crores over the Revised estimates in item (2) is due to the effect over a full year of the grant of increases in pay and allowances to the forces in India sanctioned during 1944-45. In regard to item (3) there is a reduction of Rs. 5.71 crores as compared with the Revised Estimates which is the net result of various increases and decreases. The principal increase is due to the cause just mentioned while the decreases are the result of (i) a decrease in the 'Ceiling' forces certified by H. E. the Commander-in-Chief to be necessary for the defence of India during 1945-46 and (ii) the fact that no repetition of large scale operations within India's frontiers is expected in 1945-46.

Of the decrease of Rs. 41.65 crores under the Capital portion of the Budget estimate as compared with the Revised, Rs. 20 crores is explained by the non-recurring lump sum payment under the Non-effective agreement included in the Revised Estimates. The balance of the decrease is due to the fact that the requirements in the matter of Airfields, etc., for India's local defence air forces are expected to be largely completed in 1944-45, while a reduction during that year in the programme of Airfields construction for the U. S. A. Air Forces in India, for the cost of which India is liable, has also been assumed. The provision made against item (5) represents the carry-forward of expenditure on the Tele-communications Scheme into the year 1945-46.

#### *Civil Estimates.*

26. Civil expenditure shows an increase of approximately Rs. 8 crores as compared with the revised estimates for the current year. This is due mainly to an increase of about Rs. 11½ crores under the head 'Interest', resulting from the policy of borrowings to absorb surplus purchasing power, offset by savings under other heads. In the Explanatory Memorandum Honourable Members will find full details and I will not weary the House with further analysis at this stage. The expenditure estimates also contain sums in connection with post-war planning, to which I shall refer more fully at a later stage.

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27. I can now summarise the position for the coming year. The expenditure detailed in the Civil Estimates comes to Rs. 123.40 crores and the provision for Defence Services has been placed at Rs. 394.23 crores. The total revenue at the existing level of taxation is estimated at Rs. 353.74 crores. We are thus left with a prospective revenue deficit of Rs. 163.89 crores.

#### WAYS AND MEANS.

28. I now come to the Ways and Means section. At this stage last year I made a few introductory remarks in order to explain the changed significance of the ways and means position in the conditions created by the war and to bring into relief the complex economic problems created by war disbursements as well as the extent to which Government are able to re-absorb, by way of taxation and borrowing, the evergrowing quantities of moneys expended by them. In the figures which are published from time to time of Government's rupee balances is reflected the extent to which these and other operations of Government succeed in bridging the gap between our own budgetary requirements and the total outlay on Allied account.

As in previous years, borrowing has been the mainstay of our ways and means programme and no effort has been spared to stimulate lending to Government by the various sections of the public. For the best part of the year, war developments continued to be encouraging, and this was undoubtedly a favourable psychological factor. The total amount invested by the public in various forms of public loans reached Rs. 286 crores during the twelve months beginning with the 1st February 1944 and ending with 31st January, 1945. This figure, which approximates to the total receipts for the previous twelve months, must be regarded in the context of the other anti-inflationary measures newly introduced during the year, such as the hundred per cent. immobilisation of excess profits, the 'Pay-as-you-earn' income-tax collections and the sales of gold and silver which have also played a not inconsiderable part in mopping up surplus funds. In continuation of the cheap money policy hitherto followed, the Government have, in consultation with the Reserve Bank, framed their borrowing programme so as to make available to the public a wide range of securities. The 3 per cent. Loan 1953-55 (4th Defence Loan) was closed for public issue as from the 1st April 1944, after the total subscription had reached the record figure of Rs. 114.55 crores during its currency of nine months, and, in its place, the tap issue of the First Victory Loan 3 per cent, 1957, was opened. This issue had, up to its closure on the 17th February, yielded about Rs. 110 crores. The demand from banks for a short-term Government security was met in June by the creation of a special re-issue of the 2½ per cent. Loan 1948-52 to the extent of Rs. 50 crores. Continued demand from institutional investors for a long-term loan was also met by the further creation in October of Rs. 35 crores of the 3 per cent. Funding Loan 1966-68 so as to replenish the stock of this loan held in the Government Cash Balance Investment Account. The generally steady conditions in the Government securities market led to a continuous improvement in the price of 3½ per cent. Paper, which reached par for the first time on the 16th November 1944. At this stage, it was considered desirable to meet the demand from existing stock, and during the period mentioned above, Paper worth Rs. 15.11 crores was sold by the Reserve Bank of India on Government account. As in the previous year, Rs. 18.27 crores of new money was subscribed to certain provincial loans floated to repay a part of the Provincial consolidated debt to the Central Government.

I referred last year to the interesting departure from orthodox loan policy that was made in the Premium Bond issue. The sales so far have amounted to Rs. 4 crores which is lower than our expectations, due partly to the fact that the issue has not been intensively publicised and partly to its proving less attractive than at one time seemed probable. We have, however, decided to continue the experimental issue for the reason that it will help to draw off money from a class to whom other forms of investment make no appeal.



The progressive total of public loans since the beginning of the war has, up to the end of January, reached the impressive figure of Rs. 833 crores.

29. The main difficulty that still confronts us in the monetary field is that arising from the unfamiliarity of the rural classes with the various forms of investment in Government securities which are a matter of such every day concern to institutional investors and the urban public generally. In this field we have been fortunate enough to secure the willing co-operation of the Provincial Governments as well as non-official organisations, whose assistance I take this opportunity of acknowledging. The results are reflected in the much better showing of the net deposits in Post Office Savings Bank accounts and in the 12-year National Savings Certificates. Net investment in these and other forms of small savings, that is to say, excess of deposits over withdrawals, continues at the satisfactory rate of nearly Rs. 3 crores a month, due to some extent to the raising of the rate of interest on Savings Bank deposits and, in a larger measure, to the scheme of Small Savings evolved last year by the National Savings Commissioner.

Our floating debt, which was Rs. 111 crores at the end of last year stood at Rs. 93 crores on the 31st January, 1945. This is an improvement of a kind one would expect, since the Government's ways and means position from the strictly budgetary point of view must be regarded as very comfortable. The reason why it has not proceeded much further is that we have continued till recently to offer fairly large amounts of treasury bills to the public in order to prevent the structure of money rates being disturbed by an excessive release of funds invested by banks in treasury bills.

Satisfactory as these results are, with the expected prolongation of hostilities near our borders, after the date when the war in the West may reach its termination, it is obvious that we cannot afford to relax our efforts. The requirements of the situation will impose the continuance and possibly even the final intensification of India's war effort, which includes the finding of the resources required for the war effort of the Allied countries. In other words, the problem of the inflationary gap is still with us, and, judging from recent indications, may call for increased vigilance and control.

30. As I have already said, the various anti-inflationary measures that we have adopted were sustained, and in places extended, during the year. Most of the usual indices responded encouragingly to these measures, and to the very favourable turn in hostilities that the year witnessed. The general index number of wholesale prices of the Economic Adviser, has, for instance, ranged between 240 and 250 approximately since May 1944, and the Calcutta index number has been relatively stationary for the last few months. Honourable Members will find graphs giving the main indices in the Explanatory Memorandum. Cost of living index numbers, generally speaking, have also registered declines in differing degrees since the peak reached during the autumn of 1943, the general picture being one of comparative stabilisation in recent months. There is also evidence that the low rate of turnover of bank deposits characteristic of last year has been maintained, and that there has been, through the greater part of the year, some slackening of the general pace of monetary circulation. There was, moreover, a very marked decrease in the rate of currency expansion, particularly in the first eight months of this year. In the last two months the results have not been so favourable—an indication that we cannot afford to relax our efforts to ensure that surplus purchasing power arising out of Governmental disbursements is canalized into public saving. The Government, on their part, are vigilantly reviewing both the scope for reducing the load on the country's resources constituted by our own and the Allies' war efforts and the possibility of adding to the available supplies of goods required for public consumption. This, indeed, is the main object of the Hydari Mission which, it is hoped, will succeed in reducing the economic load incidental to the use of India as a base for further operations in the East.

The Reserve Bank continued to effect sales of gold on behalf of His Majesty's Government and the Government of the U. S. A. and these contributed substantially to the reduction of the inflationary gap. Sales of Lend-Lease silver,



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which were commenced in the middle of the year, have further aided in mopping up surplus resources which do not find their way to Government loans.

31. In my last budget speech, I referred to the expected convening of a Conference of all United Nations to consider the plans put forward for international monetary regulation in the post-war period. The United Nations Monetary and Financial Conference, consisting of representatives of forty-four nations, met in July in the United States at the invitation of President Roosevelt, and, as the House is aware, India was represented at the Conference by a delegation in which I was accompanied by the Governor of the Reserve Bank, the Economic Adviser to Government and two distinguished non-officials. The main conclusions of the Conference relating to the establishment of an International Monetary Fund and an International Bank for Reconstruction and Development are recorded in Articles of Agreement to which none of the Governments is as yet committed. The Articles are incorporated in a Final Act of the proceedings of the Conference which have been published. The Indian Delegation have now submitted their report to Government and it will be placed before the House in due course, when the conclusions of the Conference can be reviewed in the light of the action taken on them by the principal countries concerned, in particular by the United States and the United Kingdom.

32. I referred last year to the importance of an orderly liquidation of war balances for the success of any international monetary scheme. The Joint Statement by Experts on which the Conference based its deliberations omitted any mention of this problem, although the original plan of the British Treasury recognised the desirability of some provisions to deal with it, and the first two versions of the United States Treasury plan contained some actual provisions to this end. The Indian Delegation pressed the Conference to provide for partial multilateral clearing of war balances through the machinery of the Fund, in the interest alike of promoting economic development of backward countries and assisting the broad objective of the Fund to secure the expansion of multilateral trade; for the relegation to bilateral channels of the whole of the large area of trading involved in the settlement of war balances might seriously constrict the scope of multilateral transactions. The proposal was, however, negatived by the Conference primarily on the ground of the limited size of the Fund in relation to the magnitude of the war balances. The question, therefore, remains one for settlement in direct negotiation with the United Kingdom.

33. On the termination of the Bretton Woods Conference and before my return to India, I spent a short period in London and I took the opportunity of having preliminary talks with His Majesty's Treasury officials on the question of India's sterling balances. Since many of the material data were still incomplete and uncertain, particularly the exporting capacity of Great Britain in the immediate post-war years on the one hand, and the development requirements and absorbing capacity of India on the other hand, these conversations were necessarily directed towards exploring the background for future discussions and the indication of a suitable time-table for more definite negotiations. The vicissitudes of the war in the West have, I am afraid, disturbed the provisional time-table foreshadowed at these talks and I do not anticipate that any negotiations can be usefully entered upon until after the end of the war with Germany. In view of the lack of definition at this stage of our own development programme, I do not think that the delay should be prejudicial to India's interests. Indeed, it may well prove necessary that any negotiations to be carried on should, in the first instance, be of a tentative character and should secure both parties an agreed opportunity for review at a later stage when firmer data may be expected to be available.

In the meanwhile, sterling continues to accrue from market purchases and from payments received in London on account of recoverable war expenditure incurred by the Allied Governments in India. During the last eleven months of the current financial year, £248 millions were added to the Reserve Bank's holdings, and it is estimated that allowing for the receipts during the last

month of the year, the total holdings as on the 31st March 1945 will be of the order of £1,080 millions. It is hoped that the rate of accrual will be slowed down in future both by diversion of some of the demands now made on India to other sources of supply and by an increase in compensatory imports.

It must also be remembered that any payments that will become due from India to H. M. G. for stores required for her post-war defence forces or in connection with terminal adjustments after the war will partly counteract these accretions. So also will the rupee sale-proceeds of surplus stores and other assets belonging to H. M. G. that are disposed of in India. I mention these factors which may operate to mitigate the further aggravation of a problem which is already sufficient formidable.

34. With the virtual completion of the scheme of repatriation of sterling liabilities of the Government of India, including payments on account of railway and railway debentures referred to in my last budget speech, there was limited scope for the utilisation of sterling during the year, with the exception of £15 millions for the capitalisation of a portion of India's Non-effective charges which I have explained earlier and of £10 millions for the acquisition of the M. & S. M. Railway, the S. I. Railway, and the B. N. Railway. The outstanding sterling liabilities of Government now stand at about £11 millions. The holders are mostly residents of places situated outside the area covered by the Vesting Orders, although small amounts continue to be tendered occasionally.

35. I referred last year to H. M. G.'s willingness to set aside, each year, as a special case, a part of the dollars accruing from India's export surplus to the U. S. A., an amount ear-marked specifically for India's post-war development. After a very careful examination of current figures and tendencies, we have agreed to accept an amount of \$20 million for the calendar year 1944 and a similar amount for 1945, subject to re-examination later in the light of the relevant statistics for that year. This figure is, of course, in addition to what we need for current requirements. In agreeing to it, we have recognised that it was both reasonable and necessary, with a view to ensuring the stability of the sterling system in which we are so closely interested, that we should continue to make some contribution to the replenishment of the sterling area reserves, which had been depleted in the common war effort. On the other hand, we have naturally been anxious to make some immediate tangible provision for foreign exchange for the purchase of capital goods likely to be required for India's post-war development purposes, and we feel that the arrangement described represents in the circumstances a fair and valuable concession to this point of view. The relevant figures will be under periodic review and the House may rest assured that at no stage will India's direct interests be subordinated to interests other than those in which she herself has a greater, although indirect, interest.

#### POST-WAR PLANNING.

36. Last year I referred to the twin subjects of post-war planning and reconstruction finance, and have but little now to add to the general picture which I then drew. In the matter of detailed planning for post-war development much progress has been achieved during the past twelve months, and the creation of a separate department at the Centre for this purpose and of suitable planning organisations in the Provinces and States bear witness to the determination of the various governmental authorities in this immense country that the end of the war will not find them unprepared for the major campaigns of the peace to follow. But it must be obvious that, so long as war conditions continue not only in India but in all the Allied countries, resources of materials and man-power must remain mobilised for the immediate task of achieving victory. Once that task has been accomplished and the inevitable period of adjustment has passed, it will be possible to initiate the execution of plans for post-war development. These physical limitations to the superimposition of a forward policy of national development on an economy subjected to the strain of total war have their counterparts in the financial sphere. So long as the financial and currency system of the country is overstrained in the maintenance of the war effort or in securing the early stages of transition from war

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to peace, heavy new expenditure on national development schemes would be dangerous in the extreme. In other words, post-war development must mean and must continue to mean post-war development, and by no magic or optimism can it be made to mean war-time development. The first year or two at least after actual fighting ends will inevitably be for the Centre years of heavy deficit on revenue account. It will be during this period that the Provincial Governments will find of particular value the post-war Reconstruction Funds which they had the foresight and determination to build up while the war was still in progress.

37. While it is indubitable that large scale development projects cannot be initiated so long as war conditions continue, the Government have no hesitation in embarking at once on such preparatory work as is found to be possible and desirable, or in taking any action calculated to secure early results of anti-inflationary value. Thus of late the Government have set up a Central Electrical Power Board, an Irrigation and Waterways Board, a Resettlement and Re-employment Directorate with a net-work of Employment exchanges, and have established numerous panels of industrialists, assisted by Government personnel, to prepare plans for industrial development. Plans have been laid for high-level technical training abroad, on a large scale but suitably diversified, and steps have been taken to set up a Rs. 10 crore Government fertiliser factory to produce annually 350,000 tons of ammonium sulphate. This general policy the Government intend to continue, and provision for Rs. 1 crore has been made in the Budget for such measures of a like nature as may be found practicable. This provision is over and above that included in the Budgets of the various administrative departments for their planning activities. Should these amounts prove to be less than can usefully be spent the House will be moved to vote such supplementary grants as may be required.

38. I said last year that if any effective development is to take place on the requisite scale in this vast country large amounts of money are bound to be involved; and I expressed my firm conviction that the first pre-requisite of reconstruction finance is a sound financial position, both at the Centre and in the Provinces, secured by the fullest development of their respective taxation resources. I hold that conviction if possible still more firmly to-day. A vast scheme of national development of the kind contemplated by a number of public leaders and writers, and by the Government, has to be planned for, worked for and paid for. There is no easy road to big achievement in this field. It is essential, therefore, that not only the Centre but also the Provinces should lose no time in developing to the full their financial resources, since it is clear that the combined resources of all will hardly be adequate for the great end in view. For that reason, I feel that those Provinces which made an early start and taxed themselves considerably in excess of their immediate revenue requirements should not, as a result of the favourable financial position in which they find themselves, be prejudiced in the matter of financial assistance from the Centre. It is our hope and intention that in due course a substantial distribution of Central revenues will take place, but the Provinces will, in addition, need all that they themselves can raise if the financial foundations of future development are to be sufficiently broad-based to carry the contemplated load. It is in this context that the Estate Duty Bill, which I hope to introduce later in the Session, must be viewed. For this measure, together with the recent expansion of commodity taxation, should be regarded as the first concrete step towards the building up of a planned and expanding financial system for the future. The reaction of the country to measures such as these will, in my view, constitute the first real test of the seriousness of its intentions in the matter of post-war development. The second effective test will be the response to the Government's efforts to establish a national habit of saving which, with the denial of current consumption which it involves, will be as necessary for development purposes after the war as it is for holding inflationary tendencies in check during the war.

39. It may be appropriate for me, in my last Budget speech, to devote a little more time to the subject of the fiscal means by which the Government of the future may be enabled to fulfil the high hopes now entertained, and to give the outcome of my own reflections on this topic.

Tax revenue depends, in the last resort, on the rate of tax and the national income. The national income, in its turn, is determined by the level of prices and the scale of economic activity. If then, to fulfil the programme of development, India will require a level of expenditure much more closely related to its present than its pre-war scale, a great deal must necessarily turn upon the future price-level and the future level of economic activity. Both these must be taken into account. There is a tendency to argue that the high level of prices which has been reached during the war—when so large a proportion of the productive powers of the nation are devoted to non-civilian ends—must be maintained in the post-war period, otherwise it will not be possible to raise the necessary resources. I believe this to be a mistaken view. When the productive power of the nation is turned from manufacturing for war to manufacturing for civilian use, there will be a larger supply of goods available and this additional supply must result, in my judgement, in lower prices for those goods. But if simultaneously the total volume of activity deployed during the war can be maintained and increased, the total national income can be maintained and even increased in spite of a fall in unit-prices. It is the maintenance of the aggregate national income in terms of money and not the stabilisation of prices of individual commodities that should be the objective in the years after the war. It may well be that in that period some prices will rise, and some will fall—for it is the inevitable consequence of rapid changes such as those of the last five years that relative price changes should get out of step—nevertheless, our efforts should be directed rather to the maintenance of the aggregate figure upon which the fiscal authorities can operate than upon the guaranteeing to each particular group of producers of the prices which their products may, in certain cases quite fortuitously, have attained during the war.

40. But while it will be necessary in the post-war years to impose taxation of a magnitude comparable with that existing at the present time, it by no means follows that the existing scheme of taxation should continue when the present hostilities have ceased. Excess Profits Tax is an obvious expedient in time of war to secure reversion to the State of a due proportion of any increased profits made by industry in the abnormal conditions then prevailing. Any scheme for the levy of a special tax upon such increase of profits can at best be of a somewhat rough and ready nature, no matter what degree of thought and care have gone to the devising of the enactment that gives effect to it. Moreover, the datum line from which excess profits are measured must inevitably bear less and less relation to current realities as we get further and further from the pre-war years. It is therefore, to my mind desirable that this war-time expedient should vanish with the emergency that brought it into being.

Repeal of the Excess Profits Tax would not, however, represent a proportionate loss of revenue, for Excess Profits Tax is allowable as a deduction in computing profits assessable to income-tax and super-tax, so that with its repeal, profits assessable to income-tax would be correspondingly increased. Nevertheless, whatever may be the extent and duration of the post-war boom during which industry will be engaged in repairing the ravages of war and whatever may be the scale of the profits that are expected to accrue from the plans for the post-war expansion of industry, taxes on non-agricultural income can hardly be expected to continue to play the overwhelming part in the scheme of national finance that they now do. The projected estate duty on property, other than agricultural property, would be capable of restoring in due course the position as regards the aggregate contribution made by the industrial, commercial and professional classes of the community as such. It has to be remembered, however, that these form but a small proportion of the total population of the country and it will be necessary to secure a further contribution from the remainder.

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Agricultural income-taxes would go some way to achieve that end, and this is, in my view, an inevitable development if the Provincial Governments, to whom this source of revenue is allocated by the Constitution, are to play their part in mobilising the resources of the country for the prosecution of the campaign against poverty, illiteracy and ill-health.

41. Our main revenue from commodity taxation has hitherto been derived from customs duties and these are likely to remain a highly important source of revenue for many years. Indeed, in the immediate post-war period, extensive importation of capital goods and replenishment of stocks of urgently needed consumer goods of all kinds may cause customs receipts to soar to unprecedented heights; and though they may decline sharply once the market has built up adequate stocks of goods for general consumption, they are likely to remain buoyant for a number of years. With the growing industrialisation of the country, however, this source of revenue can hardly be expanded and may, indeed, appreciably contract, particularly if the customs tariff should be given a more positively protective complexion; moreover, there are decided objections to burdening capital goods and raw materials with too high rates of duty. As an instrument of commodity taxation, reliance will therefore, increasingly have to be placed on Central excises. The exigencies of war-time finance have already necessitated systematic exploration of this field. New excises have been introduced which are already lucrative and can be expanded; and the law and procedure relating to Central excises have been consolidated in a compendious code, which has been so fashioned as to enable the present excises to be enlarged or further excises to be added as the Central Government's finances may, from time to time, require.

42. Another possible major development in the field of indirect taxation lies in the expansion of the sales or turnover tax. This source of revenue has so far been but lightly tapped in India, but increasing recourse to it may be necessary in order to finance schemes for economic expansion. Since the first World War the sales tax has become an important feature of the revenue systems of most leading countries of the world and, in some of them, has rivalled customs and even income taxation. During the present war a purchase tax has been introduced in the United Kingdom, which has not only helped to check inflation in that country but has yielded a very large revenue. In India, the sales tax is a provincial impost and has been applied only in five provinces; and, except in the province of Madras, the yield so far is comparatively small. As with other indirect taxes, care is necessary to prevent the incidence from being too regressive. Problems also arise from uneven incidence in contiguous territories. It would obviously be to the advantage of the consumer and of trade in general if the tax were applied (in so far as may be practicable) in the same manner, at the same rates, and to the same classes of transaction, throughout the country. It is possible that, with the aid of the Central Government, a comprehensive system might be devised and administered on a national basis, the net proceeds accruing to the Governments of the participating units. An all-India tax of this kind would greatly assist the Provinces with their plans for development; and if higher rates were imposed on luxury goods, it should also assist in counteracting the inflationary tendencies of a period of expansion.

43. There is one further issue to which I must make reference. Public discussions of the advantages of the State ownership or operation of industry, as against the advantages of private enterprise, are being very actively pursued at the present time, which is natural in view of the intrinsic importance of the question. But, in the public consideration of these matters, I feel that perhaps insufficient attention has hitherto been paid to the question whether it would not be advisable to extend State ownership of industries as a source of additional revenue. It may well be that in the future the State may find it necessary to nationalise certain industries—especially those with large possibilities of expansion—in order that it may have at its disposal additional sources of income for the sustenance of national well-being as a whole.

## New Proposals

44. I return now to the problems of the year immediately ahead. Against a total estimated expenditure, military and civil, of Rs. 517.68 crores, the total revenue at the existing level of taxation is estimated at Rs. 353.74 crores, leaving a revenue deficit of Rs. 163.89 crores. On the assumption that the whole of this gap were to be filled by borrowing, the pattern and proportion of our war-time budget would seem to challenge comparison with that of any belligerent country. We have, however, as I explained in detail last year, to keep in view a larger and more comprehensive target if we are to minimize not merely our own budgetary deficit but the gap between total rupee outgoings, whether on our own or Allied account, and total rupee incomings, whether by taxation, borrowing, sales of bullion or other devices for absorbing surplus purchasing power. Whilst the general picture, in the light of this more exacting objective, gives less cause for satisfaction; I have, on a careful survey, come to the conclusion that no really significant improvement could be effected by any practicable major change in the sphere of Central taxation. The scope for further improvement in this field lies rather, in my opinion, in the direction of greater efforts to combat evasion and in the enforcement of existing tax obligations. I trust that we shall have the support of the House and the country in that policy. For the rest, we must rely on the expansion of our borrowing programme and on the response of the public, born of the gradually widening appreciation of its importance to the maintenance of the economic health of the community, and assisted by the operation of the various controls.

45. In the sphere of direct taxation it is proposed to continue the excess profits tax at the present rate, together with the scheme of compulsory deposits, for a further year up to the 31st March, 1946. As regards income-tax, we have given considerable thought to the problems which will shortly arise in regard to the financing of the re-equipment of industry. Our scheme of war-time taxation has throughout been so devised as not to deplete, and on the contrary to strengthen, the reserves at the disposal of industry for meeting the calls which will be made upon them in the post-war period. In this respect we may, without undue sacrifice of modesty, claim to have shown more foresight than we have been given credit for. Nevertheless we are conscious that the restoration and expansion of the machinery of production will call for some new form of assistance, and we feel that we are justified in adapting to Indian conditions the measure of relief which has been announced in the United Kingdom. This will take the form of the grant of special initial depreciation allowances in respect of new buildings erected, and new plant and machinery installed, after the 31st March, 1945. These allowances will, in the year in which they are given, be an addition to the usual depreciation allowances and they will not be deductible in arriving at the written down value. They will not be given for E. P. T. purposes. It is proposed to prescribe these allowances by rule but I may state here that the figures I have in mind are 20 per cent. on plant and machinery and 10 per cent. on buildings. Allowances at these rates, in addition to the usual rates, should provide substantial encouragement for the early re-equipment of industry.

46. I am also proposing to allow for income-tax purposes expenditure on scientific research. The proposals follow generally the provisions in the U. K. Finance Act, 1944, which have been described by the Chancellor of the Exchequer as "a comprehensive attempt to relieve from taxation altogether funds devoted by industry to the support of fundamental research, to the translation of laboratory research to production and to the full-scale development of the product". The proposals, in brief, are the allowance of current research expenditure as it is incurred, the allowance of payments to recognised research bodies and institutions and the allowance over a period of five years or over the life of the assets, if shorter, of research expenditure of a capital nature.

Provisions for these reliefs, as well as for earned income relief, which I will now explain, are contained in a Bill to amend the Income-tax and E. P. T. Acts which is being put before the House.



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47. Differentiation for income-tax purposes between incomes that are earned by personal exertion and incomes that are not so earned has long been a feature of the taxation systems of many countries, including England and the U. S. A. It has been somewhat aptly described as the only method by which the depreciation of the human machine can be adequately recognised in taxation. Recent developments in India have emphasised the inequity of the identical treatment of earned and unearned incomes, and this is an appropriate time at which to introduce this distinction into our system. The Finance Bill provides that there shall be an exemption of one-tenth of earned income subject to a maximum (in terms of income) of Rs. 2,000. The Income-tax Amendment Bill to which I have referred contains provisions for giving effect to this proposal. The exemption will be given only in respect of income which may be described as derived from personal exertion and will not therefore, for example, apply to the income of companies or in respect of dividends, interest on securities or income from property. It will be given only for income-tax and not for super-tax.

The cost of this earned income relief is estimated at about Rs. 3½ crores, of which the Centre will bear Rs. 2½ crores. To make up for this loss I propose to increase by 3 pies the surcharge on slabs of income above Rs. 15,000 and on incomes taxable at the maximum rate. This increase will not apply to Life Insurance Companies whose combined rate of income-tax and super-tax will continue to be 63 pies. It is estimated that this small increase will yield about Rs. 4 crores.

48. In the sphere of indirect taxes, the Customs surcharges which are being levied for revenue purposes during the present abnormal conditions will be continued for another year. In the Central Excise tariff a further change is proposed in respect of tobacco. The improved shipping situation has enabled the limit placed on the proportion of imported tobacco in the more expensive types of cigarette to be raised from thirty to seventy per cent. It is accordingly now proposed that the highest class of flue-cured tobacco in the excise tariff should be subdivided into three and should be subjected to a duty of seven rupees eight annas, five rupees, or three rupees eight annas a pound, according as it is intended for use in the manufacture of cigarettes containing more than sixty per cent., more than forty but not more than sixty per cent., or more than twenty but not more than forty per cent. by weight of imported tobacco. Minor changes include a parallel increase in the rate of duty on flue-cured tobacco intended for any purpose other than those specified in the tariff. Complementary changes to these will be made in the Customs tariff where the standard rate of duty on unmanufactured tobacco is being raised to seven rupees eight annas a pound, with no surcharge, and the rates for related items—cigars, cigarettes and manufactured tobacco—are being re-fixed so as to correspond. These changes, which will come into effect immediately by virtue of a certificate under the Provisional Collection of Taxes Act, are expected to result in an increased revenue of Rs. 3.6 crores under Excise and 2.4 crores under Customs, a total of Rs. 6 crores.

49. The only other changes included in the Finance Bill this year relate to postal parcels, the traffic in which continues to increase at a rate with which it is difficult to cope. The rate, which is now 6 annas for the first forty tolas and 4 annas for every forty tolas thereafter, will be raised to a uniform 6 annas for every 40 tolas. It is also intended to raise the surcharge on telephone rentals from one-third to one-half, and that on trunk call fees from 20 per cent. to 40 per cent. The surcharge on ordinary and express telegrams will also be increased by one anna and two annas respectively. The total additional estimated yield of these increases is Rs. 1.85 lakhs.

Excluding the effect of the proposals for relief to industry in respect of re-equipment and scientific research, of which no reliable estimate can be made at this stage, the changes in taxation and in postal and telegraph rates will yield an estimated increased revenue of Rs. 8.60 crores, which would reduce the prospective deficit to Rs. 155.29 crores.



## Conclusion.

50. Though this is the end of my last Budget Speech, the House will be relieved to learn that I do not intend to inflict on it a recital of the financial events of my period of office. So much has happened in these six years—a longer period, I believe, than that of any of my predecessors—and changes of such a scale and complexity have been brought about, that I will not attempt to summarise them. I would rather leave that task to the historian and the economist, who will in due course pass judgment on the handling of these matters. No man who bears so large a share of responsibility as the Finance Member of this Government for the stability of this great country with its enormous population, could fail, during the course of the last few years, to experience the most intense and prolonged anxiety. No man in that position, beset from day to day with harassing problems clamouring for instant solution, could claim that all his decisions had proved to be right. I have been sustained throughout these troublous times by a firm belief that I was acting in the best interests of India. I have been conscious that the difficulties that will arise after the war may be even greater than those of the war, and I have tried, so far as I could, to do nothing that would aggravate them. I have had constantly in mind the thought of the fuller status that India may shortly be expected to achieve, and have endeavoured to order the matters entrusted to me in consonance with that expectation.

51. I am confident that the financial position of this country is one of immense strength, and that it has successfully weathered the violent storms to which it was exposed. It is not merely the extinction of all her external obligations, and the replacement of them by massive assets, but the fact that even her internal unproductive debt must be a far lighter charge on the national income at the new levels which she will obviously be able to maintain in the future. This has been achieved at great sacrifice, but it has none the less prepared the stage for the momentous developments of the years to come.

52. I realise that problems of great difficulty and intricacy still await solution. They are part of a tangle of world problems which is the inevitable heritage of war. In spite of the lessons of the last great war and its aftermath and in spite of all that has been said on the subject during the present war, it has not yet proved practicable to devise and ensure the just allocation of the cost of war among the participants in a common cause. It is not merely the evaluation of enormous material devastation, nor the appraisalment of the extent of sacrifice, in terms of blood and sweat and tears, which has defied all accountancy; it is the proportionate distribution of the final burden among partners of widely varying capacity and with entirely differing standards of living which needs to be effected as equitably in the international field as modern systems of national taxation aspire to do in the domestic sphere. Speaking entirely for myself, I cannot see how the pooling of currently available resources, coupled with the acceptance of the fortuitous location of the ravages of war, can provide a complete solution for problems of this character.

53. Before I sit down, Sir, I should like to take this occasion to express my gratitude to the devoted band of official assistants who have served me so well in times of unparalleled strain and difficulty. Their numbers are sadly restricted, and the demands on them have been unlimited, but they have responded so nobly that I should be failing in my duty if I did not publicly accord them this meed of recognition.

### THE INDIAN FINANCE BILL.

**The Honourable Sir Jeremy Raisman** (Finance Member): Sir, I move for leave to introduce a Bill to give effect to the financial proposals of the Central Government for the year beginning on the 1st day of April, 1945.

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

"That leave be granted to introduce a Bill to give effect to the financial proposals of the Central Government for the year beginning on the 1st day of April, 1945."

The motion was adopted.

**The Honourable Sir Jeremy Raisman**: Sir, I introduce the Bill.

## THE INCOME-TAX AND EXCESS PROFITS TAX (AMENDMENT) BILL.

**The Honourable Sir Jeremy Raisman** (Finance Member): Sir I move for leave to introduce a Bill further to amend the Indian Income-tax Act, 1922, and the Excess Profits Tax Act, 1940.

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

"That leave be granted to introduce a Bill further to amend the Indian Income-tax Act, 1922, and the Excess Profits Tax Act, 1940."

The motion was adopted.

**The Honourable Sir Jeremy Raisman**: Sir, I introduce the Bill.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 1st March, 1945.