

REPORT
OF THE
PUBLIC ACCOUNTS COMMITTEE
ON THE
ACCOUNTS OF 1936-37

Volume II—Evidence

Part I—Civil, including Posts and Telegraphs.



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NOTE.

Since the discussions of the Committee are of an informal character the stenographers' record of the evidence is necessarily incomplete and verbal accuracy cannot be guaranteed. The contents of this volume should therefore be regarded merely as illustrative of the proceedings which are printed in Volume I.

Monday, 18th July 1938, at 2-30 p.m.

EDUCATION, HEALTH AND LANDS DEPARTMENT.

GRANT No. 35.—PAGE 88 OF THE APPROPRIATION ACCOUNTS.

Mr. Satyamurti.—Why was there this appointment of non-voted officers in place of voted officers ?

Sir G. S. Bajpai.—This was unavoidable. With regard to the first case " A ", Sir George Anderson who was ' voted ' went on leave. We had to appoint in his place a member of the I. E. S. who was automatically non-voted. Next under F.-1, is the case of the Keeper of Records. It is not a case of appointing a non-voted officer in place of a voted officer. What happened was that the Government of India undertook a reclassification of certain classes of officers who had been appointed before 1st April 1924 on the basis of emoluments and status, and the Keeper of Records came to be classified as non-voted, being of the same status as other officers who had been classed as non-voted.

Mr. Satyamurti.—Why was it done by the Government of India ?

Sir G. S. Bajpai.—He memorialised and so the case was taken up. In any case he would have retired next year and his successor would be voted.

Mr. Das.—With regard to E, Transfer of Imperial Secretariat Library from Simla to Delhi, is it a permanent transfer ?

Sir G. S. Bajpai.—Yes, it is permanent.

Mr. Satyamurti.—F-4 on page 89 seems to require some explanation.

Sir G. S. Bajpai.—That was the transfer of records from Calcutta to Delhi. The decision to keep the records in Delhi had been taken long ago and correspondence had been going on as to when the move should take place and the P. W. D. were not quite ready with the buildings, etc. That is why there was delay.

Mr. Satyamurti.—Why did you provide Rs. 24,100 by re-appropriation ? Why did you not provide it in the original budget ?

Sir G. S. Bajpai.—Actually the time of the move was decided in the course of the year.

Mr. Satyamurti.—With regard to G-3, if so many people are absent, why not wind up this Board ?

Sir G. S. Bajpai.—This was only the first year. Enthusiasm grows with experience.

Outstanding Recommendations.

Mr. Satyamurti.—With regard to the Mathematical Instruments Office, we are now told after 12 months that a conference will be held to decide the course of action.

Mr. Yeatts.—I went down there myself and saw the work there. The Surveyor-General said he would like to put out a revised questionnaire to the departments. My impression is that the departments were as a matter of fact indenting from outside and it is our intention to have a definite discussion with the Defence Department on the whole subject.

Mr. Satyamurti.—I am asking that there should be more despatch in this business.

Mr. Yeatts.—I think I can promise that ; I collected quite a lot of information. One thing which impressed me was that in that office a very high standard of skilled artisan work was done by the Indian artisans.

Mr. Das.—And our regret is that the Defence Department are trying to evolve their own technical staff and not utilising them as much as they possibly can.

Mr. Satyamurti.—I hope Government will take it up with the Defence Department and we will have a report on it next year.

With regard to the other note, Government seems to have a superstition that they must not compete with private enterprise, even though they may lose money. I see no reason why they should not do it. If they have the men and the machinery, they should make the fullest use of it.

Sir G. S. Bajpai.—So far as that is concerned, speaking on behalf of the Department, we shall be only too happy to go into that and examine it.

Chairman.—I think they might consider whether they cannot take up work for societies like universities, etc., where there will be a regular flow of work and the question of touting will not arise.

Mr. Ramsay Scott.—I think the Mathematical Instruments Office could undertake special kinds of work for private and local bodies at remunerative rates when the office is not working to capacity.

Mr. Yeatts.—There is in existence a body of rules which lay down that the Mathematical Instruments Office does work for the other Government departments, and that should be made widely known.

Chairman.—I am talking of semi-Government bodies like the universities. I personally would not advocate your going out into the highways and by-ways.

Sir G. S. Bajpai.—I think the Committee may like to adopt my suggestion that we publish information through the Local Governments to bodies like the universities, etc., that the Mathematical Instruments Office would be prepared to undertake work of that kind.

Mr. Yeatts.—There are rules already in existence.

Mr. Satyamurti.—I think this Committee should recommend to Government that they should instruct all Government departments to follow those rules.

Chairman.—Except the Defence Department whose case is under consideration. I also think that Local Governments and educational institutions should also have their attention called to the fact that the office is prepared to undertake work on their behalf.

Mr. Satyamurti.—We should try the experiment this year and see the results.

Mr. Yeatts.—Map sales.—We had a meeting of the various interests in December and the scheme indicated here has been worked out and it will be introduced soon.

Mr. Satyamurti.—This is quite good so far as it goes, but we want you to pursue it vigorously and give us the results of these experiments next year.

Mr. Yeatts.—Photo Litho Stocks. With regard to the reduction of reserve I went through it myself in Calcutta and myself commented on the fact that all their stuff comes in in February, March and April.

Mr. Satyamurti.—Is it inevitable ?

Mr. Yeatts.—No. What they do roughly at present is that all the Survey of India parties are out on the frontier and they all come in somewhere about April. Then their indents are collected and the Surveyor-General puts in a single indent somewhat about the middle of the year and the results of that flow in about February next year. I suggested to him that obviously he must have a large continuing body of material used each year which could not vary, and therefore he could indent for that at least earlier and get it in the middle of the year instead of having everything coming in at the busiest time.

Mr. Satyamurti.—Has the D. G., I. S. D. any objection to this ?

Mr. Yeatts.—He is going to try it and if it succeeds there will be smoother working.

Mr. Satyamurti.—With regard to paragraph 3, why should you carry war reserves ? If a civil department has to keep war reserves to the extent to which stock is augmented, I do not see why it should not be charged to the Defence Department.

Chairman.—They pay for the maps when they buy them.

Mr. Yeatts.—We charge the Defence Department what they cost us.

Mr. Satyamurti.—Including the lock-up of capital and all that ?

Mr. Yeatts.—I know they are in no way favoured in the amount they pay.

Mr. Satyamurti.—I want to put this to the Auditor-General. When the civil departments carry war reserves and sell them to the army, do they charge the Defence Department not only the actual cost but also the on-costs, as they are called ?

Mr. Badenoch.—The costs vary. In the Posts and Telegraphs Department they carry their war mobilisation stores free of interest, I believe. It is not charged up in the commercial accounts. The army does not pay interest on capital. But I do not think this one would be a very big amount, and it is hardly worth pursuing.

Chairman.—There is a general rule in Government accounting that inter-departmental payments should be reduced to a minimum.

Mr. Badenoch.—And it was specifically laid down by the Public Accounts Committee itself that these adjustments should not be too meticulous.

Mr. Satyamurti.—In paragraph 3, about these plates, it is said that “ The audit review takes no account of such plates ”. Why ?

Mr. Yeatts.—I do not know ; but it is essential to keep these plates, for it is from them that maps are printed. They are in fact the negatives.

Mr. Satyamurti.—In paragraph 4 it is said, “ The linen-backed paper is obsolescent ”. What will you do with it ?

Mr. Yeatts.—It can be used up. When the army make up their minds it will be taken in to the ordinary service stock and gradually used up.

Mr. Satyamurti.—Why is protracted trial of the paper necessary ?

Mr. Yeatts.—Because it has to be used in the field and in all sorts of weather.

Mr. Satyamurti.—With regard to paragraph 5, can we get some figures to show the purchase of Indian stores as against non-Indian stores ?

Mr. Yeatts.—I think from the Survey point of view they will much prefer to get whatever they can in India, because it is very much more convenient for them. 91 per cent. is got out of India, and only 9 per cent. is bought from India.

Mr. Satyamurti.—I think they should explore the possibility of increasing the purchase of Indian stores.

Sir G. S. Bajpai.—To the extent that the Department can get stores in India itself, they do so.

Mr. Satyamurti.—I take it you are doing your best to buy things made in India ?

Sir G. S. Bajpai.—As a matter of fact I once told Brigadier Thomas that, apart from every other consideration, the criticism we are subjected to every year in the Committee about the delay in adjustment with the High Commissioner, would be easier to meet if they adopted a policy of local purchase.

GRANT No. 48, SURVEY OF INDIA, PAGE 115.

Mr. Satyamurti.—C-5 on page 116.

Mr. Yeatts.—All these are connected with Head ‘ E ’. When more work is done for provinces and other bodies, more expenditure is incurred. The two heads really balance each other.

Mr. Satyamurti.—D-9. You went and added to it and you saved Rs. 5,000 and odd ?

Mr. Yeatts.—This illustrates a feature I have commented on before, *viz.*, the impossibility of predicting whether Parties operating in the wilds can actually present their bills in March. The expenses, however, have to be provided for. The particular Party in question here was actually operating far in the recesses of the Naga Hills.

Mr. Satyamurti.—C-5, Note No. 4 (1), at page 118,—“ the original provision under this sub-head required considerable augmentation for the last four years in succession ”.

Mr. Yeatts.—As you will remember, last year I told you that I had taken up this point with the Surveyor-General to proceed on a closer approach to actuals and the effect of that will be seen two years thence by your successors.

Mr. Satyamurti.—E-1 (3). Under-estimation.

Mr. Yeatts.—The same point applies here. A closer use of actuals is being tried out.

Mr. Das.—D-12, column 1, delay in recruitment of officers of class 1. Are we bound to take in the Survey of India a certain number of these officers ?

Mr. G. S. Bajpai.—Yes. The R. E. element represents the war reserve. That includes the total strength of the service. Actually as a result of the retrenchment initiated in 1932 we went into the strength of the reserve very carefully, and I think there was some reduction, but I could not tell you how much.

Mr. Satyamurti.—Grant No. 51. What is the latest about item 5 of the statement of outstanding recommendations ?

Sir G. S. Bajpai.—The position is this, that in so far as the quinine part of the work is concerned, we do not need a Botanical Surveyor, subject to any decision which the Government may reach on the report of Mr. Wilson, but I was approached by more than one professor of botany including Mr. B. Sahni from Lucknow and Prof. Agarkar of Allahabad with the suggestion that if there was no Director of Botanical Survey, it would be a great disaster for India, as the experimental work in Calcutta does need somebody there to take charge. At present there is only a head gardener. If you have a separate Director you will have to pay more, but we have not come to any decision on the point because of the protests received from certain Scientific Associations in this country against the suggestion.

Prof. Ranga.—Page 129. Cinchona. What about further production ?

Chairman.—The I. C. A. R. are undertaking a survey.

Mr. Satyamurti.—Are the Provincial Governments co-operating ?

Sir G. S. Bajpai.—Provincial Governments have given facilities to Mr. Wilson to explore the possibilities. Definitely it is their job.

Mr. Satyamurti.—So, the whole question of the future supply of quinine is being investigated ?

Sir G. S. Bajpai.—Yes, Mr. Wilson has been put on to explore the possibilities and we expect his report shortly.

Mr. Satyamurti.—When you get it, I suppose you will pass it on to the Provincial Governments ?

Sir G. S. Bajpai.—Yes.

Mr. Satyamurti.—So you are awaiting Mr. Wilson's report, and the Central Government are proposing to spend from the central revenues ?

Sir G. S. Bajpai.—Yes, we are awaiting his report. It all depends on the contents of the report. If, for instance, he says there is not much possibility of production on a large scale of cinchona in this country, there will not be much point in pursuing further the question of increased production, we shall simply be addressing the Local Governments, and tell them that they could not depend upon the Government of India for any further supplies thereafter and that they must make their own arrangements.

ARCHAEOLOGY.

Mr. Satyamurti.—Archæology. D-1. Special repairs of Monuments. Unforeseen re-classification of certain works under other sub-heads.

Sir G. S. Bajpai.—I do not know how this figure has been arrived at. First is as regards re-classification. What happened was that the heading 'special repairs of monuments' used to include repairs which are practically recurring every year. We went into this in relation to the next year's budget, and we told them to make a change at once instead of working till next year. As regards the other item, viz., the P. W. D. not having spent money, the position is, we have not got any agency of our own to do this work. Conservation of ancient buildings in most provinces is in charge of the Provincial P. W. D., and it is absolutely impossible to enforce a uniform code.

Prof. Ranga.—In many of these monuments I have noticed there are no descriptions given relating to those monuments.

Sir G. S. Bajpai.—If you will let me know the particulars, I shall certainly draw the attention of the Director-General of Archæology.

Mr. Das.—Does the grant of Rs. 53,000 to Bose's Institute still continue ?

Sir G. S. Bajpai.—I may remind you that last session in the Assembly I was asked a question whether we were quite satisfied with the administration of the institute, now that Sir Jagdish is dead. That is a point we have taken up and we propose to have a special enquiry into the whole question.

Mr. Satyamurti.—Last year we raised this question that some of these institutes take grants-in-aid and build up funds. Are we getting audited accounts of these associations to see that the money you give is not being accumulated in a fund ?

Mr. Badenoch.—Yes.

Sir G. S. Bajpai.—The case of the Bose Institute is an exception. The Indian Science Institute is a solvent body. The others live from hand to mouth. Most of these institutes have as a condition of the grant-in-aid, to submit to the Government of India an annual report of that income and expenditure, and we take that into account in determining whether the grant shall be continued at all in the following year, and if so what the amount of the grant shall be. The Bose Research Institute is an exception, for

this reason that owing to the prestige of the late Sir Jagdish Bose we were more or less committed to give this sum of Rs. 53,000 a year, and actually this is the institute which has offended in the matter of saving money and building up a reserve fund. We are going to take that into account. With regard to others, we are getting audited accounts.

Mr. Das.—Central Museums. When we are spending so much on the Central Museum, the Bengal people think it is their own national property. The Government of India is spending the whole sum.

Sir G. S. Bajpai.—Museums may be a provincial subject, but there are Federal museums which remain. If you see page 140 you will find Geological Section, Botanical Section, Zoological Section and Archæological Section. So long as the headquarters of these Surveys are in Calcutta these sections of the Museum have got to remain there. If their headquarters were shifted elsewhere the problem of transferring these Sections would be a financial one of considerable magnitude because there is no accommodation available either in Delhi or in any other place under our control in Calcutta.

Mr. Das.—Why should there be a Board of Trustees, and why should it not be a Government institution ?

Sir G. S. Bajpai.—Let me in the first place differentiate practice from theory. The theory is that the trustees administer the museum. In effect the Secretary of the Board of Trustees, who is the Keeper of the Records of the Government of India and who is a Government of India official, administers the museum. What led the Government of India in their wisdom to decide to have this imposing array of members of the Board of Trustees I do not know. Mr. Das's contention in successive years has been that Bengal who contribute only Rs. 8,000 towards the total expenses of the museum have as many as three representatives on the Board of Trustees. That has been put right by the Adaptation Orders in Council by which the power of nomination has been taken away from the Government of Bengal and now belongs to the Government of India.

Prof. Ranga.—You still nominate three Bengalis for that ?

Sir G. S. Bajpai.—No. We did not nominate three Bengalis. We have got to respect the term of office of those three who have been nominated once they are out, the nomination will be done by the Government of India.

Mr. Satyamurti.—Still, I do not see why you make this present to the Calcutta Museum. We have got a very good museum in Madras. However, we shall not pursue the point further.

Prof. Ranga.—Supposing you sell all those buildings will you not realise a large amount ?

Sir G. S. Bajpai.—I am not so sure whether taking into account the cost of transport, the cost of construction you would be very much better off. But there is another point. The Surveys concerned are quite clear about one thing. They will not have the exhibits broken up or scattered to the four corners of India. And it seems to me if they have to be housed as it were in one place they may be better housed in a place which is an educational centre. Educationally you gain very much. I am not so sure about Delhi.

Mr. Satyamurti.—You must build up Delhi one day or other.

Sir G. S. Bajpai.—We are building up a museum in Delhi. It is an archaeological museum ; it is on the Queen's Way.

Mr. Badenoch.—There is a small excess on the Zoological Survey, page 135. It requires to be regularised.

The Committee agreed.

Mr. Satyamurti.—Page 142. The usual thing. When you want to invite experts, why make up your mind in the middle of the year ? Because the Finance Department does it, it is no reason why you should also start this. There was no educational catastrophe for you to decide to bring out these experts in the middle of the year. Why did you not put it in the budget ?

Sir G. S. Bajpai.—If I may explain the position, what happened was that the decision to invite the experts was taken after the Central Advisory Board of Education had made their recommendation in December 1935. In other words, it was taken at a time when the budget schedules were already complete.

Mr. Satyamurti.—Is it not possible for you, Sir James, if you are convinced that this is an absolutely necessary service, to put it into the Budget even in January ?

Chairman.—After the middle of January we do not allow it.

Sir G. S. Bajpai.—The Board finished their deliberations on the 20th December. After that, I had to approach the Finance Member. I happened to be temporarily his colleague at the time, and it took me a little time to persuade him to agree to it, and it was nearly the end of January before we reached the conclusion that provision for this should be made. It was not with a view to avoid the vote of the Assembly or anything of that sort.

Mr. Satyamurti.—When the House is functioning normally, to keep away these items from the budget is not fair to the House.

Chairman.—Normally I agree that we ought to make provision in the original estimates if it is at all possible. But there is that dead period between the middle of January and the end of February. You have got to have a very large volume printed by the 26th or 28th February as the case may be.

Mr. Satyamurti.—Why not divide it up into standing charges and variations—two-thirds and one-third ?

Chairman.—I do not think it is practicable.

MEDICAL SERVICES, PAGES 143-145.

Prof. Ranga.—How did this happen—unforeseen expenditure on appointments made for the Medical Research Department and the All-India Institute of Hygiene and Public Health, Calcutta. Page 143.

Mr. Yeatts.—More appointments were advertised for than had been anticipated.

Prof. Ranga.—This All-India Institute of Hygiene—you are building all these things at Calcutta. Is it impossible to transfer them to Delhi ?

Sir G. S. Bajpai.—With regard to that, the position is that the buildings and equipments were provided by the Rockefeller Foundation out of a special donation of £150,000 and one of the conditions of the grant was that the Institute shall be in the neighbourhood of the Calcutta School of Tropical Medicine. Their activities are complementary.

Mr. Satyamurti.—We come to the Public Health Grant. Take A. and C. 1. Appointment of a junior officer, and non-entertainment of a permanent incumbent for the post of Director and Professor of Public Health Administration. I submit there ought to be very little variation under these heads at least.

Mr. Yeatts.—The junior officer was a captain. He has now gone. The other point is due to the great difficulty in filling up this post of Director.

Prof. Ranga.—You can get no man ?

Mr. Yeatts.—We had one satisfactory man in view and even he has withdrawn his application. We ought to have a Director ; and we are doing our best to get that post filled.

Mr. Satyamurti.—Page 148—D.3 and D.5. Is all this variation inevitable ?

Mr. Yeatts.—It was not a short recovery. It depends to a large extent on tonnage and things like that.

Sir John Nixon.—Is it due to a change in accounting ?

Mr. Badenoch.—No. The recovery from the Port Commissioners, Calcutta, was based on the tonnage instead of actual cost. It was not an accounting change, but a financial change.

Chairman.—This is an accounting corollary of a financial change ?

Mr. Badenoch.—Yes.

Mr. Satyamurti.—If the financial change has been made, the subsequent budgets ought to have been made on that basis.

Prof. Ranga.—D.-8 (3). Non-utilisation of provision for purchase of a new Clayton apparatus. You wanted to purchase a new one but you did not ?

Mr. Yeatts.—No. Another system of fumigation was in consideration. The saving was due to the provincial Government not reporting in time.

Prof. Ranga.—How did they come in ?

Mr. Yeatts.—At that time the provincial Governments were our agents for Port Health matters. Since last April these have been taken under direct administration from the Centre.

Prof. Ranga.—You have now repaired the existing one ?

Mr. Yeatts.—Yes.

Prof. Ranga.—Page 150. 10 lakhs reappropriation to the Indian Research Fund.

Chairman.—This was an allocation from the Rural Development Fund.

Mr. Badenoch.—The entry immediately below explains it.

Chairman.—As regards the point of time, the final decision to make this allocation was made in the middle of February when these estimates were all closed.

Mr. Satyamurti.—Was it mentioned in the budget speech ?

Sir G. S. Bajpai.—Yes.

Prof. Ranga.—In the Burdwan district or so there is a regular epidemic of malaria.

Sir G. S. Bajpai.—That is the concern of the provincial Government.

Mr. Satyamurti.—Are you getting any results from these anti-malarial operations ? Are the grants given to all the provinces ?

Sir G. S. Bajpai.—No. To selected provinces.

Mr. Yeatts.—The criterion is, if a province has a good organisation, we consider it ; also, if there is a good scheme, put up.

Mr. Satyamurti.—After all, malaria is a disease the cure of which can be found out on an all-India basis. Why should not the Central Government take up this research ?

Sir G. S. Bajpai.—It was not for the purpose of research.

Mr. Satyamurti.—You have got, anti-malaria works and research 8 lakhs.

Sir G. S. Bajpai.—I may point out that the Indian Research Fund Association has hitherto maintained a section called the Malaria Survey of India, and it does the bulk of the research work, both on curatives and on the question of transmission of the disease. But, as you know, in other countries—especially in Malaya and Italy,—there has been non-medicinal control, such as by means of drainage works, and things of that kind, and the idea was that this money should be utilised to encourage the provinces to experiment with control measures. As Mr. Yeatts told you now, the two criteria on which grants were made were, first, the existence of a really strong organisation of public health in the province, and secondly, the submission of a really practical scheme.

Mr. Satyamurti.—Do you get reports from the provinces as to how the money is being spent ?

Sir G. S. Bajpai.—The Public Health Commissioner gets the reports.

Mr. Das.—Some of the reports are very valuable reports.

Mr. Satyamurti.—Everything that comes through the Malaria Survey is meant for all provinces.

Mr. Yeatts.—Reports on its work and achievements are issued in the form of malaria survey bulletins. At the yearly meeting of the research workers conference in which all the provincial Governments are represented, we have sub-committees which sit on malaria, plague, and so on.

Mr. Satyamurti.—The provinces are represented there ?

Sir G. S. Bajpai.—Yes. If the Committee wish that the reports of any *ad hoc* committees or special reports which may be received on these experiments should be circulated, we shall undertake to do it.

Prof. Ranga.—Who administers this Fund ?

Sir G. S. Bajpai.—There is a governing body which is entirely independent. I am a representative on that body on behalf of the Government.

Prof. Ranga.—What sort of control do you have over this Tropical Medicine School ?

Sir G. S. Bajpai.—We have no control over it at all ; it is a Bengal concern. The All-India Institute of Hygiene and Public Health is a concern of the Government of India, but not the School of Tropical Medicine. But we maintain two professors ourselves there. So far as the policy of the School is concerned, we can only influence it indirectly by saying: you may not be able to get this grant or that grant unless you treat this institution as an all-India institution. My own impression is that no preference is shown to students from Bengal. Students from any part of India who are prepared to pay the fees are welcome there.

Prof. Ranga.—Have you satisfied yourself that people coming from outside Bengal are treated well ?

Sir G. S. Bajpai.—Unless we have before us a *bona fide* complaint that the institution is pursuing a discriminatory policy there is no occasion for us to make an enquiry, and such complaint has not reached us.

Sir John Nixon.—It is mainly a Bengal institution.

Sir G. S. Bajpai.—But we pay for two professors.

Mr. Satyamurti.—Note No. 2. The percentage of total saving as compared with the total voted grant works out to 6·21 this year as against ·69 in the previous year.

Mr. Yeatts.—1,25,000 is wrong. It should be 25,000.

Mr. Satyamurti.—What about the percentage of total saving as compared with the total voted grant ?

Mr. Yeatts.—We have spoken to them about that.

Mr. Satyamurti.—How many Pasteur Institutes have you got ?

Sir G. S. Bajpai.—We have only one, the Central Research Institute at Kasauli. The Pasteur Institutes are provincial concerns.

Mr. Satyamurti.—As regards the Kasauli Institute, why should we have an excess of credits over debits ?

Chairman.—That is profit.

Mr. Satyamurti.—We made 64,631 in 1935-36 whereas we have made only 4,617 in 1936-37.

Mr. Yeatts.—There was a big demand for cholera vaccine that year as a result of the cholera epidemic.

Mr. Satyamurti.—This reduction is due to the subsidence of cholera in this country.

Mr. Yeatts.—It is the degree of extension of the disease which determines whether we make a profit or not.

Mr. Satyamurti.—Page 152. Why are the accounts of the Institute audited only once in three years? Is it found satisfactory to do so? Why not every year?

Mr. Rajagopalan.—It is hardly worth while to do so every year.

Mr. Badenoch.—There is an omission here under Public Health. Actually under the control of E. H. and L. Department, page 296, under Grant 80, Delhi, F.-Works—there are large savings.

Mr. Yeatts.—Originally there was an amount of about 1.45 lakhs necessary for overhaul and repair. At that time we were dealing with this question on the basis that it would be necessary to make a radical provision for Delhi sewage, and a 5 lakhs token grant was put in. As a result of the recommendations of the Sewage Enquiry Committee the scheme which has now been completed was adopted and in financing it it was decided to make use of the recently formed Delhi Improvement Trust. We were requested by the Finance Department to surrender this 5 lakhs token grant and did so.

Chairman.—F.-2. You remember you have already heard from me about that.

Mr. Badenoch.—I think this is an occasion where provision was made and work started before detailed estimates were prepared.

Mr. Yeatts.—Part of the scheme was a railway embankment to the Horse Shoe Jhil. The railway considered it essential for this embankment to be built at once so that it could be given the test of full rains for subsidence, etc., before the further stages were taken up in the subsequent cold weather hence this item was pressed on. This was the only one taken up without detailed estimates and plans. The work was in the hands of the N. W. Railway.

Chairman.—They are both finished now?

Mr. Yeatts.—Yes.

Mr. Satyamurti.—Delhi—that grant is always defective.

Mr. Badenoch.—This is a special item for which I do not think the Chief Commissioner can take any responsibility. Otherwise, I can say that there is considerable improvement in Delhi.

Mr. Satyamurti.—We go to Agriculture, page 153. What is this item, A.-1—Change in personnel from non-voted to voted?

Sir G. S. Bajpai.—The amount has to be surrendered. You cannot transfer from non-voted to voted or *vice versa*.

Chairman.—You have got an excess of almost precisely the same amount, 24,000.

Mr. Satyamurti.—A.-5. Contingencies. 14,000 and 11,000 and then again 7,000. What is the purpose of a budget if you budget for 14,000 and spend 33,000?

Sir John Nixon.—Water and electric charges, provision for which was made under E.-3 (1).

Mr. Satyamurti.—This is for contingencies and E.-3 (1) deals with maintenance of gas, ice and electric installations.

Sir G. S. Bajpai.—Really, this is an abnormal year in the sense that we completed unexpectedly the transfer of the institute from Pusa to Delhi. This involved expenditure for which provision had not been made and therefore a re-appropriation has had to be made.

Mr. Satyamurti.—P.-150.

Chairman.—There is a surrender of ten lakhs, and I suggest we look at the reason for that ?

Sir G. S. Bajpai.—I think the ten lakhs has something to do with excise—the non-payment of the sugar excise.

Mr. Satyamurti.—How did you sanction 14 lakhs, when the local Governments did not submit schemes ?

Mr. Badenoch.—The big saving is under (c)—experimental farms.

Mr. Satyamurti.—Having saved that money, you are spending it in other directions ?

Sir G. S. Bajpai.—We have surrendered it. I would ask you not to condemn us until you have seen the next year's report. Although the percentage does appear excessive, it is largely made up of those two items. Over three lakhs is due to our holding up the Anand scheme because we were awaiting the report of Dr. Wright as to what the future of our activities with regard to dairies in India should be, and secondly to the non-payment to the provinces of their excise duties.

Mr. Satyamurti.—Let us now take the Karnal farm. We had some discussion last year during which Sir John Nixon laid it down I think that even the Karnal farm ought to be made a paying affair.

Mr. Yeatts.—If I may say so, I would suggest that the use of the term "Farm" in reference to this Karnal institution gives rise to wrong ideas. It is not a Farm ; it is a Sub-station of the Imperial Institute of Agricultural Research. We carry out experiments there, for example, on Berseem. We have been able to get this crop to seed in Karnal. Previously it had been necessary to depend mainly on the N.-W. F. P. for seed.

Sir G. S. Bajpai.—There is some misconception as to the purpose of the so-called farm. It is not comparable to Wellington which is the only place to which the ordinary commercial criteria could be applied. This is run exactly on the same lines as the Hissar farm run by the Punjab Government and Coimbatore run by the Madras Government. I do not see how you can make it self-supporting.

Prof. Ranga.—But only seventy miles away there is Delhi ?

Sir G. S. Bajpai.—It is a different breed of cattle we are concerned with here. You have two different breeds of cattle to deal with. When you talk about such points as the supervisory staff, that at Karnal is not of a very expensive order : I do not think if you were to shift the herd from Karnal to Delhi you would save very much on

the people who look after cattle. We have stated the broad position to you. There is the land at Karnal. Here is a separate herd genetically entirely different from that maintained at Delhi. We do not anticipate that there would be any appreciable economy in amalgamating the two herds.

Mr. Satyamurti.—We recommended last year that you should keep a careful watch over institutions such as these as to their usefulness.

Sir G. S. Bajpai.—The Committee would not be justified in assuming that a watch is not maintained upon the purpose for which the institution is maintained.

Mr. Yeatts.—I may say that the buildings on the Farm are over 100 years old and we could not sell them, for we could get nothing for them.

Chairman.—There are two issues. One is the possibility of diminishing the loss by transfer to Delhi. The other is whether the institution is worth Rs. 60,000 a year.

Sir G. S. Bajpai.—If you attach any importance to the improvement of particular breeds of cattle, I think it is.

Chairman.—Are not Local Governments showing a tendency to cut down their animal research expenditure?

Sir G. S. Bajpai.—Actually, they are doing more now for animal husbandry.

Mr. Satyamurti.—What are the breeds of cattle in Madras which have improved as a result of the Karnal farm?

Mr. Badenoch.—You have got one at Bangalore.

Sir G. S. Bajpai.—There is another point, viz., that there are regional variations connected with the categories of cattle with which you are dealing—variations in the conditions of breeding and feeding. The Karnal farm is supposed to serve the whole of northern India. We are dealing here with two breeds of cattle.

Chairman.—If you were starting afresh to-morrow, with no Karnal, you would concentrate both at Delhi?

Sir G. S. Bajpai.—You cannot amalgamate the two now without additional expenditure.

Mr. Badenoch.—You are re-constructing some buildings in Karnal now?

Mr. Yeatts.—Yes. That was essential if staff and valuable animals were not to be left out in the rain.

Chairman.—A third basis is the territorial re-distribution of the animal research work.

Sir G. S. Bajpai.—They have got a station at Coimbatore, at Guzerat, then rice research stations scattered in different parts of India, Bengal, etc., cane work at Meerut, at Delhi, and an experimental station in

Baluchistan. If members will pay visits to the Karnal and to the Delhi stations, they will be able to appreciate the work which is being done, very much better than I can explain it to them.

Mr. Yeatts.—The work done at Karnal is of much importance and, as I have said in relation to Berseem, of particular importance in relations to fodder crops.

Mr. Satyamurti.—Did Dr. Wright say anything about Karnal in his report ?

Sir G. S. Bajpai.—He made no recommendation as regards the curtailment of the breeding and other work either at Karnal or at Delhi.

Mr. Satyamurti.—P.-164. Anand Creamery. What is the latest position ?

Sir G. S. Bajpai.—Sir Arthur Olver made certain recommendations as regards the development of Anand for quasi-commercial scale experiments,—for the manufacture of cheese and other milk products. Dr. Wright, the expert, generally came to the conclusion that India did not lend itself to concentration upon the manufacture of cheese, considering the climatic conditions, and that experiments should be for the manufacture of Ghee and Khoya. These are the two rival considerations; and both the schemes have been considered by Government. We agree with the I. C. A. R. that the proposal should be circulated to Local Governments.

Mr. Yeatts.—The position is that we intend to consider the whole matter in the light of the advice and suggestions given by the Director of Dairy Research.

Mr. Satyamurti.—We import about 67 lakhs of rupees worth of milk products. Why cannot they be made in India ?

Sir G. S. Bajpai.—We are hoping that we will get the views of the Local Governments in the near future.

Chairman.—Is it not a fact that Dr. Wright's report threw some doubts on this scheme and it is being re-considered ?

Sir G. S. Bajpai.—That is what I have explained to Mr. Satyamurti.

Mr. Satyamurti.—I suggest you expedite this report.

Sir G. S. Bajpai.—We will.

COMMERCIAL APPENDIX, PAGE 77.

Mr. Satyamurti.—I had never been able to get an answer to this—why should we sell milk, butter and cream at a lower price than they are being manufactured ?

Mr. Yeatts.—That is the contract under which we took it over.

Sir G. S. Bajpai.—One of the conditions of the transfer of the Wellington farm to the Bangalore Dairy Research Institute was that Government will supply the requirements of the military.

Sir John Nixon.—Last year or the year before last we decided that that arrangement should be looked into again.

Mr. Satyamurti.—Twelve months have elapsed, and we are where we were. What is the difficulty about settling this question ?

Mr. Yeatts.—It is due to the contract that was entered into. It has been interpreted that the 1923 contract did contemplate that the rates should normally be the same as those at military dairy farms.

Mr. Satyamurti.—Can you not close it ?

Mr. Yeatts.—The intention is that the decision taken should cover also Wellington and Bangalore. When the new departures are taken, the idea is that there should be a single cohesive scheme.

Prof. Ranga.—How soon do you expect to come to this decision ?

Mr. Yeatts.—In any case the intention is that the scheme adopted should cover the Wellington and Bangalore positions.

Mr. Satyamurti.—Then, what about the contract ?

Mr. Yeatts.—So long as we run those things, we are bound to supply milk, etc., at that rate.

Mr. Satyamurti.—Then, we should recommend that we should close them down as early as possible.

Sir G. S. Bajpai.—It is an additional argument for centralising all our dairy work at one place. I have always looked upon this arrangement as somewhat iniquitous from our point of view.

Chairman.—The question now is whether we should recommend to shut it down now or whether we should wait until the whole matter has been examined.

Mr. Yeatts.—The Imperial Dairy Expert is at Bangalore and you cannot close him down without giving him notice. That is why I said that all these three places hang together.

Mr. Satyamurti.—Let him concentrate at Bangalore.

Mr. Yeatts.—Part of the contract is that you cannot separate Wellington from Bangalore. I may inform the Committee that I have been looking at it very carefully and I am going to take up the point of the rates again.

Sir G. S. Bajpai.—I do not know enough about the army side, but I should be surprised if these prices were fixed entirely on commercial considerations.

Mr. Badenoch.—The Okara farm profits come in here. They put back old profits into the Army concerns.

Mr. Satyamurti.—If the contract, therefore, is properly interpreted and if you put commercial prices on similar products, you will find that this is not the correct figure.

Sir G. S. Bajpai.—If we put our attitude in this way, I hope you will be satisfied. Either we shall have come to a decision before we meet next year on this question of the centralisation of research at some place other

than Bangalore, in which case the thing will automatically cease; or, if we have not come to a decision on that, we shall have independently taken up this question.

Mr. Satyamurti.—Yes, that will do.

GRANT NO. 61.—CIVIL VETERINARY SERVICES, PAGE 167.

Mr. Satyamurti.—Under ' Direction ' they have saved Rs. 17,900 out of a grant of Rs. 78,000. How did you manage that ?

Mr. Yeatts.—That was really due to the substitution of lower rates of pay.

Mr. Satyamurti.—D.—Purchase of additional animals. I suggest that the Department should look into it carefully when the next budget grant comes up and cut it down.

Sir G. S. Bajpai.—We will do it.

Mr. Yeatts.—We are here concerned with the variations of the demand for serum. When the demand for it drops, down goes your expenditure. To that extent, we have the same kind of variation at Kasauli.

Mr. Satyamurti.—But this thing had been going on for the last three years continuously.

Sir G. S. Bajpai.—It is a valid criticism and we must meet it.

Mr. Satyamurti.—What is this item *o* at the top of page 169 ?

Chairman.—My recollection is that in the budget of that year, I allocated 30 lakhs out of the unspent balance for agriculture and husbandry schemes.

Mr. Satyamurti.—Why did you do it in the middle of the year ?

Mr. Badenoch.—It is a net figure. Actually, there is no effect on the grant as a whole.

Mr. Satyamurti.—I want to know what was the reason for this adjustment in the course of the year.

Mr. Badenoch.—That is one of the advantages of having this system. When you place aside this fund for economic development and improvement of rural areas, you can work on a programme and not on an annual figure.

Prof. Ranga.—What about Q, Veterinary Research Scheme ?

Mr. Yeatts.—This belongs to I. C. A. R. Our people carry out certain pieces of research work for them.

Mr. Badenoch.—I think a general criticism may be made that I. C. A. R. items are usually very much over-estimated. The same thing happens under the Agricultural Department. They suggest a provision which is far more than they can utilise.

IMPERIAL VETERINARY RESEARCH INSTITUTE, MUKTESAR.

Mr. Satyamurti.—I suppose all the Institutes under the Department of Education, Health and Lands, must result in a loss.

Sir G. S. Bajpai.—I should like to know the Institute of a Department which works at a profit.

Mr. Satyamurti.—What about the commercial account of Izatnagar ?

Sir G. S. Bajpai.—The position is comparable to that of the Research Institute at Kasauli. It depends on the incidence of disease. If the disease is high, we sell more.

Prof. Ranga.—You supply serums even to private individuals.

Sir G. S. Bajpai.—We supply it to anyone who wants to buy it.

Tuesday, 19th July 1938, at 11 a.m.

Mr. Satyamurti.—Page 190 : Where is the Indian War memorial ?

Sir G. S. Bajpai.—In connection with the war memorial we maintain a curator. The war memorial museum is inside the Fort in Delhi. The society which is responsible for the control of the war memorial maintains a curator. On the other hand we have got an archæological museum to run and it is more economical to work in conjunction with the war museum.

Mr. Satyamurti.—Page 257. Why do you maintain the Kidderpore Orphananj market ?

Sir G. S. Bajpai.—This is an undertaking which, if I remember aright, we have inherited from the days of John Company for running the orphanage for the benefit of Anglo-Indian children ; part of the endowment is provided out of the Ganj market.

Mr. Satyamurti.—Why not hand it over to the committee ?

Sir G. S. Bajpai.—We do not run the market for the benefit of the orphanage. The market belongs to us and the income from the market is available for the funds of the orphanage. If we hand over the orphanage to the committee, then it may not be possible for us to resume it. So we want to keep control over the thing.

Mr. Satyamurti.—It is not consistent with the dignity of the Government of India to run a market at Kidderpore.

Prof. Ranga.—Why not make a condition that as soon as the orphanage ceases to exist, the market should revert to the Government of India.

Sir G. S. Bajpai.—It is a somewhat complicated arrangement in which the Government of Bengal also are involved. I am prepared to examine this if the committee wishes.

Mr. Satyamurti.—Item J. (9) : This was not foreseen at the budget time. They wrote to you afterwards ?

Sir G. S. Bajpai.—Rather we wrote to them afterwards because everything depended upon their own legislative and electoral programmes.

Mr. Satyamurti.—Item H. (16). I thought we had got away from the age of keeping savings in reserve to meet unforeseen charges !

Mr. Badenoch.—As I explained before, this head will disappear hereafter.

COMMERCIAL APPENDIX, PAGE 97.

Mr. Satyamurti.—You made five lakhs odd last year against three lakhs this year ?

Sir G. S. Bajpai.—We cannot regulate the market. I have not got the figures this year. Ever since we threw off North Andamans, we have concentrated on the working of the South Andamans and the situation has improved. We have made a change in the agency at Calcutta.

Mr. Badenoch.—Para. 178. Commercial Appendix. I agreed to the writing down of the capital of the forest assets in the North Andamans on condition that this was brought to the notice of the Public Accounts Committee.

Chairman.—It results in a saving of 62,000 which goes to the general budget.

Mr. Badenoch.—It is not really debt at all. All these assets were constructed out of revenue. The capital is only *pro forma*.

Mr. Satyamurti.—What do you mean by writing down in fact ?

Mr. Badenoch.—It means you exclude from your capital for the purpose of calculating the financial results of the concern.

Mr. Satyamurti.—What happened to the actual asset ?

Sir G. S. Bajpai.—At the time when the decision was taken the assets stood at four lakhs seventeen thousand. We took over stuff worth about 67,000 and that left three lakhs fifty thousand. Since then we have been trying to get rid of the stuff. Nobody has come forward to offer us a good price. At the moment we are engaged in the examination of the possibility of transferring something from here to the South Andamans for better utilisation. Of course that would be brought on to the capital account and the balance may have to be sold as a scrap.

Mr. Ramsay Scott.—How is the match factory doing ?

Sir G. S. Bajpai.—During the depression they closed down. They have now reopened and as a result of that the local sales of our logs have gone up.

Mr. Satyamurti.—Serial No. 6 of the statement showing action taken on the recommendations of the P. A. C. Is this staff in Jeddah appointed by His Majesty's Government in England ?

Sir G. S. Bajpai.—The Vice-Consul is appointed with our concurrence by His Majesty's Government. Therefore we pay his entire salary because his main business is to look after the pilgrims to Jeddah.

Mr. Satyamurti.—Why should we not appoint him, if we pay him ?

Sir G. S. Bajpai.—The only accredited representative of His Majesty's Government there is the British Minister. We have not got a separate diplomatic agent. He works under the British Minister.

Mr. Satyamurti.—Are Vice-Consuls appointed only by His Majesty's Government ?

Chairman.—We appoint the Persian Vice-Consul.

Sir G. S. Bajpai.—So far as the Persian Gulf is concerned, the Indian interests being paramount in that region, we appoint the Vice-Consul.

Chairman.—The only Indian interest in Jeddah is the pilgrim interest, and the primary interest is the Imperial interest.

Mr. Satyamurti.—If really the primary interest is the Imperial interest, I do not see why we should not ask His Majesty's Government to share the cost.

Sir G. S. Bajpai.—We would be justified if the Vice-Consul did anything to promote Imperial interests. He is exclusively looking after pilgrim traffic. He is more or less a representative of the Government of India. On the practical side we have never felt that his being appointed by His Majesty's Government has handicapped the Government of India at all. The effective control is with us.

GRANT No. 92-A.

Mr. Satyamurti.—Item A-2. Supplementary grant obtained for regrant of amount surrendered during 1935-36. Are these surrenders conditional ?

Mr. Badenoch.—These are ordinary regrants of lapses.

Sir G. S. Bajpai.—This is on account of the Pusa Institute. The decision of Finance Department was that we should complete the whole thing subject to a maximum expenditure of 36 lakhs.

Mr. Satyamurti.—I am afraid this does not secure effective budget control.

Mr. Badenoch.—Budget control has been very carefully safeguarded because the amount which the P. W. D. could not spend in the previous year was surrendered to Government on condition that the lapsed amount was regranted next year. You may criticize them for having over-estimated their expenditure of the previous year, but I do not think you can criticise them for having obtained a supplementary grant in this year because they surrendered the amount they could not spend in the previous year.

Mr. Satyamurti.—Does the Finance Department encourage this conditional surrender ?

Chairman.—Cases of this sort would be covered by a more general adoption of the capital programme expedient. You can certainly do that for railways, posts and telegraphs. I am a little more doubtful whether you can do it for sporadic things.

Mr. Satyamurti.—There is no temptation to make the original grant more accurate than now.

Sir G. S. Bajpai.—We economised to the extent of 2 lakhs only.

Mr. Satyamurti.—If a department is encouraged to believe that if they budget for 25 lakhs, they can spend 20 lakhs and they can surrender five lakhs, and get it back, they have no temptation to make the original grant accurate.

Chairman.—In the case of big capital works the Committee expressed the view that it is much better not to control by annual allotment. This sort of casual case arises only once in a number of years.

Mr. Satyamurti.—36 lakhs have been spent over many years. We are not making a block grant and asking them to spend within that. If annual budgets have any meaning, it is not only the amount but the period of time which ought to be considered.

Mr. Badenoch.—Mr. Satyamurti's complaint seems to be that the public works department might overestimate. If we do not allow the re-grant of lapses, we find that the P. W. D. gets involved in very much worse irregularities, that is rushing through expenditure at the end of the year and sometimes paying out money for stores before they have been actually surveyed to see whether the invoices are accurate and so on. I think on the whole it is much better to encourage the Public Works Department to surrender in this way than to force them to spend to the limit of the budget. Of course they are always asked to estimate as closely as possible.

Sir G. S. Bajpai.—On a point of detail, I think this supplementary grant was not necessitated by any shortcoming on the part of the P. W. D. We had meanwhile to re-align the sewage system of Delhi and until detailed plans on a revised basis had been worked out, the P. W. D. could not undertake the work. That was why the surrender had to be made.

Mr. Satyamurti.—A.4 on page 399 is a curious case.

Sir G. S. Bajpai.—This is all about Pusā.

Mr. Satyamurti.—On pages 400 and 401, the revised estimates seem in many cases to be bigger than the original estimates.

Sir G. S. Bajpai.—It is quicker progress of work during the year. Instead of completing the work in three years we did it in two.

Mr. Satyamurti.—Does it mean that more work was done ?

Chairman.—You pay this year instead of in the next.

Mr. Satyamurti.—Is that a correct procedure ?

Mr. Badenoch.—Yes. It means that money to be spent in the subsequent year was paid this year.

AGRICULTURAL RESEARCHES, PAGES 158-159.

Mr. Badenoch.—There seems to be a certain amount of over-estimating for these schemes in the original budget, e.g., J-5.

Sir G. S. Bajpai.—All that I can undertake to do is that in so far as schemes executed through agencies under the control of the Department of E., H. and L. are concerned, there shall be more careful budgeting hereafter.

Mr. Satyamurti.—If the I. C. A. R. underspend their grant of 5 lakhs year after year, I do not see why we should not give them a lower sum.

Chairman.—They are given a fixed sum of 5 lakhs a year in order to finance such agricultural research as they think is worth while, and they are not compelled to spend the money in any particular time.

Mr. Satyamurti.—If they put in schemes for a particular year, they should explain why the money was not spent.

Sir G. S. Bajpai.—The responsibility for this underspending is not of the I. C. A. R. but of the research officers on whose estimates the I. C. A. R. agreed to make the allocation.

Chairman.—But the general point is that if it is a common feature to make slower progress in your research schemes than anticipated the I. C. A. R. do not need as big a grant as 5 lakhs.

Sir G. S. Bajpai.—Actually you will find that over a series of years the expenditure of the I. C. A. R. has been in excess rather than in deficit of 5 lakhs a year. It so happens that the grant made to certain central research agencies was not spent.

Mr. Satyamurti.—Year after year, do you spend more than 5 lakhs ?

Mr. Dutt.—Up till 1938-39 we have received a grant of Rs. 20,14,000 and our liabilities amount to Rs. 117,76,500. We have spent up to 31st March 1938 Rs. 28,36,250.

Chairman.—What have you actually spent on schemes in progress ?

Mr. Dutt.—The actual expenditure up to 1936-37 is Rs. 67,14,228 as against a grant of 120 lakhs.

Chairman.—Then you have accumulated half a crore in hand.

Mr. Dutt.—They are all earmarked for certain schemes.

Chairman.—But there is in hand a balance of 40 lakhs which will not be required for some years. Therefore we can suspend the grant of 5 lakhs for a couple of years without doing you any harm or, if there are good schemes, you could sanction more schemes and speed up your expenditure without any call on the central revenues.

Sir G. S. Bajpai.—If I may take you back to the recommendation of the Royal Commission on Agriculture, they said that the I. C. A. R. should have a corpus of 50 lakhs and a certain annual grant. The Government decided on a corpus of 25 lakhs to start with and an annual grant of 5 lakhs. To the extent that they are conforming to the original conditions of their creation, I do not think they are doing anything which was not originally contemplated.

Chairman.—The point I am after is this. They have in hand now 40 lakhs, besides the endowment fund. At the present moment they have allocated up to the full amount of that 40 lakhs and they can count on 5 lakhs a year. As the time the commitments against 40 lakhs mature is two years ahead, they can safely allocate immediately 10 lakhs more on new schemes.

Mr. Satyamurti.—When do you expect to spend these 40 lakhs ?

Mr. Dutt.—We have really provided for more expenditure than the grant from the Government of India. For example, on agricultural schemes we have provided in 1938-39, Rs. 9 lakhs ; on animal husbandry schemes, Rs. 2,88,000 ; on general schemes, Rs. 2,40,000—though our grant is only 5 lakhs.

Chairman.—In a case like that it is legitimate to assume a continuance of the promise for another year or so and therefore to spend a year or so ahead of actual cash in the till.

Mr. Badenoch.—I agree.

Chairman.—Therefore under the present arrangement there is for the I. C. A. R. quite a substantial margin for speeding up on good schemes if they are to be found.

Mr. Ramsay Scott.—Do they not make promises for schemes for five years ?

Chairman.—But they do not make promises beyond the amount in the till. But in the case of a running account like this it is legitimate to allocate against expectations to a limited extent, which is rather more than allocating against cash in the till.

Mr. Badenoch.—That is proved from the accounts here. There are big savings under practically every head. It means that that the money is simply going into the till whereas you might have other schemes.

Sir G. S. Bajpai.—Actually, as far as I know, the whole of this 37 lakhs has already been allocated.

Chairman.—By the time the allocated money has been spent you should have received several lakhs more. The point is that so long as they have got from year to year an unspent cash balance of 30 or 40 lakhs, there is room for them to speed up programmes of expenditure without any increase in the annual subvention. All that they require is an expectation of its continuance.

Sir G. S. Bajpai.—It was under your instructions we enjoined upon the I. C. A. R. the necessity of making no commitments to any Provincial Governments against expectations from the Government of India, and that policy has been carried out by the I. C. A. R. ever since. You will remember, Sir, at that stage when I was acting as Member, the question arose of the policy of the I. C. A. R. allocating funds to schemes which they approve, although actually those schemes could not be financed either out of the money which was available to them or what was promised to them by the Government of India ; so that the position today is that all the resources of the I. C. A. R. are actually pledged to schemes which they have already sanctioned. If you want to speed up those schemes, there are only two ways of doing it, one is to make them do research work more quickly, and the other is to abandon some of those schemes which have been already sanctioned.

Mr. B. Das.—I would rather like that some of the old schemes should be abandoned, because they were conceived in the old bureaucratic way with no influence of the popular side in the I. C. A. R. Now, all the congress ministers are reflecting the popular view point. I think there is no use at all for some of your old schemes. Who were your advisers ? Members of the Imperial Legislative Council, all rich people, who had only a particular stake in industries in which they had put in money themselves like the sugar industry. Therefore, please allow the present congress ministers to have a chance to develop their own schemes and to utilise the resources of the I. C. A. R. and develop the resources of the provinces.

Sir G. S. Bajpai.—You refer to our advisers, but under the terms of the constitution of the I. C. A. R. sanction of funds for the expenditure of schemes is the exclusive prerogative of the governing body of the

I. C. A. R. which has ever since its inception been composed predominantly of provincial ministers. If your contention is that the pre-congress ministers were unrepresentative and their schemes should be washed out, I am afraid that view will not be shared by the congress ministers who have attended two meetings of the governing body during last year. We are not considering any new fangled schemes, and although the nature of the old scheme and the nature of the sanction have been before the congress ministers, not one of them has suggested that the old schemes should be scrapped.

Mr. B. Das.—Was the point specially taken up ?

Sir G. S. Bajpai.—You better indicate your views to the Orissa representative, Mr. Kanungo, just as you have mentioned your views here today.

Mr. Dutt.—All our schemes were placed before the governing body meetings on the 5th and 6th, and they scrapped some schemes and approved the rest of them, and we are now allocating funds.

Mr. Satyamurti.—May I know, Mr. Dutt, when do you expect on the present basis of the programmes accepted, to spend the 37 lakhs,—at the end of how many years ?

Mr. Dutt.—Usually our schemes do not exceed beyond 5 years, but normally less than 5 years.

Sir G. S. Bajpai.—May I make a suggestion for the consideration of the Committee ? Perhaps you would like us to circulate to the Committee, not immediately, but some time later, for their consideration next year a statement showing by which date the money that is already available to us is likely to be spent, and in that also include a forecast of what the policy of the I. C. A. R. with regard to expenditure is going to be in the light of the recommendation of the Russel Report, which, as you know, lays little emphasis upon these academic researches and more emphasis upon demonstration.

Chairman.—The only point for consideration is if it leads up to either a re-affirmation or a relaxation of your spending on expectations.

Sir G. S. Bajpai.—If that is all, then it may not be necessary for me to have this memorandum circulated to the Committee at all, but on the other hand, if you still desire that the I. C. A. R. should speed up their schemes, I thought it might be useful to give you an idea of our work.

Chairman.—Supposing I were prepared to relax and say you could allocate against one year ahead, in that case you could allocate against one year and can continually go ahead with 6 or 7 lakhs worth of schemes more than what you could otherwise do. I think we will put in the report something like this ;—“ The I. C. A. R. explained that hitherto they had been debarred from allocating money for schemes in advance of the actual cash in hand. The Committee raised the question whether they might not be allowed to initiate schemes on the assumption that the annual grant will be continued at any rate for a reasonable period ” ; and that I undertook to consider the matter.

Mr. Satyamurti.—What is this corpus, may I know ?

Mr. Dutt.—The total amount is 37 lakhs.

Mr. Satyamurti.—You have no corpus now ?

Mr. Dutt.—No, not in that sense.

Mr. Satyamurti.—I don't like that you must provide for the future—I don't think any democratic country commits itself against its own vagaries in the future.

Sir G. S. Bajpai.—In the case of the I. R. F. A. the cessation of the grants has actually materialised. We have been for a number of years living upon our accumulations, because the reasonable expectations of the annual grant has not been forthcoming. In the case of the I. C. A. R., the 37 lakhs are actually pledged to schemes.

Sir John Nixon.—What is your annual expenditure ?

Mr. Dutt.—10 lakhs.

Mr. Badenoch.—It is allocated, and not spent. What is required is to discount a certain amount of the demands of your local agencies.

Sir G. S. Bajpai.—It is partly that. My own personal opinion is that there is too much leniency shown to proposals which are of a long-range character. They say sometimes that this particular disease will take 5 years to make researches into and so on, and therefore the expenditure lags very much behind. I think you would not get any substantial change in the position of the I. C. A. R. until they give up these long range schemes in favour of the short range schemes.

Chairman.—Even so, it only supplements the general point that if you can allocate one year ahead of the receipts in the till, then you can increase the total value of your schemes.

Sir G. S. Bajpai.—One thing I should like to mention at this stage is, I have been speaking without authority as it were. I am not the spokesman of the I. C. A. R., and I hope you will agree that what we have considered just now is subject to examination by Sir Bryce Byrt, and any comments he may offer for your consideration before a final decision is taken.

Mr. Satyamurti.—What was the expenditure last year ?

Mr. Dutt.—In 1937-38, 17,58,100 ; in 1936-37, the year with which we are concerned, our total expenditure was 17,06,393. What we really do is, we make a grant every quarter. They let us know their requirements ; and then we send them a cheque in the 4th quarter. We ask them to let us know what will be their probable expenditure during the year.

Mr. Satyamurti.—Will you please look at page 165 ? Just look at the columns of figures at the bottom.

Mr. Dutt.—These are for administration of the department.

Chairman.—How do you get 6½ lakhs ?

Mr. Dutt.—1½ for the sugar research scheme, a special grant from the Government of India.

Mr. Satyamurti.—What is this 30 lakhs gross ?

Mr. Dutt.—That includes the 21 lakhs odd special grant that had been given to us as a block grant for speeding up certain schemes, 10 lakhs to liquidate the original promise of the Government of India for the grant of 25 lakhs, and another 11 lakhs for certain original schemes of research which we took up at once.

Mr. Satyamurti.—How much have you spent ?

Mr. Dutt.—I have not got exact figures.

Mr. Satyamurti.—There is no proper financial control, no audit control. It seems to me that we must apply the same canons of control of expenditure and all schemes should be got ready before money is given. If Government of India have money and if they can't spend it, why not give it to Provincial Ministers ? The Government of India can't get this money spent by the I. C. A. R. and the money is accumulated in the fund. You are not doing research work, and if they can't spend the money for which it has been given, then give that money to the Provincial Governments. You gave them 11 lakhs for specific schemes, and up to now we do not know how much the I. C. A. R. have spent

Sir G. S. Bajpai.—Every year some time in March the I. C. A. R. distribute to every member of the Legislative Assembly a copy of the report of the previous year giving full details not only of the financial allocations but of the actual work done on the different schemes which they have financed.

Chairman.—His point is, when you give the progress of the research, you should also say how much money has been spent on it. You should also make a much closer estimate of the money required in a particular year, and you should not let it accumulate.

Sir G. S. Bajpai.—We will see whether the report cannot be improved so far as the presentation of the annual budget is concerned.

Mr. Satyamurti.—Your estimates must correspond as much as possible to actual expenditure. You must not encourage schemes without any estimates.

Sir G. S. Bajpai.—You have to consider the agency through which this money is being spent. So far as the Indian Research Institute is concerned you can find fault with us if we have not correctly estimated, but you have to a certain extent the universities working, but even more you have got provincial agricultural departments working. It is rather difficult to catch up this business of over-estimating in the provinces.

Chairman.—I think Mr. Satyamurti's point is that you cannot expect to catch up the individual institutions in their estimates, but that you can allow for a certain general tendency to underspending. I do not think we can carry the discussion any further.

Mr. Satyamurti.—Out of the 21st lakhs given to you, 10 lakhs have been added to the reserve fund.

Sir G. S. Bajpai.—There is no reserve fund. They have been allocated to schemes.

Chairman.—There is really no distinction between the 10 lakhs and 11 lakhs. 11 lakhs were on special schemes which they had in mind and 10 lakhs really enable them to increase their ordinary activities.

Mr. Dutt.—Exactly.

Mr. Satyamurti.—Have you got figures to satisfy us whether this grant of 21 lakhs is really speeded up ?

Chairman.—What was your general level of expenditure in the previous report ?

Mr. Dutt.—17,06,000.

Chairman.—What was the general level before that ?

Mr. Dutt.—For 1935-36 ? I have not got it here:

Mr. Satyamurti.—Page 166—Scheme for the improvement of agricultural marketing in India. You have got a special grant for this ?

Mr. Dutt.—Yes.

Prof. Ranga.—A.-3. Inability of Marketing Officers to undertake more tours owing to heavy work at headquarters.

Mr. Dutt.—This was the first year of the marketing scheme.

Mr. Ramsay Scott.—Why did they not tour and why was there so much work at headquarters ?

Mr. Dutt.—This was the first year. The scheme was started in January 1935.

Prof. Ranga.—Have they improved it in 1937-38 ?

Sir John Nixon.—When they got into their stride they did tour a lot, but 1936-37 was the first year when they were settling down.

Mr. Ramsay Scott.—Is there any report of what these marketing people have done ?

Sir G. S. Bajpai.—There are reports on different commodities.

Mr. Satyamurti.—Are these published in the Indian languages ?

Sir G. S. Bajpai.—Yes.

Mr. Satyamurti.—And sent to the Provincial Governments ?

Mr. Dutt.—We issued the wheat report in Hindi and Urdu and the linseed report in Hindi, Urdu and Bengali I think.

Mr. Satyamurti.—Please remember there is a country south of Nerbudda also.

Sir G. S. Bajpai.—But wheat is not grown there unfortunately.

Mr. Satyamurti.—To whom is this grant of 2 lakhs given ?

Mr. Dutt.—To the Provincial Governments.

Chairman.—The origin of it was that under the old Government of India Act it was illegal to make grants for specific provincial purposes and this was a device adopted for getting round the legal position.

Mr. Satyamurti.—How do you distribute to the provinces ?

Mr. Dutt.—We pay Rs. 20,000 roughly to the major provinces.

Prof. Ranga.—Are you receiving any reports from these Provincial Governments ?

Mr. Dutt.—Yes.

Prof. Ranga.—How is it that none of these Provincial Governments have so far published any report of their marketing officers ?

Chairman.—The reports are communicated to the Central Government where the results are concentrated. They work under the direction of the Central Marketing Officer here.

Prof. Ranga.—But they are appointed by the Provincial Governments ?

Mr. Dutt.—Yes.

Mr. B. Das.—Since the creation of this marketing office and these marketing officers, have you got any report from any of the provinces or organisations to the effect that the producer has got a better price and that he has not been exploited ?

Sir G. S. Bajpai.—The marketing survey was with reference to specific commodities, and it is only after the report with regard to these commodities has been published that action can be taken by the Government of India or the Local Government as the case may be, to benefit the agriculturist or the producer. But as far as I can make out, the wheat report was published at the end of last year and the linseed report has been published only just now and there has not been time enough for the authorities to take any action.

Mr. Satyamurti.—There is a note on the revenue and financial administration of Government lands and buildings in New Delhi. What lands in New Delhi are under your control ?

Sir G. S. Bajpai.—The actual land both in Old and New Delhi is under the control of the Chief Commissioner who makes references to us on general questions of policy.

Chairman.—Are you the agency for the unsold land ?

Sir G. S. Bajpai.—The unsold land is disposed of by the land development officer under the control of the Chief Commissioner, subject to certain general principles which we lay down.

Mr. Satyamurti.—“ The lands and properties administered by the Provincial Circle are governed by the procedure prescribed in the P. W. D., and P. W. Account Codes and no revision of existing arrangements seems necessary.” Is that the opinion of the executive, or is that agreed to by the Auditor General ?

Mr. Badenoch.—We accept that.

Mr. Satyamurti.—Is this arrangement satisfactory ?

Mr. Badenoch.—Yes.

Mr. Satyamurti.—“ No special staff is engaged for the realisation of revenue.” You do not think any special staff is necessary.

Sir G. S. Bajpai.—Because in the event of an individual not paying up his ground rent action is taken under the realisation of land revenue procedure. It is recovered as an arrear of land revenue.

Mr. Satyamurti.—Para. 2—first sentence. What are these properties ?

Sir G. S. Bajpai.—Apart from land I think he has no properties. The ownership of all land which has not been already leased out vests in Government in New Delhi. There is no private land there ; it was all acquired by Government.

Mr. Satyamurti.—Why should these properties be not subject to the system prescribed for the P. W. D. ? Any reason for that departure ?

Sir G. S. Bajpai.—They are not built upon. How can you apply the P. W. D. system ? Until the land has been built upon it does not come under the control of the P. W. D. or any other building agency. After it has been built upon and if it has been built upon by Government then it comes under the control of the P. W. D. In the case of private individuals' building, the control is exercised by the New Delhi municipality.

Mr. Satyamurti.—Are these auctions advertised in the newspapers ? I am referring to para. 3.

Sir G. S. Bajpai.—They are advertised and generally there is also the beat of drum.

Prof. Ranga.—Do you fix some sort of upset price ?

Sir G. S. Bajpai.—No.

Mr. Satyamurti.—Land in New Delhi, thanks to the expenditure of the Government of India is rising very rapidly and we ought to get more money out of these lands. What is this premium. What relationship does it bear to the price of the land ?

Sir G. S. Bajpai.—There is no such thing as a sale in freehold in New Delhi. That is to say, you do not acquire complete ownership. It is only a perpetual lease subject to renewal every thirty years.

Mr. Satyamurti.—Is that most advantageous from the point of view of the Government. If you can sell as a freehold, would you not get more money ?

Sir G. S. Bajpai.—You may, but you may have to forego the unearned increment. Every thirty years the rent is revised.

Mr. Satyamurti.—“ Subsequent realisations are watched through them and there is no likelihood of the recovery of Government dues being lost sight of.” Can you give this Committee any figures of outstanding arrears.

Sir G. S. Bajpai.—I am afraid I cannot.

Mr. Badenoch.—Audit looks into the accounts and brings to notice arrears.

Sir G. S. Bajpai.—Considering the nature of the property in Delhi I do not think there is much room for arrears.

Mr. Satyamurti.—Para. 4. You do sell some properties as permanent transfer ? Does it refer to Old Delhi or New Delhi ?

Sir G. S. Bajpai.—There are educational institutions. So far as they are concerned, there is no outright sale, but the land is let out at a concessional rate, subject to the condition that if the land is diverted to any other use or purpose the Government will resume. We make over certain lands to railway, some to military..

Mr. Satyamurti.—Why do you make over to railways permanently ? Why do you forego your right to unearned increment ?

Chairman.—The railway won't put up sidings, etc., unless they get the land permanently.

Mr. Satyamurti.—Paras. 9 and 10. You get the full co-operation of the Collectors and Deputy Commissioners.

Sir G. S. Bajpai.—Yes. It is all under the Chief Commissioner of Delhi.

Mr. Satyamurti.—Para. 11. “ Deviations from the conditions of lease agreements are occasionally permitted in cases in which they are unobjectionable.” Who is the authority who decides this ?

Sir G. S. Bajpai.—The Chief Commissioner.

Mr. Satyamurti.—Why do you allow these deviations ?

Sir G. S. Bajpai.—They are very rare.

Mr. Satyamurti.—“ Additional recoveries from the lessees are now made on a certain scale in such cases and the question of settling a definite policy in this matter is under consideration with the Government of India ”. Have you come to any decision on that matter ?

Sir G. S. Bajpai.—The position is that the Chief Commissioner of Delhi addressed us on the subject. His idea was that there should be a regular schedule of fees for certain deviations and what we have said is that in cases where it is impossible to forecast what the deviations are going to be, he had better not have a regular schedule but consider each case on its merits. We do not want rigidity.

Mr. Satyamurti.—Would it not give rise to favouritism, etc. ?

Sir G. S. Bajpai.—I think you have got to trust the local officials.

Mr. Satyamurti.—With regard to religious buildings, do you follow any different rules about encroachments ?

Sir G. S. Bajpai.—The assumption is that the archæological department will not encroach. If it is a private encroachment and non-religious, the land development officer will proceed direct. There is no possibility of communal riot or things of that kind happening. But if it is a religious building, considerations of law and order come into play and there the land development officer has to go through the Chief Commissioner.

FINANCE DEPARTMENT.

Mr. Satyamurti.—We will now take up the Finance Department. On what basis do you prepare the budget for the next year ? What is the method you follow ?

Sir John Nixon.—We go through each one of these individual demands and we consider if *prima facie* they are extravagant, and if we think they are we cut them down and send them back to the Department. We start with three to five years' back figures before us.

Mr. Satyamurti.—Does anybody apply his brain to the competing claims of all the Departments of the Government of India ?

Sir John Nixon.—Proposals for expenditure are put before us during the year. If they fall into certain categories, we accept them as charges on the Budget. If it is for protecting the revenue or if it is remunerative, we put it in. Also, if some Department says that particular proposal cannot be held back for some reason or other; and we accept their plea, we put it in. But the others we put before a Secretaries' meeting. Each Secretary is allowed to explain the merits of his individual schemes and the matter is submitted to the vote.

Prof. Ranga.—Are you able to find sufficient money to admit all the remunerative schemes placed before you ?

Chairman.—Not if they are all in the same year.

Sir John Nixon.—If the benefit is some years ahead, we use our judgment.

Mr. Satyamurti.—Do you apply your mind to the revenues also ?

Sir John Nixon.—Estimates of revenue mainly come up from the C. B. R. direct to the Honourable Member.

Mr. Satyamurti.—Pages 5—8 of the Appropriation Report. Under Customs and Taxes on Income I want to know on what basis you budget for Customs ? Do you simply go by an arithmetical figure ?

Chairman.—I do not think our estimating of revenue is at all scientific. We are definitely overhauling our statistical apparatus. I think Mr. Chambers has got a scientific system.

Sir John Nixon.—Dr. Gregory is also applying his mind to it. We are trying to improve the machinery.

Prof. Ranga.—What are the factors you take into consideration in regard to customs ?

Chairman.—General indications of price movements, business activity curves, the general impression of the state of trade generally ; most of these indications are based on what will happen in India in consequence of world conditions.

Mr. Satyamurti.—Page 6. The expenditure has gone up here ?

Chairman.—In my view we were definitely losing money by understaffing.

Mr. Satyamurti.—Para. 12—what are the principles on which you charge expenditure ?

Sir John Nixon.—All these are outside the revenue and on capital account. There is no doubt about railways ; they have got to keep a capital account and we are getting a return on our money ; and Vizagapatam perhaps is similarly justified.

Chairman.—In my belief, practically all the other items ought to be charged to revenue.

Mr. Satyamurti.—Commutation of pensions. This idea of charging to capital is not financially sound ?

Sir John Nixon.—The Budget won't stand it.

Mr. Satyamurti.—Why then don't you stop it ?

Sir John Nixon.—Some of them are statutory ; we cannot stop them.

Chairman.—The principle of charging to revenue is accepted ; the question is when it should be introduced.

Prof. Ranga.—Anyhow it comes always out of revenue ! We always pay it by fifteen yearly instalments ?

Mr. Badneoch.—They are yearly instalments over fifteen years.

Tuesday, 19th July, 1938, at 2-30 p.m.

FINANCE DEPARTMENT—(contd.).

Mr. Satyamurti.—I see that you have reduced your debt to the extent of 26 crores and 2 lakhs. In deciding how much you will re-pay in the course of a year, what are the considerations which generally weigh with the Government? How much debt do you generally redeem in the course of a particular year?

Sir John Nixon.—It depends on the debt falling due for redemption.

Mr. Satyamurti.—This year, you floated a loan for the purpose of paying the sterling debt.

Sir John Nixon.—If we have a debt maturing in London, we can under special circumstances repay it. This particular year we have paid off more than £12,000,000.

Chairman.—The year before there was a maturity of 12 million pounds and we re-borrowed 10 million pounds. This year there was a maturity of 18 million pounds and we let it run off and floated a rupee loan of 12 crores.

Mr. Satyamurti.—Is it the policy of Government to pay off the sterling debts as soon as they mature?

Chairman.—It depends on the state of the exchange. I happened to be looking at the amount of redemption for sterling obligations in the first three years of the Reserve Bank and we actually repatriated very nearly 50 crores of sterling debt.

Prof. Ranga.—Are there Indian sterling securities?

Chairman.—The Indian insurance companies hold a good deal of Indian sterling securities.

Prof. Ranga.—Why is it difficult now to repatriate them?

Chairman.—The rupee exchange is temporarily rather weak and we are not buying sterling as much as we used to. You do not choose to buy sterling and sell rupees at the time when the rate tends to be weak. For three years the rupee was above par and you could buy sterling with profit.

Mr. Satyamurti.—I think one-third of our debt is sterling debt?

Sir John Nixon.—It is about 5/12ths.

Mr. Satyamurti.—The wiping out of sterling debt will relieve the Government of India of a portion of the Home charges.

Sir John Nixon.—Yes.

Mr. Satyamurti.—Is it the policy of the Government to liquidate this sterling debt as early as possible?

Chairman.—The most important thing is that you can only do it in large blocks. The next maturity is in 1942. But there are constantly going on small repayments every year. For instance, the family pensions fund has been shifted and we pay off two or three millions of railway annuities and railway debentures every year.

Prof. Ranga.—What effect will the latest exports of gold have on our exchange? Will they not strengthen the rupee?

Chairman.—Certainly. Incidentally, the figure that I gave you just now of sterling debt being repatriated during the last three years is practically equal to the net export of bullion during that period. So, for that period it is not true to say that the export of bullion was the only means of maintaining the rupee exchange. Practically, the whole of the export of bullion was used in either repatriating debt or strengthening our sterling reserve.

Prof. Ranga.—Has the experiment been tried of purchasing sterling securities in England?

Chairman.—You mean investing in British Government securities?

Prof. Ranga.—I want to know whether any experiment has been tried to keep a stock of these sterling securities?

Sir John Nixon.—The Reserve Bank holds a good deal of them.

Prof. Ranga.—In anticipation of some debt coming to be paid?

Chairman.—I can tell you in general terms that on that kind of consideration, except for the silver redemption reserve, all our sterling reserves are held by the Reserve Bank. We have done it with considerable success in the last four or five years. We accumulate sterling reserves in whatever form it is most profitable. We did to the extent of 4 crores anticipate maturities by buying stocks and cancelling them. The Reserve Bank is limited by the Act of the Legislature to hold short term securities. They do not get anything like the interest on their sterling investments that the Government of India used to do.

Prof. Ranga.—Then, where is the advantage?

Chairman.—That is a big question.

Mr. Satyamurti.—According to the present programme, when do we hope to wipe off the sterling debt?

Sir John Nixon.—I could not make even a guess of that.

Mr. Satyamurti.—What are the years in which they mature?

Chairman.—About 60 million pounds will mature in 1942, 1948, 1949 and 1950.

Mr. Das.—If you want to pay off this sterling debt, you have to remit the money from India?

Sir John Nixon.—It is better to have obligations in India than to have them outside India.

Prof. Ranga.—Will it be too difficult for you in the next Appropriation Accounts to give us an idea of how the total debt has been coming down or going up during the last 10 years?

Mr. Badenoch.—In the first place, Sir John Nixon does not prepare the Appropriation Accounts; that is being done by me. Actually, in the next Appropriation Accounts, we are going to divide them up into two parts: (a) the Finance Accounts and (b) the Appropriation Accounts proper.

Mr. Satyamurti.—The Finance Accounts will come to us also ?

Mr. Badenoch.—That is a matter for the Legislature to decide. It is not a matter for the Government to decide. The Auditor General under section 169 of the Act has to place his reports on the accounts before the Governor General and the Governor General will lay them before the Legislature. The reports on the accounts will cover both the Finance Accounts and the Appropriation Accounts. Under the Legislative Assembly Rules certain matters go direct to the Public Accounts Committee without the express orders of the Legislature. That is the Auditor General's report on the Appropriation Accounts, but his report on the Finance Accounts does not go automatically to the Public Accounts Committee.

Mr. Satyamurti.—But it has gone to the Public Accounts Committee all these years ?

Mr. Badenoch.—We have got a new legal system now and the Auditor General is governed by entirely different rules.

Mr. Satyamurti.—Mr. Chairman, this portion of the Appropriation Report which the Auditor General calls the Finance Accounts, I am told, will not come before us in the future automatically. I personally attach very great importance to these paragraphs because they give the financial position of the Government and various other matters in which we are deeply interested. This thing has come before us all these years, and unless there is any legal prohibition, we request the Auditor General to place it before us.

Mr. Badenoch.—The Auditor General can only do one thing and that is to submit his reports to the Governor General.

Mr. Satyamurti.—In that case, we request the Governor General to allow the present practice to continue.

Mr. Badenoch.—The Governor General presents the reports to the Legislature.

REDUCTION OR AVOIDANCE OF DEBT.

Mr. Satyamurti.—The Committee recommended last year that this provision of 3 crores was inadequate considering our obligations. Have the Government examined the matter recently ?

Sir John Nixon.—Even last year we did.

Mr. Satyamurti.—Can you not increase it, in view of the expected increase from income-tax ?

Chairman.—You have got an arrangement whereby you add together railway receipts and income-tax and all the excess over a fixed figure of 13 crores goes to the provinces. Thus any increase in the railway surplus and in income-tax receipts goes to the provinces for the next five years. There is no doubt if it becomes possible without burdensome increases of taxation, it ought to be done.

Mr. Satyamurti.—Tentatively, I agree with you. It seems to me that although most of this debt used to be productive, in view of the present position of railways, two-thirds are not productive, unless there is a radical change of which I see no sign.

On what principles are these four items selected ?

Sir John Nixon.—Railway sinking fund : They are statutory or contractual obligations.

Mr. Satyamurti.—How long will the railway sinking fund go on ?

Sir John Nixon.—My recollection is that the annuities will come to an end before 1960 or 1970 and, I think the sinking funds also will probably end about the same time. Sinking funds are to some extent connected with the creation of these annuities. I am talking of (a) and (d) together. These two are connected and between them we are paying 2½ crores a year washing out that amount of sterling debt.

Mr. Satyamurti.—Page 17 (Appropriation Accounts).—It is said here “ in the case of non-voted appropriations the Finance Department is competent to sanction reductions of or additions to the appropriation and for this reason separate statistics are not exhibited above of additional appropriations, reappropriations and surrenders respectively for non-voted items ”. Is this always done ? If so, how does the Finance Department check itself ?

Sir John Nixon.—When a non-votable sum of money is surrendered, it comes actually to us. When a votable sum is surrendered, it has got to stay there in the grant. We cannot reduce the grant. We have got to see that our budget is balanced throughout the year.

Mr. Satyamurti.—Paragraph 33, page 19 : “ Appreciably large voted savings and excesses occurred in the individual appropriation accounts of some of the grants with the result that they counterbalanced each other to a great extent ”. Assuming the Auditor General is right, it gives a good certificate to the department saying that, so long as somehow or other you square up within a grant, you need not be very apologetic. I only want to know whether it is necessary to state this in this form.

Mr. Badenoch.—We have pointed out that there are big variations within the grant. We are simply stating facts.

Mr. Satyamurti.—With regard to page 22, I should like to know whether the Finance Department take note of the departments where these variations take place.

Sir John Nixon.—These are not recurring except in the case of jute. In any case things of this sort happen every year but it will not be the same things each year.

Mr. Satyamurti.—With reference to “ Review of Works Expenditure ” in paragraph 38, I do not know if you have seen our suggestion last year,—Appendix VII of the last Public Accounts Committee,—where we decided that there should be two schedules of works. I should like to know whether that has been accepted and what the results of that are.

Sir John Nixon.—Yes, we adopted it in the demands for grants this year.

Mr. Satyamurti.—At the bottom of page 23, on the expenditure on major works you see net savings.

Prof. Ranga.—Civil Aviation is a bad case.

Sir John Nixon.—That is funded money. It does not unset the budget. They have nearly finished the fund this year.

Mr. Satyamurti.—With regard to paragraph 39, is it a new thing ?

Mr. Badenoch.—It is an old thing ; it has been there for some years.

Mr. Satyamurti.—In paragraph 42, the audit certificate in the last sentence of the first sub-paragraph is rather overcautious. Why ?

Mr. Badenoch.—In future we are to adopt the policy of presenting facts and not patronising or condemning. This is a wise policy with reference to a responsible ministry.

Mr. Satyamurti.—We have not got that in the Centre. Here the Auditor-General's censure is the only effective control over the spending departments.

Prof. Ranga.—In paragraph 44, are these surrenders in order ?

Mr. Badenoch.—I really think you ought not to begin to modify your appropriation till December or January.

Mr. Satyamurti.—I think the Committee will agree with what is said in the last paragraph of page 27.

Paragraphs 2, 3, 8 and 9 of the Secretary of State's Audit Report. Paragraph 9—the excess is covered by savings in the Indian portion of the Grant ?

Mr. Badenoch.—Yes.

Mr. Satyamurti.—Then the High Commissioner's affair, paragraphs 4 to 6.

Sir John Nixon.—These are mostly leave salaries.

Mr. Satyamurti.—There is only one sentence here which says—"I have been informed that savings to be covered.....".

Sir John Nixon.—This has been one of the troubles of having a separate sterling grant. We now put the sterling portion in the Indian grant. There are one or two advantages of that. One is that you can see what the department costs and secondly the items come much more under the scrutiny of the Auditor General.

Mr. Satyamurti.—Page 28. Fund for the development of Civil Aviation. What is the latest figure ?

Sir John Nixon.—We budgeted practically to finish the grant. As regards broadcasting, I can't recollect the figure. With regard to the rural reconstruction grant, we expect that to appear for the next 5 years or so. The schemes are sanctioned for 3 or 4 years at a time.

Mr. Satyamurti.—Fund for special Frontier expenditure including development.

Sir John Nixon.—That may be a continuing business. We put in 5 lakhs a year, and we are hoping to be able to accumulate this for frontier expenditure, road works and things of that sort. For instance, we took a great lump out of this fund of 25 lakhs for Waziristan operations, and the roads built last year. This is really an equalisation fund. Generally roads in the Frontier are charged to civil grants.

Mr. Satyamurti.—But the frontier roads are all for military purposes, are they not ? Are these roads used for civil or military purposes ?

Sir John Nixon.—In Waziristan these roads get used for civil purposes.

Mr. Badenoch.—Very largely they had been constructed in consequence of the recommendation of the Frontier Defence Committee for peaceful penetration of tribal areas.

Mr. Satyamurti.—If that is so, then it is part of the defence programme ?

Sir John Nixon.—The theory is that roads lead to settled civilization. If you go there you will find that people start cultivating all along the roads. It is really development.

Mr. Satyamurti.—But in the House it has been stated on behalf of the Frontier by gentlemen like Dr. Khan Saheb and others that road-making is the principal cause of trouble in the Frontier.

Sir John Nixon.—The Frontier tracts are governed by the Civil Department, the Department of External Affairs. It is not done by the Army Department. There is a civil Government there.

Mr. Satyamurti.—Do you think that expenditure on road-making is a legitimate civil expenditure ?

Prof. Ranga.—Why do the people there resent construction of these roads ?

Sir Sher Muhammad Khan.—Some Maliks want to divide the payment made to these people for the construction of roads.

Sir John Nixon.—Roads in the North-West Frontier Province were originally constructed as strategic roads.

Mr. Satyamurti.—Then we go to the outstandings. Serial No. 8, outstanding items of last year. It is said here—“ All the authorities concerned . . . ”.

Sir John Nixon.—Instructions were given by the accounting people, and they are being followed, I think.

Mr. Satyamurti.—Item No. 9.

Sir John Nixon.—I ought to express my regret for this item, because it was a matter which was put into the Report at my own instance. I gave it to my office to do. They told me they were too busy, but subsequently I found they had not understood what the proposal was, and I can only ask your forgiveness. If you will carry the item on, I shall see that something is done in the next demands for grants.

Mr. Satyamurti.—No. 7.

Sir John Nixon.—I think the principle of lump sum cuts has been accepted.

Mr. Satyamurti.—Next item is No. 10.

Sir John Nixon.—We have issued instructions to the departments which send up the demands for supplementaries. At the same time we have given instructions in our own department that they also should keep a strict eye on the proposals in the light of the position before them.

Mr. Satyamurti.—No. 11.

Sir John Nixon.—We have accepted it in principle, and we hope that the Provincial Governments also will accept it.

Mr. Badenoch.—A number of these capital grants have already been eliminated.

Mr. Satyamurti.—No. 16.

Sir John Nixon.—We have done that as a rule in the past, and we shall do it.

Mr. Satyamurti.—No. 18.

Sir John Nixon.—The Note is not very clear, but if you remember, the case which gave rise to it was that of an officer who offered a certain amount for surrender but received no acknowledgment from the Finance Department. It is quite clear that in future we shall not receive surrenders direct from any Tom, Dick or Harry. We shall receive them through the Department of Government....I admit that this Note is awkwardly worded.

Mr. Satyamurti.—Serial No. 19 of the statement of past recommendations.

Sir John Nixon.—I am afraid I have got to make a correction. The last four lines of that explanation are now not correct. We have now had a ruling from the legal people that we cannot do this.

Mr. Satyamurti.—In that case I suggest that you should re-examine this matter.

Sir John Nixon.—The only question that comes to my mind is whether in regard to personnel in India we should have a different rule from that applicable to officers under the Secretary of State. If you care to make that recommendation, I will examine it in that light quite independently.

Mr. Satyamurti.—Then we go to No. 20.

Mr. Badenoch.—Certain instructions have been issued. You will know the result the year after next. As a matter of fact, looking through these Appropriation Accounts this year, we have only found one error so far. I think they have been very much better done. I think next year you will find a much higher standard.

Mr. Satyamurti.—No. 21.

Sir John Nixon.—I think the Auditor General has already acted on this this year.

Mr. Badenoch.—In future we intend to confine ourselves much more to statements of facts than to express criticisms. After a long study of the English Reports, we have come to the conclusion that it is not the function of Audit to give bouquets or to condemn, but that is really the function of the Public Accounts Committee themselves. We state facts, and it is for the P. A. C. to make deductions. Sir Ernest Burdon feels that it is not for him to indicate a view, but it is for the P. A. C. to form its own views.

Prof. Ranga.—In most of the cases we have found it possible to raise questions and discussions, and the guidance of the Auditor General has been most useful.

Sir John Nixon.—There was a list of 15 or 16 items where we had exceeded the appropriation. The explanations in most of those were perfectly satisfactory. Is it worth while bringing this to notice ?

Mr. T. K. Rajgopalan.—I think I have succeeded in bringing to notice all the important points.

Mr. Badenoch.—It is the function of the P. A. C. after taking such evidence as they can to form their judgment. Again, it must be remembered that our instructions are being issued very much with reference to a responsible Ministry.

Mr. Satyamurti.—So far as responsible ministries are concerned, they have a dual control. Yours is merely a *post facto* control, and here in the Centre until a federal responsible Government comes there will be a different set of circumstances altogether.

Mr. B. Das.—I somehow feel from my experience in the P. A. C. that the control at the Centre is far better than in the provinces.

Mr. Satyamurti.—Anyway, I do not want any wide departure from the present practice. Then we come to Serial No. 22.

Sir John Nixon.—We have discussed that.

Mr. Satyamurti.—Item 23. “It is not at present practicable to meet the cost of all unremunerative items from current revenues, but such items as are charged.....”.

Sir John Nixon.—As a matter of fact, the P. W. D. is not very much concerned; they don't mind very much whether it goes to revenue or to capital. We are against this capital head in the Finance Department.

Mr. Satyamurti.—No. 24, is this being done?

Sir John Nixon.—Yes.

Mr. Satyamurti.—No. 25. Are we getting the audited accounts?

Sir John Nixon.—There are two Notes on this.

Mr. Satyamurti.—They will go into the record.

Sir John Nixon.—Yes.

Prof. Ranga.—Most of these institutions are situated in big cities and there are representatives of your local audit there.

Mr. Badenoch.—The Government could not order the Auditor General to audit expenditure which is not Government expenditure. We are always open to appeal for advice.

Mr. Satyamurti.—Serial No. 15. Is the Finance Department satisfied that the amount which is placed at the disposal of the Secretary of State for secret service expenditure is still necessary?

Sir John Nixon.—I went into that myself and I did personally satisfy myself that it was necessary to spend a certain amount on secret service in England. We have arranged that the amount shall be in an Indian grant in future. We get certificates to say that the amount is properly expended. We get these from a really responsible head of a department who is not liable to put forward vague statements. If you are going to suspect the head of a department, my looking into it would not be any better.

Mr. B. Das.—Is it going down?

Sir John Nixon.—It is going down. We have now separated it and amalgamated it with one of the rupee grants.

Mr. Satyamurti.—The next item is Secretary of State, page 3, paragraph 10. There is nothing in it, so far as I can see.

We come now to grant No. 20-Stamps. Pages 62 and 63 of the Report. B-1 (2). Will you look at it.

Sir John Nixon.—It is made up of a very large number of very small items. I have got a note on them, but it does not help.

Mr. Satyamurti.—B-1 (5). Again, B-1 (7).—The explanation is rather frank. B-2.—I feel in a matter like that when you have got a grant of a lump sum reserve for unforeseen charges....

Sir John Nixon.—It is rather curious how they become negative. In Security Printing we provide leave and pensionary contributions on a regular scale and from the amount we set aside each year we pay the actual expenses of that year and the rest becomes a credit.

Mr. Satyamurti.—Why did not you put this 99,400 in the original item? It comes largely under supplies and services.

Sir John Nixon.—From the point of view of financial control I would sooner have a lump sum there to watch where it goes rather than put it definitely under supplies and services.

Mr. Satyamurti.—I would like you to examine that.

Sir John Nixon.—If the Committee would like to see whether there is any real advantage in retaining this reserve as a separate sub-head I will look into it.

Mr. Satyamurti.—We come to Commercial Accounts, pages 16 to 30. I merely want to draw attention to the statement, "The statement shows a steady increase in the demand for single postcards".

Prof. Ranga.—Paragraph 30.

Sir John Nixon.—It was a matter of 3,000 or 4,000, it was not anything very big. I made that enquiry myself.

Mr. Satyamurti.—(Reads the sub-paragraph of paragraph 39).

Sir John Nixon.—We positively reduced the rate. We give a rebate to the departments if we make too big a profit, and we try to do it for the Provincial Governments at very little above cost price. The less profit we get, from the point of view of the Provincial Governments the better it is.

Prof. Ranga.—What work do you do for the provinces?

Sir John Nixon.—All their revenue stamps and cheque books.

Prof. Ranga.—Why don't you do it for the banks?

Sir John Nixon.—We do do cheque book work for the Reserve Bank. We do not normally do work for outside people.

Prof. Ranga.—This is one of the instances where you can certainly increase your income by doing this cheque book work for other banks?

Mr. Satyamurti.—Are you equipped for more work?

Sir John Nixon.—I do not think we can do it. Either you will have to increase the plant or you will have to work your labour overtime.

Mr. B. Das.—Page 20, last line, banderols (reads the figures).

Sir John Nixon.—The press made a very large quantity in the first year of manufacture. We did not know what the demand would be and we only made a guess.

Mr. B. Das.—Pages 23 and 24. Non-judicial stamps for Indian States. Is it an outcome of the Federation or they had that power ?

Sir John Nixon.—We do the manufacturing ; we do not charge the face value ; we charge the manufacturing cost.

Mr. Satyamurti.—Burma is a foreign country, and I do not know why the Government of India should treat it favourably.

Sir John Nixon.—It pays us.

Mr. Scott.—Otherwise they will go to England.

Prof Ranga.—Are you quite satisfied with the management of this office ? There was some scandal some time ago.

Sir John Nixon.—I personally think that it is one of the finest pieces of work done in India. We have saved lakhs and lakhs of rupees. I have never heard of any scandal about the purchases of stock.

Mr. Satyamurti.—We come now to grant No. 25. Appropriation Accounts, pages 72 to 74.

Prof. Ranga.—A.-2 (1).

Sir John Nixon.—It is a reflection to some extent of the fact that under A.-1 (1) we went into the market for 12 crore 2½ per cent. loan. You never can know two or three months ahead which way you are going to play with the money market or how the money market is going to play with you. We were paying less on treasury bills that year. We have paid as much as 6½ per cent. for our treasury bills.

Prof. Ranga.—How much are you paying now ?

Sir John Nixon.—About one per cent. They have gone down recently again. The pendency of the treasury bills is three months. They fall in every week, and as some fall in we put more on the market.

Mr. Satyamurti.—A.-1 (1). Due to payment of half year's interest on the new 2½ per cent. loan 1948-52 which could not be foreseen. That was the new loan which you raised. You must always do this by a re-appropriation ?

Sir John Nixon.—Yes.

Mr. Scott.—You do say in your budget what you are going to do.

Sir John Nixon.—We are vague. We say that so far as we can see we shall have to go into the market for about so much, but we express it deliberately vaguely.

Prof. Ranga.—At the top of page 73-B—Mainly due to the rate of interest being slightly lower than was assumed in the budget. How much was it lower by ?

Sir John Nixon.—Only a fraction per cent., but it makes a lot of difference when you are dealing with the capital of the railways.

Mr. Satyamurti.—D.-6, bottom of the page.

Sir John Nixon.—If we issue a loan at 98 and have to pay it back at par later on, there is a difference of two rupees ; it is not really interest. What we try to do is to write that amount off to revenue over the course of the pendency of the loan.

B.-3 is another one of those adjustments concerning Nasirabad. When the Lloyd Barrage was constructed it went through the Khairpur State and also went up into a little bit of Baluchistan. The whole was accounted for as one capital project. The intention was that when the whole thing was completed it would receive money from the Khairpur State for the bit that went through Khairpur and receive money from the Government of India for the bit that went into Baluchistan. When I was separating Sind this credit had to go over from Bombay to Sind. Sind people immediately raised the question. They did not want to carry on this debt and they wanted us to liquidate our portion immediately they became a separate province. I agreed during these negotiations that we should recommend that to the Secretary of State. We did not get that put into an Order in Council till January of that year, that is until we had framed our budget. We intended putting it in the next year's budget but Sind had already put it in this year's. So we took the risk of an excess vote. If we had got orders in time we would have put it in this year, but we did not know whether the Secretary of State would accept the suggestion or not.

Mr. B. Das.—Why did you not consult the Legislature ?

Mr. Satyamurti.—Did you report this matter to the Legislature at all ?

Sir John Nixon.—When we framed the budget we did not know about it.

Mr. Badenoch.—It is a sort of new service, or an item of sufficient magnitude to be a new service.

Sir John Nixon.—I should have certainly said you were right if you had put the capital charge through the appropriation accounts but you did not. These are only the recurring charges, interest and working expenses.

Mr. Satyamurti.—We simply want to say that the Committee feel that the Legislature should have been informed of it at the earliest possible moment.

Sir John Nixon.—I am not sure whether the Order in Council came before or after the budget.

Mr. Satyamurti.—If it came before the session was over, you could have laid a statement on the table of the House.

Sir John Nixon.—At the time of the budget and right up to the end of the year we had no intention of making this adjustment this year. We intended budgeting for it in the next demands for grants, but when the Sind Government said that they must have it this year we decided after the close of the year to do it and take the risk with the Public Accounts Committee.

Sir John Nixon.—(Explained the figures in C. at page 73 and D.-9, management of debt.)

Mr. B. Das.—Who manages the debt ? The Reserve Bank ?

Sir John Nixon.—The Reserve Bank manages it in India and the Bank of England in England.

Mr. B. Das.—Both the banks submit their accounts at the end of the year ?

Sir John Nixon.—Yes.

Prof. Ranga.—How has the saving come to be achieved ? Is it because in India for managing the same debt they are charging much less ?

Sir John Nixon.—This is a particular type of debt—rupee debt. If a person takes rupee paper to England without turning it into sterling we would encourage him to keep it. The payment of interest in England was made by the Imperial Bank. In the old days we used to pay this 50,000 or whatever it is to the Imperial Bank in London in sterling. The Reserve Bank said it was not convenient for them to receive it in London and they preferred to receive it in rupees. It is a portion of our rupee debt the interest on which is paid in London.

Mr. Scott.—D.-10. Due to fluctuations in amount of dealings by the public in India stocks and debenture stocks. What have debenture stocks to do with the Government of India ?

Sir John Nixon.—This debt is managed by the Bank of England and a good deal of it is in the form of inscribed stock. Where they are mutations the bank has to make the changes in the books and charges for this. The bank charges us on a transaction basis. They keep our books, If we had to do it, we should have to employ a large number of clerks for many years.

Prof. Ranga.—Will it not be cheaper to get this thing done by the High Commissioner or by the India Office ?

Sir John Nixon.—It is a banking job. Besides they make a lot of payments not in cash.

Mr. B. Das.—What is the total amount of stock ?

Sir John Nixon.—You mean rupee paper enfaced for payment of interest at Home ? I cannot give you the amount now.

Mr. Satyamurti.—Please see note 3 on this page.

Prof. Ranga.—Can't you legislate for this ?

Sir John Nixon.—We have won this case.

Prof. Ranga.—When any uncertainty arises, you are obliged to rush to courts. Is it not better to make a suitable amendment in the Act itself ?

Sir John Nixon.—Now we have got the Privy Council decision, there will be no more references to the courts.

Wednesday, the 20th July 1936, at 11 a.m.

GRANT No. 26.

Mr. Satyamurti.—Item A. What are these loans ? Why not repay them and be done with them ?

Sir John Nixon.—We have, I think, passed them on to the United Provinces Government in cancellation of part of the debt they owed us. Various other loans have also similarly been passed on to the other Local Governments.

Mr. Satyamurti.—What is this General Provident Fund ?

Sir John Nixon.—All Europeans and Anglo-Indians have to belong to it. It is optional for Indian subscribers. It is very much like pensions. You do not know when people are going to die and draw their money.

Mr. Satyamurti.—Is it not possible to apply the law of averages to this thing ?

Sir John Nixon.—We do it as far as possible.

Mr. Badenoch.—After all, it is not a very big variation.

Mr. Satyamurti.—D (4). Bonus on Postal Cash Certificates. How is it managed ?

Chairman.—I explained that in the Budget speech. When cash certificates were first started, provision was made for paying interest on them after five years and not as interest accrued. My predecessor discovered that at times large blocks of encashments came in and the interest had not been provided for. He therefore proceeded with effect from a certain date to provide for the interest as it accrued and any excess over the encashments went into a Fund. So long as there was money in that Fund the excess encashments could be met. Now that the Fund has been exhausted, we have got to meet the whole lot out of the ordinary Budget.

Mr. Satyamurti.—D. 5. I find that the rate of interest has been reduced in the middle of the year.

Sir John Nixon.—Yes, that is so. We had various discussions with the Reserve Bank.

Mr. Satyamurti.—What are these other Bank accounts ?

Sir John Nixon.—Mainly, these are the Railway Provident Funds. We keep them, but it is part of the finance of the railways. They should be responsible for their own Provident Funds in the same way as we have made the Provinces responsible for theirs.

Chairman.—While reviewing this thing I noticed that we give to the railways interest on their balances at the general average rate that we charge them on their non-specific debt, which means that we are paying them on money deposited with us something like 4 per cent. We lose 1 per cent. on it.

Mr. Satyamurti.—Why should we not transfer this fund to them ?

Sir John Nixon.—It will be done when the Federal Railway Authority is set up.

Mr. Satyamurti.—What are these 'other Items' under F? Do you pay to the Postal Department for this work?

Sir John Nixon.—The work is done by the Posts and Telegraphs Department and we pay them for their services. Since this year, the thing has been gone into. We went into it at great length but I do not think we got very much out of it.

Mr. Satyamurti.—What is the basis on which you pay Rs. 71 lakhs?

Sir John Nixon.—We pay so much per transaction. It has been checked by the Audit people and others.

Chairman.—All told, they manage postal cash certificates and savings bank accounts which amount to about 120 crores, and they charge us 71 lakhs of rupees for the administration of this amount. It comes to about $\frac{1}{2}$ per cent. on the capital.

Mr. Satyamurti.—What is the basis on which they charge this amount of 71 lakhs?

Sir John Nixon.—They go by the time their men spend on the work.

Mr. Satyamurti.—I should like the Finance Department to look into this matter.

Mr. Badenoch.—It is an expensive system. We once tried to cheapen it by reducing the ledgers and this produced a terrible mess. Nearly 3 or 4 lakhs had to be written off. That happened about 25 years ago.

Sir John Nixon.—I can give an assurance to the Committee that I will hunt out the papers again, and if in my judgment it is worth while pressing the post office people to go over the matter again, I will do so.

Mr. Satyamurti.—F. 2. Interest on Provincial Balance. I think this item will disappear hereafter.

Sir John Nixon.—Yes, and F. 3 will also disappear.

Mr. Satyamurti.—What is F. 4?

Sir John Nixon.—That is mainly the railway depreciation fund. It is banked with Government.

GRANT No. 27.

Mr. Satyamurti.—What is this sumptuary allowance and what is the contract allowance? Can you give us some details?

Sir John Nixon.—The sumptuary allowance is spent on drinks and eats. It is an entertainment allowance.

Mr. Satyamurti.—It is spent on the guests at the Viceroy's House?

Sir John Nixon.—Yes; as a matter of fact, they ask for an increase in the grant on the ground that there are more visitors coming to the garden parties.

Mr. Satyamurti.—What is this contract allowance?

Sir John Nixon.—The contract allowance is mainly for keeping the servants of the House.

Mr. Satyamurti.—Does the Finance Department get the details of this grant, especially when it is asked for?

Sir John Nixon.—It is a constant amount. It is only when they come up for an increased amount that we can go through the details. I will give you a dozen of the heads under which this amount is spent.

Mr. Satyamurti.—E. 5. Postages and Telegrams. Does the Viceroy become a Viceroy on his voyage also ?

Sir John Nixon.—He is not Viceroy till he takes over.

Mr. Satyamurti.—Do we pay for his telegrams on his voyage also ?

Sir John Nixon.—That must have been a very small amount.

Mr. Badenoch.—It is probably connected with the inauguration ceremony, and in connection with the arrangements for his arrival in Bombay.

Mr. Satyamurti.—Page 78. Item F. 8. Where was the necessity for installing additional telephones ?

Sir John Nixon.—They were temporary additional installations during H. E.'s visit.

Mr. Satyamurti.—Page 78. Item G. 1. You will notice a saving of Rs. 28,200 but ultimately you spent Rs. 40,861 more ?

Sir John Nixon.—This was due to a misunderstanding on the part of the Military Secretary, who did not know very much about government procedure. If I remember rightly last year you asked why it was that the amount under State conveyance and motors was not allowed to lapse. These three heads, B, C and D are all parts of the contract grant. In order to keep more strict control, we split them up into three portions.

Mr. Satyamurti.—I want to know why these are regarded as part of contract grants.

Sir John Nixon.—Formerly these three items were together in one contract grant. We found it too big a job to go through them. So we broke them into three bits ; possibly we may split it up still further.

Mr. Satyamurti.—You are satisfied from your knowledge that Item D is more or less nearly the same, from year to year ?

Sir John Nixon.—We ask for a certificate. If anything is left unspent it is carried over to next year.

GRANT NO. 36. PAGE 90.

Mr. Satyamurti.—The first item is an increase of Rs. 21,016 towards pay of Additional Secretary and Joint Secretary.

Chairman.—As far as the non-voted column is concerned, it is not so bad as it looks. So far as the Additional Secretary was concerned, he was an additional Member of the C. B. R. who was transferred to be the Additional Secretary so as to enlarge his functions.

Mr. Satyamurti.—What was the necessity for a Joint Secretary ?

Chairman.—This was the year of the change over to the new constitution which meant the creation of new provinces, the Niemeyer award and other consequent adjustments.

Mr. Satyamurti.—But you did not provide for them in the budget.

Chairman.—We only take on additional officers when the necessity is felt.

Mr. Satyamurti.—In the case of the Finance Department you are the sole sanctioning authority, whereas in the case of other departments they have got to come to you for sanction.

Sir John Nixon.—We have put a self-denying ordinance on ourselves. We may not appoint anybody in the Finance Department without getting the sanction of the Home Department.

Mr. Satyamurti.—What was the necessity for the creation of additional posts for reforms ?

Sir John Nixon.—We tried to have a small section of clerks and a Superintendent. Eventually we found this was of no use and that they were not able to give relief to the officers.

Mr. Satyamurti.—Item B, page 90. Additional Finance Officer.

Mr. Badenoch.—It refers to military finance.

Sir John Nixon.—That refers to General Addison who was made an Additional Finance Officer particularly to look after Quetta expenditure.

Mr. Satyamurti.—Item C, page 91 : Formation of the posts and telegraphs branch in the middle of the year.

Sir John Nixon.—We changed over from the form of a Financial Adviser to a Finance Officer. It is only an accounting change—the same officer given another name.

Mr. Satyamurti.—Item D, page 91.

Sir John Nixon.—This refers to the training of officers from the provinces. It was only a three months' course.

GRANT NO. 42, PAGE 96.

Mr. Satyamurti.—What is the arrangement about payment to provincial governments ?

Sir John Nixon.—To a certain extent we still continue to use the provincial governments as our agents.

Mr. Satyamurti.—Are you continuing the old procedure under the new Government of India Act also ?

Sir John Nixon.—We have had to review the position in view of section 124 of the Government of India Act, 1935. We have had to place the matter on a much more regular basis. We have laid down certain general principles, but generally speaking our intention is to use the provincial governments as our agents when it does not pay us to have our own staff.

GRANT NO. 43.

Mr. Satyamurti.—Under establishments there is a saving of Rs. 10,200 ?

Mr. Badenoch.—One of our Superintendents was transferred as Under Secretary to Central Provinces Government. A Superintendent officiated as Assistant Accounts Officer on lower pay. These two account for the saving.

Mr. Satyamurti.—Item A. 3, provision for travelling allowance of inspecting officers could not be utilised ?

Mr. Badenoch.—Sir Ernest Burdon always wanted to have a Class II officer review his system of inspection throughout all the Accounts offices in India. Though we provided for travelling allowance here, we could not find an officer to undertake the inspection.

Mr. Satyamurti.—Why is the provision made for Assistant Auditor General, Reforms ?

Mr. Badenoch.—There is a special branch in the Auditor General's office to deal with all the changes connected with the new constitution. That is still going on. It has been going on for three years. The officer is revising the whole of the Codes and I hope he will finish by next March.

Mr. Satyamurti.—Item B. 1. More officers on deputation.

Mr. Badenoch.—When we prepare our budget we assume that a certain number of officers will be sent to the Posts and Telegraphs, and Railway Departments and so on. The Government of India have made fairly considerable calls on us in recent years and one or two men were taken away from us that year. One of our officers was made the Financial Adviser to the Chief Commissioner, Delhi, and another was taken away for the Posts and Telegraphs Department. Whenever an officer is taken away from us for special work like this, his pay is saved because it is charged to the office in which he is working. We have a deputation reserve which is actually exceeded.

Mr. Satyamurti.—If you can carry on without these officers without any loss of efficiency, there is a *prima facie* case for reduction of the strength of your officers cadre.

Mr. Badenoch.—We can only carry on for a certain time. But no Accountant General will agree that his office is as efficient as it will be with these higher grade officers. There can be no permanent saving in those circumstances.

Mr. Satyamurti.—Item B, page 97. Item B. 4, amount recovered from other governments, departments, etc. ?

Mr. Badenoch.—We conduct the audit of local funds in one or two provinces on behalf of local governments. We spend the money and then we recover from the local governments.

Mr. Satyamurti.—Item C, page 98. Item C. 1. What is the explanation ?

Mr. Badenoch.—I must admit that the budgeting was not very good that year. The main reason for the poor budgeting was that in 1936-37 we formed two new offices for Sind and Orissa. Just before the preparation of that budget, we amalgamated an office in Calcutta with other offices. The result was that it was very difficult to budget properly.

Mr. Satyamurti.—With regard to C. 2, is it the same explanation ?

Mr. Badenoch.—Partly the same explanation, and partly it depends on the actual touring done by the outside audit staff.

Mr. Satyamurti.—In C. 3, after reappropriation there was a big saving ; this ought not to appear in your department.

Mr. Badenoch.—The supplementary is a different thing. That is under railway audit. The reappropriation, I think, was under Posts and Telegraphs.

Mr. Satyamurti.—I think next year you should put down the “ Railways ” or “ Posts and Telegraphs ”, so that we may not have to ask you questions.

Mr. Badenoch.—I suggest that this will make more duplication because these accounts appear separately elsewhere.

Mr. B. Das.—Does the Audit Department require 15 lakhs to manage the postal cash certificate department ?

Chairman.—Yes, most of it is on savings bank and cash certificates.

Mr. Satyamurti.—About F we had a long discussion last year. Do you still believe you must have this reserve and distribute it to the various circles ?

Mr. Badenoch.—In the current budget we have reduced it to half of this amount.

Mr. Satyamurti.—Page 28. What is the form of the audit certificate with regard to this secret service expenditure ?

Mr. Badenoch.—We get a certificate that the administrative audit officer has satisfied himself that the money has been paid and has been spent for the purpose for which the grant was made, or something to that effect. We prescribe the form of the certificate.

Mr. Satyamurti.—With regard to paragraph 49, is it a good system for you to undertake this outside audit ?

Mr. Badenoch.—Decidedly ; we see the initial records and we learn far more about the actual expenditure by going to these offices and seeing how money is spent on the spot.

Mr. Satyamurti.—Paragraph 51,—is this the only audit of revenue that you do ?

Chairman.—We are considering on an experimental basis whether the Auditor General should not make an experiment in auditing income-tax revenue.

Mr. Satyamurti.—So far as your experience of test audit of the Customs revenue goes, are the results satisfactory ?

Mr. Badenoch.—Yes. The Collectors of Customs are satisfied—and Government also.

Prof. Ranga.—What is the nature of this audit ?

Mr. Badenoch.—It is a check not of the appraisalment but of the procedure for the collection of revenue and to see that the procedure is actually carried out. As is mentioned here, it leads to revisions of classification

and assessment. There are a large number of cases every year where we succeed in establishing that an article should be charged at a higher rate instead of at a lower.

Mr. Satyamurti.—And this system will be adopted in Income-tax ?

Mr. Badenoch.—We have asked one of our officers to make a report and I will put this up to the Finance Department. But as regards checking of corruption, etc., that can be done only by strengthening your controlling and inspecting staff. You cannot rely on audit for that.

Mr. Satyamurti.—With regard to paragraph 50, this is a matter on which I should like to have the latest statement.

Sir John Nixon.—The electric power house is being made over to the new joint electricity board, so that the question of the municipality keeping costing accounts and balance-sheets and profit and loss statements will not arise.

Mr. Satyamurti.—What is the composition of this board ?

Sir John Nixon.—It has representatives from the Old and New Delhi Municipalities, the old company and the consumers. Government have, I think, the power of appointing the Chairman.

Mr. Satyamurti.—Has the Auditor General looked at this Corporation and its terms ?

Sir John Nixon.—I have been kept in touch with it, and also with the accounts of the New Delhi Municipality. Again the Government have issued orders, and there are very much better financial arrangements now than before.

Mr. Satyamurti.—What about water supply ?

Sir John Nixon.—It is put under the Delhi Joint Water Board.

Mr. Satyamurti.—I take it that the question of placing the accounts of these on a commercial basis is still under consideration.

Sir John Nixon.—That no longer arises in connection with the Delhi Municipality ; they are commercial bodies and the accounts are with them.

Mr. Satyamurti.—So far as the earlier part of the paragraph is concerned as regards the accounting system, have you anything to tell this Committee ?

Sir John Nixon.—The real trouble which this Committee found in connection with the New Delhi Municipality was the elasticity of the grants-in-aid. We have now put them on a contract basis. We are giving them a grant of 2.70 lakhs for a period of four years.

Mr. Satyamurti.—You have an officer there, I believe ?

Sir John Nixon.—Yes, we have a senior accountant.

Mr. Badenoch.—There are two different arrangements, there is a representative of the Finance Department on the New Delhi Municipality, who has, I think, the right of access to the Chief Commissioner and to the Financial Adviser to the Chief Commissioner. Apart from that we

have a permanent audit party in the New Delhi Municipal Office who is doing continuous audit and who is in direct contact with the Accountant General. The system has improved on our side.

Mr. Satyamurti.—The Auditor General tells this Committee that so far as the accounts are concerned, he is satisfied that the system has improved, on the financial side there is a man representing your department. Have you any experience that the system has improved ?

Sir John Nixon.—Yes. We have given the Chief Commissioner, Delhi, a Financial Adviser, who is one of the best man of Mr. Badenoch's department ; and from all we know, he is keeping them on the right lines. He is an excellent man at his job. The finance man on the New Delhi Municipality has direct contact with him.

Mr. Satyamurti.—Let us go to Appropriation Accounts. Take C 1 (4) at page 202.

CURRENCY.

Sir John Nixon.—The activities of the currency note press depend on the demand for notes.

Mr. Satyamurti.—You had more demands this year ?

Sir John Nixon.—There was a saving of Rs. 22,000.

Mr. Satyamurti.—Page 203, E.

Sir John Nixon.—That was the loss in Bihar-Chaibasa, 7 lakhs. The Treasurer committed suicide.

Chairman.—Now the provincial Governments are responsible for their own treasuries.

Mr. Satyamurti.—The Bihar Government bore Rs. 3½ lakhs. That was good of them. Page 204—*Pro forma* account of surplus silver stock. Is there a stock kept in rupee coin ?

Sir John Nixon.—Some of it is in coin and some in bullion.

Chairman.—There is the heading, Part I—Rupee coin held in the custody of the Reserve Bank of India, and Part II—Bullion held at the mints and by the Secretary of State for India.

Mr. Satyamurti.—Why is it called surplus silver stock ?

Sir John Nixon.—It is in our possession, not in the treasuries.

Mr. Satyamurti.—Look at page 206—Statement showing the transactions of the silver redemption reserve for the year 1936-37. This is entirely separate from surplus silver stock ?

Sir John Nixon.—These are securities.

Mr. Satyamurti.—There is something in para. 5 of the Secretary of State's account.

Chairman.—That is only a report.

Mr. Satyamurti.—Page 207. We have discussed purchases and sales of silver.

Chairman.—We come to page 31 of the Commercial Appendix.

Mr. Satyamurti.—“ The demand for currency notes, which showed a marked increase in the previous year, was maintained..... ”. That shows that there was greater demand for notes.

Sir John Nixon.—These were the notes drawn by the Bank from the press. That is no guarantee that they went into circulation. They have got a big stock behind them. Even when the circulation remains the same, they have got to issue new notes for old ones.

Mr. Satyamurti.—Para. 65—the profit has gone down.

Sir John Nixon.—That is the same thing as I said yesterday. We deliberately reduced the price. We try only to make a small profit.

Wednesday, the 20th July, 1938 at 2-30 p.m.

CENTRAL BOARD OF REVENUE.

Mr. Satyamurti.—Looking at the accounts of this particular year we found that your revenue has fallen but your expenditure has increased. I want to know if you keep an eye on your receipts and on your expenditure so as to keep up more or less a proportionate relation between the two. If so, how do you do it?

Mr. Lloyd.—I am afraid I would regard that as an entirely impossible proposition because you cannot have an absolutely elastic revenue establishment, varying according to the value of commodities. Besides, you cannot have an absolute mathematical relation between the number of transactions from day to day. If there was a big and permanent drop, naturally we should reduce our staff but in normal conditions when there are temporary fluctuations we cannot reduce or increase our staff proportionately. We have to work over-time when the trade is very heavy.

Mr. Satyamurti.—Are you satisfied that the staff is the bare minimum and no more?

Mr. Lloyd.—I think we can safely say that we are quite satisfied on that account. There was a very close scrutiny of the whole situation at the time of the big depression in 1931 and every addition since then has been most carefully scrutinised.

Mr. Satyamurti.—Let us go back to expenditure. (P. 43). I do not know whether the explanations are exhaustive that this 11 lakhs is due to payments to the French Government and the Government of Travancore. Are these adjustments?

Mr. Lloyd.—They are both payments involved in carrying out customs agreements.

Mr. Satyamurti.—About this question of audit, I want to ask you whether you would like it to be extended to the customs scheme?

Mr. Lloyd.—I think the first line of check is in the customs houses themselves. That is the experience which we have had. It should begin by strengthening the internal checks. At the moment we are not doing it because there is no money.

Mr. Satyamurti.—Still, it is worth while pursuing this method rather than deprive us of revenue?

Mr. Lloyd.—You never can be sure about that. You can never say that any measure, however successfully we may adopt it, will prevent a particular fraud. Of course, I have no objection to reviving the discussion.

Mr. Satyamurti.—A-1. There has been a saving of about Rs. 37,000. What is the explanation of it?

Mr. Lloyd.—The whole point is that you can never know for certain who is going to be on leave. This expenditure was incurred in India because more officers were on leave or deputation than was anticipated.

Chairman.—Is it not simply a transfer from one head to the other ?

Mr. Lloyd.—To a great extent that is so. When a non-voted man went on leave, his place was taken by a voted man and that meant a supplementary demand under voted. They very nearly cancel each other.

Mr. Satyamurti.—A.-2. Entertainment of preventive staff on less pay. What happened in this case ?

Mr. Lloyd.—We recruited more outsiders and less men who were in the service than we had expected ; but that is not the biggest part of the item. The leave salary is the biggest item.

Mr. Satyamurti.—A.-3. How is it you give over-time allowances to your own staff ?

Mr. Lloyd.—We have to give them this allowance when the shipping is active. Of course, it all depends on the trade.

Mr. Satyamurti.—Note 2 on page 41. What is this “ rummaging allowance ” ?

Mr. Lloyd.—‘ Rummaging ’ is a technical term in customs service for searching ships from top to bottom. Those officers who are detailed for that duty are deprived of the opportunity of doing regular over-time work though very often they have to work very long hours in watching over smugglers. So, we give them a fixed amount in lieu of over-time which they might have otherwise earned.

Prof. Ranga.—A. 4. This relates to rewards. Is it impossible for you to give up these rewards ?

Mr. Lloyd.—The biggest part of these rewards goes to the informers.

Mr. Satyamurti.—A.-8. You were able to save 9,000. Is this all inevitable ?

Mr. Lloyd.—The saving is due to the non-utilisation of additional provision for Bengal. We could not foresee the number of adjournments that we were going to have in these cases. There were two cases in which the Secretary of State was the defendant.

Mr. Satyamurti.—B. Why was this variation of 10 lakhs ?

Mr. Lloyd.—The explanation is given in the book.

Chairman.—When we made an agreement with Travancore putting a limit to their claim on the customs revenue collected at the Port of Cochin, one item was left over. That is the final payment.

Mr. Das.—A.-11. Is there a quota of I. C. S. officers in the Customs Department ?

Mr. Lloyd.—In the Customs Department we have at the moment three I. C. S. Assistant Collectors and one I. C. S. man is a Collector of Customs.

Mr. Satyamurti.—C.-3. It does seem to me that it needs some explanation.

Mr. Lloyd.—This is due to the vagaries of the smugglers. The case was detected after the Budget had been prepared and money had to be found for the prosecution. It is a big supplementary demand. We did not know that this case was going to be detected.

Mr. Satyamurti.—What happened to the case ?

Mr. Lloyd.—Actually, the man was acquitted on appeal. He was convicted by the lower court but was acquitted on appeal on more or less a technical ground. Of course, the offending Government servant was dismissed.

Mr. Satyamurti.—D.-(1). Non-entertainment of Sugar Excise Officer. Do you also come into this picture ?

Mr. Lloyd.—We only come into this very indirectly. The administration was in the hands of the Local Governments and they asked us, as our agents, to provide this money. They found that they could carry on without this officer. They did not employ him.

Mr. Satyamurti.—This won't happen hereafter ?

Mr. Lloyd.—We have taken over the administration now and the Provincial Governments won't come into the picture. We have taken over the excise all over India except Sind and Orissa, where it is a very small matter, and where it is just a temporary arrangement pending developments.

Mr. Satyamurti.—Item E.-1. There is a saving of about Rs. 30,000. Was it due to a change of policy on the part of the Department ?

Mr. Lloyd.—That was a change of policy on the part of the Bengal Government. They are no longer our agents.

Prof. Ranga.—Have you now got a less costly establishment ?

Mr. Lloyd.—I won't say that : but it is more efficient.

Mr. Satyamurti.—Note 5. Out of a saving of Rs. 1,35,000 only Rs. 4,000 was surrendered to Government ?

Mr. Lloyd.—It is a fact that out of these total savings of Rs. 1,35,000 over Rs. 71,000 occurred under the Central Excise heads. Now that we are administering it directly, we hope our financial control will be more up-to-date.

Mr. Satyamurti.—Item No. 6 : Now, you have come to a decision to take over these excises ?

Mr. Lloyd.—Yes.

Prof. Ranga.—In regard to these clubs, I want to know whether any changes are being made from year to year. If so, whether these changes will be brought to our notice ?

Mr. Lloyd.—No changes have been made for some eight years.

Prof. Ranga.—Has any attempt been made to introduce racial discrimination in these clubs ?

Mr. Lloyd.—So far as the customs beneficiaries are concerned, there is no racial discrimination. So far as others are concerned, we try to divide our money between the institutions catering for different classes of seamen. As regards the Seamen's Welfare Committee in Bengal, I am not quite sure about the details of their distribution.

Prof. Ranga.—I would ask you to examine it ?

Mr. Lloyd.—I am taking up the whole question this year. With the separation of Burma, the whole of this question has taken rather a new aspect. My idea is to associate with the work the Departments more directly concerned with the seamen's welfare.

Prof. Ranga.—When you come to the question of distributing the money between various groups of people, I hope you will see that the Indians get a predominant share of it.

Mr. Lloyd.—I will certainly put it on record that that point should be borne in mind. I hope to make other Departments responsible for it.

Mr. Satyamurti.—Item 8. What are the receipts under this head ?

Mr. Lloyd.—If a ship works at night, officers have to be paid for working at night. The ship-owners pay us and we pay to the officers. We do not allow the ship-owners to pay our officers direct. It passes through our accounts. There are two kinds of fees, the Sunday fees and the over-time fees, and these fees are calculated with reference to the average wage of the officers.

Prof. Ranga.—Do you employ not only officers but also smaller people ?

Mr. Lloyd.—Yes, right down to peons.

Prof. Ranga.—What is the percentage of extra pay ?

Mr. Lloyd.—I think it is about one and a half times the average wage of an hour. It is calculated on an hourly basis every time.

Prof. Ranga.—You have no maximum ?

Mr. Lloyd.—It is a fixed wage for officers of all stages in each grade. For instance, an officer on Rs. 400 or Rs. 200 will get the same over-time pay. They all get the same.

Mr. Satyamurti.—Under important comments, page 43, you will notice that except in 1933-34 when our receipts went down to 47 crores our receipts have been more or less the same, but our expenditure has steadily gone up.

Mr. Lloyd.—The main thing is the payments to Cochin and Travancore going into our customs demand. The principal thing is the port of Cochin.

Mr. Badenoch.—We took the general position that assignments and compensations should be expenditure, but if there are individual cases for reconsideration they could be referred to us. In this particular year, there is a total of 141 lakhs, and no less than 45 lakhs was assignments and compensation, non-voted.

Mr. Satyamurti.—What is the consideration we get for all these compensations ?

Mr. Badenoch.—It is merely a division of revenue.

Mr. Lloyd.—I do think that these assignments and compensations must come out before you compare the expenditure.

Mr. Satyamurti.—If you make assignments and compensations, what is the consideration ?

Mr. Lloyd.—So far as I, as a revenue officer, am concerned, the consideration with Cochin is that the Government of India is under an obligation to pay over a share of the revenue.

Mr. Badenoch.—The theory of a refund is that you get revenue which really does not belong to you. I can conceive of cases where an assignment is division of revenue and the amount you pay out is not really expenditure at all but merely a reduction of your receipts.

Mr. Satyamurti.—Why not treat them on the merits of each case ?

Mr. Lloyd.—Cochin and Travancore are the biggest from this point of view.

Chairman.—This matter may be examined before next year.

Mr. Das.—You have controlled your customs receipts in the South, but what about the Kathiawar States ?

Mr. Lloyd.—Except Bhavnagar, agreements have been made with all the Kathiawar States.

Prof. Ranga.—Has there been any increase in your revenues since these agreements have been concluded ?

Mr. Lloyd.—Any such increase would be lost in other variations.

INCOME-TAX.

Mr. Satyamurti.—Are we getting more now, compared with last year ?

Mr. Lloyd.—In the current year we budgeted for improvement, but till you get nearly to the end of the year it is difficult to say.

Mr. Satyamurti.—Have you any supervising staff to watch the work of these people ?

Mr. Lloyd.—We will in future have a staff for inspection.

Mr. Satyamurti.—As to corruption I, think the internal check ought to be made much stricter and much more continuous. There should be a class of superior officers to stop frauds and expose wrongs.

Mr. Lloyd.—I quite agree.

Mr. Satyamurti.—A-1, voted, on page 44 seems to require some explanation.

Sir John Nixon.—The last item on the next page explains it.

Mr. Badenoch.—I think this is a well controlled grant.

Mr. Lloyd.—One explanation of this lump cut of 8 lakhs is that it was made more or less at the last moment when we were not in a position to let it be known that the tax on incomes below Rs. 2,000 was going to be abolished and a number of men had to be discharged. We were not in a position to put anything in the budget about this because it was secret. So there was this cut.

Mr. Satyamurti.—With regard to note 2 on page 45, were these things unavoidable and not due to the remissness of your staff ?

Mr. Lloyd.—Yes, I am satisfied about that. I have details of a large number of cases here where the assessee were bankrupt and could not pay or ran away to some neighbouring State. In these cases we issue certificates ; we do our best.

Mr. Satyamurti.—Do you collect it through the agency of the Local Government ?

Mr. Lloyd.—Yes, through the District Collectors, like arrears of land revenue.

GRANT No. 18.—SALT.

Mr. Satyamurti.—Under A-4 (4) (a) on page 47, why did you re-appropriate on the minus side and then overspend by Rs. 31,000 and odd ?

Mr. Lloyd.—The position is that there was a misunderstanding or a frustrated anticipation. The Commissioner asked for a supplementary grant, much more than Rs. 25,200. He did not get his supplementary grant until the third week of March. In the meantime assuming that he would get his Rs. 60,000 and finding that that was too much he re-appropriated some. Then when he got his supplementary sum it was only Rs. 25,200. The result was this heavy excess of Rs. 31,583.

Mr. Satyamurti.—Then this was the fault of the Finance Department. They ought not to rush these in March. I do not see why you should not put these before the House, in the Simla season, or early in Delhi.

Chairman.—As a general rule we sanction supplementary grants after the ordinary grants have been disposed of. We will consider whether they should not be presented as soon as it is clear that they are unavoidable.

Mr. Lloyd.—I on my part am prepared to issue instructions that when a Head of a Department has applied for a supplementary and has not got it, he is not to re-appropriate out of it on the assumption that he will get it.

Prof. Ranga.—With regard to A-5, what did you exhibit in the U. P. Exhibition ?

Mr. Lloyd.—We sent salt. But the explanation there is not complete. There were other items also. And one of the items was that under pressure from the Postal Department we had to give up sending our letters from one salt works to another by peon. That accounts for part of it.

Mr. Satyamurti.—With regard to A-8, why should there be reclassification of items and increase in the rates of depreciation during the course of the year ?

Mr. Badenoch.—This is one of the cases which affect the commercial accounts and the reclassification had to be done in the middle of the year. It could not be postponed because it affects your costs of salt.

Mr. Satyamurti.—Page 48. Item A-9. You provide for eighteen thousand odd and spend sixty-six thousand odd. Where do you get all this money from ?

Sir John Nixon.—From the depreciation fund.

Prof. Ranga.—You did not anticipate this ?

Mr. Lloyd.—We were trying to postpone this work as long as possible, finally our experts advised that it was in a dangerous condition which could not brook any further postponement without risk of serious accident.

Mr. Badenoch.—The net effect on the budget is *nil*. A-10 cancels A-9.

Mr. Satyamurti.—Is it fair budgeting for you to go to the legislature and say you want nothing for renewals, and put something in the depreciation fund and take it out in the middle of the year for the same purpose ?

Mr. Badenoch.—You vote money to the depreciation fund and we bring it in the appropriation account so that you can criticise the expenditure. I do not think it is necessary to vote for renewals and replacements. You have already taken the vote for contribution to depreciation.

Mr. Satyamurti.—There is a separate head called replacements. To put in eighteen thousand and spend sixty-six thousand, is that fair to the legislature ?

Mr. Badenoch.—When you vote money, you vote it on the understanding that the money can be brought back to be spent on renewals and replacements. Actually we have this arrangement so that you can see what is done with the reserve. Otherwise we can keep the expenditure out of these accounts altogether. It has been decided to bring the expenditure into the appropriation account by showing the expenditure and then deducting from it the renewals and replacements met from the reserve.

Mr. Lloyd.—The Auditor-General's point is that it does not really affect the demand upon the tax-payer. The money is there.

Mr. Satyamurti.—The position is this. All foreseeable renewals and replacements should come under that head. Unforeseen may come from the depreciation reserve fund.

Mr. Lloyd.—This was unforeseen. But this unforeseen expenditure has not affected the total expenditure of the Government of India at all.

Mr. Satyamurti.—Item E. You make a re-appropriation minus, but you spend ten thousand odd more. The explanation is that it is due to expenditure on works for which no provision was originally made but which were considered inevitable and could not be deferred till 1937-38 ?

Mr. Lloyd.—The unfortunate fact was that the Commissioner assumed that he would get the supplementary grant he asked for. We will see to it hereafter.

Mr. Satyamurti.—Item F, Voted—nearly ten thousand more.

Mr. Lloyd.—We could not foresee exactly when leave would be taken.

Mr. Satyamurti.—Account II—Provinces. Item H-3 allowance, etc.

Mr. Lloyd.—This is perhaps misleading. Whether we depute men from our office in Calcutta or from anywhere else, they all have to get conveyance allowance.

Mr. Satyamurti.—H-5, the same explanation.

Mr. Lloyd.—It seems rather absurd that most of the increase in expenditure has nothing to do with salt. Pondicherry circle is run by the Collector of Salt Revenue. We make a lump sum charge to customs. We meet the charge in the first instance under the head salt.

Mr. Lloyd.—Page 52. The modification in Items H-11 and H-12 is really due to the varied distribution of certain sums between these two heads.

Mr. Satyamurti.—Page 55. You think this arrangement about verification and revaluation on salt at Kharagoda is quite satisfactory ?

Mr. Lloyd.—That is the only possible thing.

Mr. Satyamurti.—Page 36 Commercial Appendix. Paragraph 75. There is a decline in profit as compared with 1935 ?

Mr. Lloyd.—We are supposed to fix the average selling price so as not to make a profit. For a number of years we were getting profits. We are stopping that now.

Prof. Ranga.—Page 38, Commercial Appendix. You distribute freely salt to the Indian States.

Mr. Lloyd.—Our strong position with regard to salt in India is due to the fact that we have entered into agreement with the States which makes salt practically a federal subject. Under these agreements we have to give salt free to some of the States so that they may not manufacture salt and compete with ours.

Prof. Ranga.—Your cost price at Pachbadra is much higher than your selling price ?

Mr. Lloyd.—I have explained this every year. The policy is to do what any commercial concern would do, *i.e.*, to fix the price so as to produce variations in demand convenient to ourselves for delivery.

Prof. Ranga.—Are you satisfied that the price in all the important markets in India is about the same ?

Mr. Lloyd.—The railway freight plays an important factor in this. It all depends upon the source of supply. Salt in Madras would be cheaper than in the Punjab. If we want to make the price of salt uniform throughout India then those who are now getting it cheaper will have to pay more.

Opium.

Mr. Satyamurti.—Are you manufacturing opium only for medicinal purposes ?

Mr. Lloyd.—It is not yet prohibited in the provinces. We manufacture for them. A certain quantity we make for the Indian States also. We can only estimate the outturn by the acreage. We estimated 9.2 seers

per acre and actually the outturn was 10 seers per acre. In the following year we took the same estimate but the outturn was 7.9 seers per acre. It is a very tricky crop and it depends upon the weather.

Prof. Ranga.—When the yield goes down do you give any subvention to the peasants ?

Mr. Lloyd.—Certainly not.

Mr. Satyamurti.—Under this Note at page 59, what was the advance ? You pay money to them in order to cultivate opium.

Mr. Lloyd.—Under our agreement with those States we give them an advance or they can ask us to give them an advance.

Prof. Ranga.—The advances are given to the cultivators.

Mr. Lloyd.—These are advances to the States.

Prof. Ranga.—Are you giving the advances to the Government or straight to the cultivators in the U. P. ?

Mr. Lloyd.—Straight to the cultivators.

Sir John Nixon.—The land belongs to us ?

Mr. Lloyd.—No.

Prof. Ranga.—What rate of interest do you charge ?

Mr. Lloyd.—We do not charge interest.

Mr. Satyamurti.—Commercial Appendix, page 64. Did you sell these buildings at a profit or at a loss ?

Mr. Lloyd.—At a loss, except some of them that were written down very low.

Mr. Satyamurti.—Paragraph 115 of the Appendix. “ The net profit of the year amounted to Rs. 20,656 as against Rs. 75,242 of the previous year, the decrease being chiefly due to (a) Provision opium sales having ceased.”

Mr. Lloyd.—Provision opium is opium for sale and export to Far East. We have now stopped these exports. The sales were going down all these years.

Mr. Satyamurti.—Paragraph 124, page 68. I suppose this is inevitable. As the provision opium goes down, your profits must go down.

Mr. Lloyd.—Ultimately they must disappear. We aim at selling opium to Provincial Governments at what is, on the average, cost price. Apart from the fact that in any one year there may be a small profit, we cannot make a profit except through some small sales for medical purposes to the U. K.

Mr. Satyamurti.—Paragraph 126. “ There would remain at the end of 1939-40 a stock of about 12,000 maunds.” It won't be excessive ?

Mr. Lloyd.—No. We must have a full year's reserve. We are still working down.

Mr. Satyamurti.—Is it for provinces ?

Mr. Lloyd.—For provinces mainly.

Mr. Satyamurti.—Paragraph 127—“ Particular mention may be made of the opium. . . . It has been explained that the excessive loss was due to the peculiarity of the season’s drug and assay variations.” What is this assay variation ?

Mr. Lloyd explained it by quoting certain figures of the varying consistencies of samples taken from different parts of the same vat.

Prof. Ranga.—You are still selling opium to Burma.

Mr. Lloyd.—Yes.

Prof. Ranga.—Why not make a profit out of it ?

Mr. Lloyd.—Then they would grow it themselves. If we tried to make a profit we should lose that market which would mean so much loss to our cultivators.

Prof. Ranga.—If you stop cultivating in any particular area is it not a fact that these people are not able to raise any other crop for a number of years ?

Mr. Lloyd.—I do not think that is the case in the U. P. There are alternative crops.

Prof. Ranga referred to some place in the Madras Presidency where the growing of opium was stopped and it produced hardship.

Mr. Lloyd.—You must remember that after all we have reduced cultivation to the less than one-third of what it was before. But it is a gradual process. It was out of consideration for cultivators that we spread out the abolition of exports of opium over a period of ten years.

Prof. Ranga.—What was the total area at one time ?

Mr. Lloyd.—I could not give it you, but I should think much more than three times the present area.

Mr. Satyamurti.—Serial No. 27. Has it been done now ?

Mr. Lloyd.—Yes.

Mr. Satyamurti.—Any further economies contemplated ?

Mr. Lloyd.—The whole thing is still being very closely studied. We have got an Opium Agent at Ghazipur who is taking an extremely lively interest in the matter, and I hope that we shall get more economies.

Mr. B. Das.—Do the people who work in your opium factories, get the opium habit ?

Mr. Lloyd.—I have never heard of that. I think probably the smell will sicken them.

Mr. Satyamurti.—Grant No. 19-A—Excise.

Mr. Lloyd.—This only relates to provincial excise. Central excise is a separate head.

Mr. Satyamurti.—Compensation payable to His Highness the Mehtar of Chitral. What is this compensation ?

Mr. Lloyd.—That is to compensate him for the expenses that he incurs in stopping charas from going into British India. Why should he stop it unless we encourage him to do so ?

Mr. Satyamurti.—B-2 and B-3. They have gone into the provincial settlements.

Mr. Lloyd.—Yes.

Mr. Satyamurti.—Compensation to Indian States for charas. Where are these States ?

Mr. Lloyd.—These are various Indian States all over India. They were getting charas from the Punjab Government at the duty paid price. It was decided by the Butler Committee that it was not fair. We could not ask the Punjab Government to remit the duty. So we undertook to pay the duty ourselves.

Mr. Satyamurti.—We come to the next Grant, page 62, where we have only one item, item A. You recovered the whole amount from the Posts and Telegraphs.

Mr. Badenoch.—We recovered something more.

Sir John Nixon.—It includes pension and leave contributions.

Mr. Satyamurti.—We now come to page 95. Non-utilisation of reserved compartment by a member and curtailment of tour by another. It seems to be a costly tour. D. Contingencies-Postponement of the purchase of a scientific apparatus. What is this apparatus ?

Mr. Lloyd.—At the moment I do not remember, but it is some electrical apparatus.

Mr. Rajagopalan.—The excess has got to be regularised.

The Committee agreed.

Mr. Satyamurti.—Page 263-A. Originally it was 38 lakhs and you only wanted 10 lakhs more. Are these adjustments not foreseeable at all ?

Mr. Lloyd.—This was an exceptional case—this particular 10 lakhs. It covers certain arrear refunds we had to make when we made final agreements with certain States in Kathiawar. They were unforeseen lump sum payments.

Mr. Satyamurti.—We give double income-tax relief only with regard to the British Empire ?

Mr. Lloyd.—Not so much as that. Only the United Kingdom, Ceylon, Indian States, and now Burma and Aden.

Mr. Satyamurti.—Can you tell us how much we paid ?

Mr. Lloyd.—I am afraid I cannot say. It is a crore and something. It does not go to the treasuries of the countries concerned ; it goes to the assessees. We only know how much is the total amount of relief given to assessees in the different countries.

Mr. Satyamurti.—What is the total ?

Mr. Lloyd.—We give about a crore and the other Governments give about a crore.

Mr. Satyamurti.—We are also concerned with item C—Salt. 9 lakhs.

Mr. Lloyd.—A number of reasons are given there.

Prof. Ranga.—What is your explanation for B-2 ?

Mr. Lloyd.—When the assessemnt is made we cannot foresee when it is going to be set aside. It so happened that the orders were issued towards the close of the year.

Prof. Ranga.—What do you mean by revision ?

Mr. Lloyd.—Revision by the Commissioner. Appeal means to the Assistant Commissioner.

Mr. Satyamurti.—What about C ?

Mr. Lloyd.—The biggest item in that is refund of duty to the Baroda State on salt consumed in the State. That is the result of an agreement which we have entered into with the State in rturn for surrender of certain claims.

Mr. Satyamurti.—D.—Stamps. What is this “ greater amount payable to a municipal commission on account of a special law.” ?

Mr. Lloyd.—I am afraid I have not gone into that.

Mr. Satyamurti.—H-3—Excise. What is this excise ?

Mr. Lloyd.—This is provincial excise.

Mr. Satyamurti.—There is a large saving in voted. What is the reason for that ?

Mr. Lloyd.—This is the administration of Baluchistan. I can add nothing to what is said in the explanation.

Thursday, the 21st July 1938, at 11 a.m.

COMMUNICATIONS DEPARTMENT.

GRANT No. 49.

Mr. Satyamurti.—Page 124 : You save under B nearly 50 thousand ?

Mr. Gorwala.—Yes, the saving is due to allowing the Calcutta office to receive 315 telegrams daily instead of 333 agreed upon for the preparation of weather charts, reduction of minimum charges for express telegrams from Rs. 1-8-0 to Rs. 1-2-0, economy in requisition for special telegrams in times of disturbed weather, use of wireless transmitters for transmission of weather forecasts instead of land wires, saving on account of supply of shorter weather summaries, etc.

Mr. Satyamurti.—All these were unforeseen or unforeseeable ?

Sir John Nixon.—Small economies take place all the year round.

Prof. Ranga.—The last sentence runs : “ The controlling authority holds that it is not possible to frame close estimates even by March each year ”. This is a bit disappointing.

Mr. Badenoch.—The explanation here is the explanation of the head of the department.

Mr. Rajagopalan.—So long as the procedure is what it is, the head of the department does not take any responsibility for control.

Mr. Badenoch.—The bills are sent in considerably in arrears and the calculation is not on the valuation of each telegram but on the valuation of typical telegrams. The expenditure is therefore very difficult to control.

Mr. Ghulam Mohammed.—I discussed this question with Dr. Normand. We are trying to evolve a system which will not upset the budget, by trying to work on the averages of the previous years and carrying out subsequent adjustments in the following year.

A reference has been made to the telegraph check office and I hope a decision will be arrived at before the end of this year.

Sir John Nixon.—If it does not work well, the Auditor General will bring it to our notice.

Mr. Satyamurti.—Page 125. Item D. Why did you put in a provision for a teletype machine if experiments were not completed in time ?

Mr. Gorwala.—I suppose they thought at the time that they would be able to use it in time. Actually they did not do it.

Prof. Ranga.—What is this machine like ?

Mr. Ghulam Mohammed.—It is like a teleprinter. It did not work well in the first instance, but it is working now. Similar machines are in use in the Telegraph Department also.

Prof. Ranga.—Why did it not work well ?

Mr. Badenoch.—Dust and heat would affect the working of the machine.

Mr. Ghulam Mohammed.—There is also the difference in currents, such as a. c. and d. c. and difficulty in getting spare parts. These machines are working all right in the Telegraph Department. The note in the Appropriation Accounts relates to two years before.

Mr. Satyamurti.—G. 2 : What is this deputation to the Meteorological conference.

Mr. Gorwala.—An invitation was received to attend the Regional Meteorological Conference. It was received in July after the budget.

Mr. Satyamurti.—Page 126. Item J.-5. What do you get this recovery for ?

Sir John Nixon.—Agricultural meteorology.

Mr. Ghulam Mohammed.—They grow certain crops in the grounds of the Meteorological Office in Poona and record temperatures at different hours of the day to find out the effect of frost, heat, etc., on various crops. It is a very interesting and new development where they are trying to measure the effects on crops of variations in climate. The Agricultural Council pays for it, as the work is done on their behalf. It is only the meteorological people who are equipped to do this. Thermometers are buried in the ground along with the crops and they are read every hour.

Mr. Das.—In your annual report you say that seismological section has not been created. Have you since started one ?

Mr. Gorwala.—No.

Mr. Das.—India is subject to earthquake periodically and I suggest that something should be done quickly. They ought to spend a little more money. Scientists must investigate the problem. This is being done in all other countries.

Mr. Ghulam Mohammed.—We have sections in Agra and Colaba where a certain amount of research work is being done even now.

Mr. Das.—Is the Agricultural Research Council financing you up to their needs about agricultural meteorology ? You are doing all their requirements ?

Mr. Gorwala.—They have been satisfied with the results.

Mr. Das.—Your department receives money from the Civil Aviation Department and also from the Agricultural Research Council ?

Mr. Gorwala.—Yes.

Mr. Das.—Do you get anything from the Royal Air Force for any special military observations carried out from time to time.

Mr. Gorwala.—Every aviator is entitled to get these messages.

Mr. Das.—You do not give any special messages to the Royal Air Force ?

Mr. Gorwala.—No.

Mr. Das.—Is your meteorological department up-to-date in scientific equipments ?

Mr. Gorwala.—It is as up-to-date as possible. There have been no complaints till now either from the public or the military department.

Mr. Satyamurti.—Is there any idea of reviving the Madras observatory ?

Mr. Gorwala.—I cannot say. There is one at Kodaikanal.

AVIATION.

Prof. Ranga.—Item A. Page 173 : There is a minus owing to unforeseen delay and difficulty in the recruitment of Aircraft inspection staff ?

Mr. Tymms.—The aircraft inspection staff is the staff under the Chief Inspector of aircraft of whose duty it is to supervise the airworthiness of aircraft registered in India.

Prof. Ranga.—Was this instituted only during that year ? Was it not functioning before ?

Mr. Tymms.—It has been functioning since 1929.

Prof. Ranga.—Why do you find it necessary to recruit additional staff ?

Mr. Tymms.—Because of the growth of air transport and other activities. We cover Indian States also. The senior members of the staff were recruited in England. We failed to recruit the required number because of the shortage of labour in the aviation industry ; and the junior members of the staff, following the usual practice, are recruited in India. Six examiners were required and I think we recruited three during that year. We could not find other suitable people for that grade.

Prof. Ranga.—Did you fill up these posts afterwards ?

Mr. Tymms.—Yes. We were able to get two.

Prof. Ranga.—You have now five.

Mr. Tymms.—Yes, five Inspectors ; all these are senior men.

Mr. Satyamurti.—Are you training people for the senior staff ?

Mr. Tymms.—Yes.

Prof. Ranga.—For the last two or three years did you make any effort to send any one from here to England and get them trained ?

Mr. Tymms.—There are two people now in England under training. They will come back next year and be appointed to the grade which we call Assistant Inspectors Grade II. The two who were appointed in 1931 as Grade II Assistant Inspectors have now been promoted to Grade I Assistant Inspectors. For Grade II we have, up to now, recruited young University graduates with Science or Engineering degrees and sent them to England for three years for aeronautical training, including practical experience in workshops and factories.

Prof. Ranga.—Do you propose to send any more Indians for training ?

Mr. Tymms.—Yes. In addition to the University graduates who are trained for appointment to Assistant Inspector Grade II, we are sending some of the Examiners to England for further training. Two are there now. Examiners are recruited from a different class. They are men who have got their experience in aeronautical engineering as mechanics in India and who have qualified as Ground Engineers. When they come into the

Department—recruited through the Public Service Commission—they are put on to inspection duties. The good ones we select for further training and practical experience in England. After this they serve again as Examiners and of course they are eligible for promotion to Assistant Aircraft Inspector Grade II and the higher posts.

Mr. Satyamurti.—A-3 voted. You gave up Rs. 5,000 and you spent Rs. 11,000. The explanation is “mainly due to adjustment made in March, 1937, Final”.

Mr. Badenoch.—This means adjustments after 31st March. Under the old system when balances in India were unified, you could make adjustments right up to the closing of the account, say three months after 31st March, and still be within the previous years account. Now under the new system which is on a cash basis, and separate balances for the provinces, the Reserve Bank of India insists on all adjustments being made by the 15th April at the latest. It will still be possible to have certain adjustments between central departments up to I think the end of June or possibly up to the end of July, but we are going to close the account very much more quickly in future.

Mr. Satyamurti.—Item A-5. Could you not anticipate this expenditure ?

Mr. Tymms.—The department is expanding the whole time. It is difficult to estimate a long way ahead.

Prof. Ranga.—From the past years averages, would it not be possible for you to estimate accurately ?

Chairman.—Not in an expanding service.

Mr. Badenoch.—The final appropriation is almost equal to the expenditure, only a difference of Rs. 242.

Mr. Tymms.—A-5. Wireless Services. There was a saving on the estimate and we are still unable to control that effectively. The charge is actually worked out by the A. G., P. and T. long after the close of the year.

Mr. Badenoch.—It is almost the same as in the case of Meteorology.

Mr. Das.—Do you get any concession from the Postal Department for their wireless activities ?

Mr. Tymms.—The debit represents the actual cost, including interest and depreciation.

Mr. Das.—Grant B : Do you put into this grant all that you get from the additional tax for aviation purposes ?

Mr. Tymms.—We budget for the proceeds of the 2½ annas tax on petrol consumed in aviation plus what is carried over from the previous year.

Chairman.—What are the purposes of this fund ?

Mr. Tymms.—A Resolution was passed by the Legislature some time ago and it was passed again a year ago. The fund is to be devoted to research, experiment, scholarships and training. We keep an account of expenditure under those heads.

Prof. Ranga.—Are these people who are in England now financed from this fund ?

Mr. Tymms.—No. We only use this fund for assisting the training of people outside. We do not use it for the training of our own staff. That is borne as an administrative cost. A quarter of the tax accruing every year is now allocated towards the subsidies to the flying clubs and is thus indirectly used for training. If we assist a pilot to be trained as a pilot instructor for example, that is debited to the petrol tax fund. The case is put up and is sanctioned by the Finance Department.

Prof. Ranga.—You select those persons on the recommendation of some of these Flying Clubs ?

Mr. Tymms.—Yes, if we decide that there is a lack of instructors and we want to train more instructors, we ask the Flying Clubs for nominations. We have a complete record of all pilots and we select the best two and put them under training.

Mr. Satyamurti.—Why should not the Finance Department give them just as much as they need every year ?

Chairman.—There is an undertaking to give the whole amount. If it is not funded, we should consider whether it ought to be funded.

Sir John Nixon.—I think it goes back to the Road Fund.

Mr. Ghulam Mohammed.—It is not funded regularly but there is no surrender made on that.

Chairman.—We might suggest a special ear-marked item in the Road Fund.

Mr. Tymms.—Before passing on I would like to put this point of view. Whatever the system of accounting may be it is important that the whole sum should be available, and that we should not have to budget for projected expenditure. In the nature of the expenditure (experiments, research, scholarships and training) it is impossible to foresee eighteen months ahead what can be done within a particular year. If suitable objects of expenditure do not materialise, the money is not spent and is carried forward. I am in favour of a fund.

Mr. Satyamurti.—B-2 : What are these grants for aviation purposes ?

Mr. Tymms.—They consist of several items. Financial assistance to the flying clubs comes to Rs. 1,27,000. Then, there is Rs. 42,000 for free facilities in the way of wireless, landing and housing charges for Imperial Airways, Indian Trans-Continental Airways, Tata Sons Ltd., and Indian National Airways. They are operating under contract with Government, and if they do not get these concessions, then Government will have to pay them more for the contract. Then, we pay Rs. 2,11,000 as remission of duty on petrol, oil and spare parts to Imperial Airways and Indian Trans-Continental Airways. This is part of the 1933 agreement. The same remarks apply here. If you do not give that remission, you will have to pay more for the carriage of mails or in the form of direct subsidies. Actually, India did not contribute anything towards the direct subsidy. During the year 1937-38 the British Government provided the whole of the subsidy.

Prof. Ranga.—What concessions do you get for air mails ?

Mr. Tymms.—In the Empire Mail Scheme, we have got a very low rate indeed. It is very much lower than any carriage rate that has hitherto been charged.

Prof. Ranga.—Do you make any contribution towards that subsidy ?

Mr. Tymms.—We make a lump sum contribution of about 12 lakhs a year, and that covers the carriage of the whole of the Indian mails for the Empire.

Mr. Satyamurti.—You talked about subsidies to the Indian Flying Clubs. Have you got any figures of the members of these clubs and the facilities that you give them ?

Mr. Tymms.—There are something like 1,500 or 1,600 members of the flying clubs. Last year, they did about 13,000 hours flying. They train about 100 pilots a year. I think about 65 per cent. of the members are Indians and I should think 75 per cent. of the flying is done by Indians.

Prof. Ranga.—Have you examined the possibility of reducing the fees that are charged ?

Mr. Tymms.—We have, but it is only possible by increasing the subsidy.

Mr. Satyamurti.—C.-2 (2) : What is the position here ?

Mr. Tymms.—A great deal of technical equipment is required for aerodrome operations.

Mr. Satyamurti.—Why did you not provide for it in the budget and what were the circumstances which made you to spend more than the original grant by re-appropriation ?

Mr. Tymms.—All these are technical requirements arising out of operations and many of them cannot be foreseen. We cannot always foresee what new types of equipment will be needed. I cannot tell precisely what the items were in this year, but the money was provided by savings within that same head.

Mr. Satyamurti.—You have a rather elaborate system of signalling ?

Mr. Tymms.—Yes ; and apart from that all sorts of minor equipment is needed for the maintenance of the aerodromes.

Mr. Satyamurti commented on the overall saving of 7.64 per cent. compared with 2.52 per cent. in the previous year.

Mr. Tymms.—That is a corollary of the detailed explanations already given. In the year 1936-37 the comparative result is largely contributed to by the fact that there was a saving under A.-6 Wireless Services, whereas in previous years there has been an excess which has counterbalanced savings under other heads.

Mr. Satyamurti.—A. 3 : You surrendered Rs. 5,000 but ultimately spent Rs. 11,000 ?

Mr. Tymms.—That was due to final adjustments after the end of the year.

Mr. Satyamurti.—Capital outlay on civil aviation charged to revenue. Do you know what the results are ?

Chairman.—This is one of those grants where the Department cannot be expected to be tied down to the execution of schemes of works in a particular year. It is therefore submitted in the form of a token grant. In this case was not your programme completely held up because of the Empire Mail Scheme ?

Mr. Tymms.—A large part of it was held up for that reason, but there were also other factors which were not within our control.

Prof. Ranga.—These enormous savings happened last year also ?

Mr. Tymms.—I gave a full explanation last year and warned the Committee that the same thing would recur in 1936-37. To a certain extent the same factors have applied in 1937-38, but in respect of the current year 1938-39, the situation will be different. Most of the work is now in hand, apart from which an overall cut of Rs. 3 lakhs was applied to the Budget demand in 1938-39.

Mr. Ramsay Scott.—The programme will be practically finished by the end of this year.

Mr. Satyamurti.—What is the position as regards some individual grants—page 175 ? You asked for 39 lakhs and spent 19 lakhs and you say that was due to a change in design ?

Mr. Tymms.—“ Design ” is not a happy expression. What happened was that we had to build quarters, not only for aerodrome staff but for meteorological staff and in some places customs staff and public health staff. It was decided that there must be one scale and one type of quarter for all staff of similar grades resident at aerodromes, no matter what Department they belonged to. We had to get out a compromise scale of accommodation and it was not until December 1936 that final orders were passed, though even after this another objection led to a further long delay. While this went on, designs could not be completed, and estimates were still further delayed. In the case of several projects, Government wished to have the whole scheme presented complete, which meant that other work besides buildings was delayed. There were two or three big cases, for example, Dum Dum, Allahabad and Karachi.

Mr. Satyamurti.—How much of the saving of 19 lakhs is explained by the delay in the sanction to the design ?

Mr. Tymms.—I cannot give an exact figure, but a large part of the saving is attributable to this delay in sanction, and the consequential delay in completing estimates. We saved about two lakhs on the original estimates.

Prof. Ranga.—We should make it perfectly clear to these people that they should not come up for a pie more than necessary.

Chairman.—They are limited by the amount of the fund. The grant has to be approved in detail by the Finance Department and the Legislature and has to be met out of the revenues of the year.

Mr. Satyamurti.—B : Meteorological : it is the same question and the same explanation as you gave last year ?

Mr. Tymms.—Yes. It was first proposed to rebuild at Agra, but later it was decided that it would be more economical to transfer the organisation to Delhi, as part of a bigger scheme, which is actually now postponed. But so far as this year is concerned it was still under consideration, and the details needed a good deal of working out.

Mr. Satyamurti.—P. 177 : is the aerodrome at Dum Dum completed ?

Mr. Tymms.—Not yet. We expect to complete it in December this year.

Mr. Satyamurti.—There is nearly a saving of two lakhs on Dum Dum ?

Mr. Tymms.—That is one of those cases which were held up for years. The precise effect, in the case of Dum Dum, was that the estimates could not be completed, because we did not know, as regards large classes of quarters, what the scale of accommodation or design should be, until the end of 1936. When the orders were passed, the P. W. D. had to prepare the detailed estimates, and it was not possible to get on with the work during the year.

Prof. Ranga.—That at Ahmedabad is rather bad ?

Mr. Tymms.—We expected to start work during the year. We had received preliminary estimates, but we were not satisfied and sent them back to the Executive Engineer for further investigation. Part of the land was densely wooded and cultivated and some parts expensive. This involved a good deal of adjustment of the scheme and it took a long time.

Prof. Ranga.—In the end you took forest land ?

Mr. Tymms.—We took land with mango trees, small houses with gardens attached, and so on.

Prof. Ranga.—What about the new aerodrome at Rangoon ?

Mr. Tymms.—A new site had been selected, after investigating some fifteen alternatives and preliminary rough estimates were prepared. There appeared every prospect of putting the work in hand within the year, and completing the work within the provision in the Programme. The site is covered with dense pine apple and palm jungle, and when a detailed survey was carried out, the land proved to have greater gradients than at first appeared. This involved heavier earthwork costs. At the same time, the original estimates of land value obtained from the Land Acquisition Officer proved to be underestimates. The revised estimate of cost of the whole scheme was much above the provision in the Programme, and it was necessary to abandon it and revert to an examination of the possibility of making some improvement in the existing aerodrome.

Prof. Ranga.—Item 12. Donakonda. Do you keep any staff there ?

Mr. Tymms.—No, only a chaukidar. Emergency landing grounds are not staffed. A chaukidar is paid about Rs. 15 per mensem.

Mr. Satyamurti.—With regard to "Important Comments", paragraph 1, may I ask how much of this Rs. 91.60 lakhs has been spent up to date ?

Mr. Tymms.—The amount we spent in India up to the end of 1937-38 is 49½ lakhs.

Mr. Satyamurti.—You have got 41½ lakhs more. As against that how many schemes have been approved by Government ?

Sir John Nixon.—The work itself is expected to be practically finished by the end of this financial year, within 5 lakhs or so.

Mr. Satyamurti.—Then most of these schemes have been approved by Government ?

Mr. Tymms.—Yes, most of them.

Mr. Satyamurti.—Why is the cost of wireless works met from the budget of the Posts and Telegraphs department ?

Mr. Ghulam Mohammed.—The Posts and Telegraphs Department provide the capital for all these wireless works and charge rent for the services rendered, which includes interest, depreciation, etc., and that expenditure has been included in the demand for capital expenditure under "Wireless" and voted by the House under Posts and Telegraphs Grant. Therefore this 10.92 lakhs is kept aside ; it has not been touched.

Mr. Satyamurti.—And you hope to spend that also ?

Mr. Tymms.—The works provided for in the programme are nearing completion from the P. & T. Budget.

Mr. Satyamurti.—With regard to the last paragraph on page 181, we do not want to leave so much scope to people to do what they like. The point of the criticism is of course about the time of surrender.

Mr. Gorwala.—This insistence on spending everything within the year is likely to lead to a rush of expenditure in March and as a result to waste of money.

Mr. Tymms.—Surrenders were made in two blocks in February and March. That is the earliest time at which any figures are available on which to base surrenders.

Mr. Satyamurti.—The point is that you must not put in your budget figures which you know you cannot spend that year.

Mr. Tymms.—We do not budget for money which we know we cannot spend.

Mr. Ghulam Mohammed.—This year we have imposed an *ad hoc* cut of three lakhs.

Sir John Nixon.—If they can spend it we will put it back.

Mr. Satyamurti.—This Committee does not want any spending department to spend money because it is in the budget, and our criticism is that money ought not to come into the budget unless there is a certainty that the money will be spent in the next 12 months.

Mr. Satyamurti.—Paragraph 6—page 182. When this work is over, your work will be very little so far as this grant is concerned ?

Mr. Tymms.—There will be a few odd lakhs to be spent in 1939|40.

Mr. Satyamurti.—Would you say that this staff of the Aviation Circle is working to full capacity in spite of the restricted programme ?

Mr. Tymms.—At present, yes. But the important factor which is not given full weight is the great amount of preliminary investigation which is involved in aviation works. Staff has to be employed for the purpose. You can engage special staff or you can treat it as a higher percentage of establishment charges, but in whatever form it comes, you are always going to spend more on the investigation of aviation projects than in the case of normal building works.

Grant No. 69 Group Head G. : Broadcasting.

Mr. Satyamurti.—Why is Broadcasting put here in G under Grant No. 69 and not under grant No. 69-B ?

Mr. Bokhari.—69-B. is the capital grant ; this is the maintenance grant.

Mr. Satyamurti.—Is this " Pay of officers " met from ordinary revenue ?

Mr. Bokhari.—Yes.

Mr. Satyamurti.—Under G-1 why was this additional staff required in the middle of the year ?

Mr. Bokhari.—Two posts were created after the budget was sanctioned. One was the Chief Engineer's post from the 20th August and the other was the post of Deputy Controller of Broadcasting, the principle of which was not approved till March 1936 when the budget had already been prepared.

Prof. Ranga.—Were they placed before the Standing Finance Committee ?

Mr. Gorwala.—I think they were so placed.

Mr. Ghulam Mohammed.—When you put up the programme you give an indication of what the staff is likely to be ; and that is mentioned there.

Mr. Bokhari.—Under G-7 you will find a lump sum provision of Rs. 50,000. for experimental research purposes, which was later transferred to the relevant sub-heads. Part of that was meant to cover such expenditure.

Prof. Ranga.—But surely this money was not meant for that ?

Mr. Bokhari.—At the time we did not know what the requirements of the engineering department would be, and the Chief Engineer's salary, when the post was created, was met out of this.

Chairman.—The Chief Engineer was appointed as a result of the Kirke Report. When did you come to a final decision on this appointment ?

Mr. Gorwala.—It was some time in June 1936.

Mr. Bokhari.—At the time of the budget we knew there would be some expenditure on engineering but not the details.

Mr. Satyamurti.—I submit, Mr. Chairman, that as regards establishment unless the thing is absolutely unforeseeable it ought to be put in the original budget. It is admitted that they anticipated some kind of establishment on the engineering side, and no provision was made in the budget. The provision for experimental and research purposes certainly does not include the post of Chief Engineer which comes under establishment.

Chairman.—I think that word “transfer” is a misnomer. It was a reappropriation.

Mr. Satyamurti.—But I do not like an increase of staff during the year unless it was unforeseeable.

Chairman.—This lump sum provision of Rs. 50,000 was not spent and therefore they re-appropriated it to other heads. The Finance Department must have sanctioned that.

Mr. Ghulam Mohammed.—These reappropriations can only be made with the concurrence of the Finance Department.

Mr. Bokhari.—Up to this year the engineering activities of this department had been entrusted to the Posts and Telegraphs Department, but it could be foreseen that during the year 1936-37 some of these engineering activities would be taken over by the Broadcasting Department itself. The main categories were installation and research. The final details were not settled and so on a rough estimate we provided a lump sum of Rs. 50,000.

Mr. Satyamurti.—But you seemed to be under the impression that it could not be spent that year and would be available for reappropriation to other items.

Mr. Bokhari.—Generally speaking, most of it has been spent on engineering activities.

Chairman.—Originally the supervision of experimental work was done by the Post Office Engineers. That system was replaced by setting up their own establishment, and the system of reappropriation was a legitimate method of meeting the charge.

Mr. Satyamurti.—But you cannot transfer from a research grant to the pay of officers.

Chairman.—In that case the contention is that it is ordinary reappropriation within the grant and provided the Standing Finance Committee sanctioned it it was quite legitimate.

Mr. Satyamurti.—But it was specifically for research.

Mr. Badenoch.—You might very well have staff employed on research purposes.

Chairman.—Lump sum provision is quite legitimate at the beginning of a new enterprise, but I agree it should not be continued.

Prof. Ranga.—Were these two posts brought to the notice of the Standing Finance Committee?

Mr. Gorbala.—I think so, but we are verifying it.

Prof. Ranga.—Was any lump sum provision like this made for the next year ?

Sir John Nixon.—No, there was no lump sum provision in 1937-38.

Prof. Ranga.—E-1. Were these jobs advertised, when they were filled in the course of the year ?

Chairman.—That is a question of policy which you can raise in a debate in the Assembly.

Mr. B. Das.—Was the postal Department given sufficient notice to reduce their staff ?

Mr. Bokhari.—One of their engineers was taken over, and the arrangement with the Posts and Telegraphs Department was made after consulting them. It was a mutual settlement in the normal course of business.

Mr. Satyamurti.—G-3. You spend nearly as much again as you provide for ?

Mr. Bokhari.—This was natural in the earlier years : the expenditure was likely to go up. Soon after these appointments were made, a good deal of touring had to be undertaken by the Chief Engineer, the Controller of Broadcasting, the Deputy Controller and the Research Engineer.

Mr. Gorwala.—The excess was due to the deputation of two men for training at the British Broadcasting Corporation, and the extensive touring done by the Controller, the Chief Engineer and other officers just mentioned in connection with the installation of new stations.

Mr. Satyamurti.—G-4.

Mr. Ghulam Mohammed.—The word “economy” is rather unfortunate. The figures could not be obtained from all the audit offices at the time.

Mr. Satyamurti.—What is this work done by the Supplies and Services ? It is a big item.

Mr. Bokhari.—This relates to programmes, and consists mostly of payments to artists.

Prof. Ranga.—Are they all paid at so much per hour ?

Mr. Bokhari.—It depends on the form of the contract, which varies according to circumstances and may be daily or monthly or for longer periods.

Prof. Ranga.—The creation of a Research Department, is the work still going on ?

Mr. Bokhari.—Yes.

Prof. Ranga.—Is the expenditure on it going up or going down ?

Mr. Bokhari.—There has been an increase in staff since it started.

Prof. Ranga.—What is the nature of the work they do ?

Mr. Bokhari.—They have recently been engaged on field measurements which give a picture of the range, etc., of a station and on reverberation research, which gives some idea of the quality of the new studios we put up.

Prof. Ranga.—Is there anyone deputed to see whether the programmes you give out are liked by the people or not ?

Mr. Bokhari.—The Research Department undertakes purely technical work, but all stations now carry on what we call Listeners' Research which is a day to day analysis of such opinions as are received on the programmes.

Bhai Parmanand.—I want to ask one question on this. Supplies and Services take about Rs. 4,80,000. Is there any system by which this service is controlled or does it depend entirely on the sweet will and pleasure of the man in charge of stations to spend any way he likes ?

Mr. Bokhari.—Payments under this head are made by the Station Directors subject to certain financial limits. If they exceed these limits, they have to take the sanction of the Controller.

Prof. Ranga.—Are these accounts inspected by the Finance Department ?

Mr. Badenoch.—I think we are providing divisional accountants at most of the stations in order that the control can be carried out very much on the public works system.

Mr. Satyamurti.—Who determines the scale of fees to artists, for programmes and all that kind of things ?

Chairman.—Each station is limited to a certain daily allowance.

Mr. Satyamurti.—But who selects the artists ?

Mr. Bokhari.—The Station Directors. There is an Advisory Committee at Delhi, but its functions are purely advisory.

Bhai Parmanand.—We hear reports that very undesirable persons are paid heavily for singing in the Radio, and the selection rests with the Station Directors. This should be checked.

Chairman.—That is a question of policy which does not arise out of the accounts, and I think it is for the Station Advisory Committees to look into.

Mr. Satyamurti.—This Committee is also interested in seeing that the money they allot is properly spent. Are we getting value for the money we spend ? I am merely trying to say that the money should be properly and usefully spent in a most economical and efficient manner, and that it is not wasted according to the sweet will of the Station Directors.

Mr. Gorwala.—Complaints about the quality of the programmes are often due to differing tastes. Some people like one class of music others like another class of music. In matters of taste there are always different criteria. The Station Directors and the Controller of Broadcasting are continuously asking for public opinion, and they have a regular system of ascertaining public opinion.

Prof. Ranga.—I am told there is an Advisory Committee at Delhi, have you got similar Committees for other stations as well ?

Mr. Bokhari.—We are considering that question.

Sardar Jogendra Singh.—I want to know if there are any qualified musicians from the various music colleges subsidized or recognised by Government to select these artists at the various stations ?

Chairman.—That is a question for the Advisory Committees. It is a matter to be raised in a general debate, and not on an accounts question.

Mr. Satyamurti.—I merely want to tell this Department now that they are here that there is a general feeling that the selection of artistes and the arrangement of programmes are far from satisfactory. Public interests are not always the only interests considered.

Mr. Bokhari.—Exactly what the value of an artist in terms of money is, is difficult to judge. A man judged by traditional standards may not be a very "good" artist ; and yet, he may be a popular artist and we may consider him useful and worth a great deal more than another artist, who judged traditionally may be superior. Traditional standards are not the only standards by which an artist should be judged, and therefore you have got to control the fees of these artistes and adjust them almost from month to month. A popular artist adds so much to your revenues and you may consider him worth Rs. 200 a day, whereas a better scholar of music may not be worth that much. No Committee can sit down and decide in advance what each man's worth shall be. All that any Committee can do is to say that for such and such a category of music they think that such and such a musician is worthy of consideration. But how can any Committee, unless it sits at the stations day after day, evaluate the musicians from day to day.

Chairman.—The object of the Committee ought to be to gauge to some extent public taste and to suggest alterations in the programmes.

Prof. Ranga.—Therefore, it is essential there should be a Committee at every station ?

Mr. Bokhari.—The principle of Advisory committees is recognised, and I think you will find in answer to a question in the Assembly that the question of constituting Advisory Committees is under consideration.

Commercial Appendix—Broadcasting.

Mr. Satyamurti.—I want to know if anybody has considered that the loss is increasing and whether the establishment is no more than adequate ?

Chairman.—You cannot consider these until you develop two things—a very much more extensive service, plus a supply of cheap sets.

Mr. Satyamurti.—Is any attempt being made to put on the market in this country either directly or through manufacturers a cheap set costing say about Rs. 50 in which alone lies any possibility of increasing the popularity of the Department ?

Mr. Gorwala.—Investigations are being made in that direction, and our Research Department have come to the conclusion that it would be possible to manufacture such sets in this country, but the thing is to get the manufacturers themselves interested in making them. Government cannot undertake manufacture and sale unless they can expand their staff very greatly. It would also be interference with private enterprise. The question of interesting manufacturers in India is being considered ; in fact the matter is being actively pursued.

Prof. Ranga.—I wish to demur to your opinion, in regard to making this service a social service, because now it subserves the interests only of the upper classes. I do not want all these losses to be incurred until and unless they develop a cheaper set for the use of the villagers.

Mr. Satyamurti.—I take it that you are now specialising in spreading village community sets, and the Provincial Governments are co-operating with you ?

Mr. Bokhari.—Yes.

Mr. Satyamurti.—How many Governments are co-operating with you ?

Mr. Bokhari.—Madras, Bombay, Punjab, U. P., Delhi, N. W. F. P. and Bengal.

Thursday, the 21st July 1938, at 2-30 p.m.

Mr. Satyamurti.—F-1. Mr. Scott has a question on the Indian Listener.

Mr. Scott referred to the financial aspect of the journal.

Mr. Bokhari.—May I explain the position, generally speaking, with regard to the radio journals ? We have six radio journals now, but in the year under discussion we had only three. The bulk of these journals consists of programmes. During the year 1936-37 we put up no new station at all, but in the following year we put up a large number of new stations. That meant a considerable increase in the programmes and therefore in the number of pages of the journals. In the case of one journal the number of pages has nearly doubled. Now the subscription cannot be suddenly raised at short intervals, nor it can be finally fixed till we have completed our programme of expansion and reached more or less the stage of consolidation. Therefore the rate of subscription is likely to lag behind the cost of production. Nevertheless, in the case of the Indian Listener the loss has steadily decreased so that, generally speaking, the financial position has improved a great deal and we hope it will show further improvement after the number of pages can be finally fixed.

Mr. Satyamurti.—You are taking advertisements now ?

Mr. Bokhari.—Yes.

Mr. Scott.—You might improve it by giving more foreign stations.

Mr. Bokhari.—We do give the programmes of four foreign countries, namely, Germany, Italy, France and England, but obviously the bulk of the programmes has to be Indian.

Grant 69-B, page 195 of the Report.

Mr. Satyamurti.—Can we have figures for 1937-38 ? On page 28 they give the amount that has taken from the fund as 40 lakhs and they have only spent Rs. 5 lakhs.

Mr. Ghulam Mohammed gave the figures relating to the fund of 40 lakhs.

Mr. Bokhari.—Our medium wave stations at Peshawar, Lahore, Lucknow, Delhi, Calcutta, Bombay, Madras and later, Tricinopoly and Dacca, are meant primarily to serve local areas, but, as you know, in addition to these we have put up three short wave stations at Bombay, Delhi and Madras. During the summer we hope to put up another one at Calcutta. Each one of these short wave stations has, practically speaking, an all-India range.

Mr. Das.—Could you not have a station in Orissa ? You are to reach the masses and unless you have a station in Orissa how can you reach the masses of the people in Orissa ?

Mr. Bokhari.—Last year Prof. Ranga suggested that there should be a station at Bezwada or Rajamahundry, and this year Mr. Das wants one in Orissa. With the available funds we are trying to provide as extensive a service as possible. Some areas have naturally to be left out ; you cannot guarantee that every single area will have a local station.

Mr. Das.—We want a Oriya programme for our Orissa villagers.

Mr. Satyamurti.—Under the Government of India Act, 1935 there is a provision for Provincial Governments having their own broadcasting stations without any control of the Government of India.

We have already discussed Serial No. 33 of the Statement showing action taken on past recommendations.

Mr. Ghulam Mohammed.—I may mention that the Finance Department have already suggested that *pro forma* accounts should be kept by the department for each of these journals and that they should try to get more revenue from advertisements.

Mr. Bokhari.—I can only report that from 1935 onwards up to 1937-38 the revenue from advertisements has on the whole increased.

Regarding the reappropriation from research, Mr. Gorwala read out from the memo. presented to the S. F. C. a paragraph showing that the creation of a post of Chief Engineer had been contemplated from the beginning.

Prof. Ranga.—But not that of the Deputy Controller ?

Mr. Gorwala.—No. That is a temporary post.

NOTE ON VIZAGAPATAM HARBOUR.

Mr. Satyamurti.—We would like you to tell the Committee the general purport of the report.

Mr. Gorwala.—The Public Accounts Committee in paragraph 12 of their report on the accounts for the year 1935-36 asked that the financial condition of the Vizagapatam Port should be thoroughly investigated and a full report should be submitted to them. This report gives the result of the investigation undertaken in compliance with that request.

Mr. Satyamurti.—I see the railway also comes in.

Mr. Gorwala.—As I have just stated, the P. A. C. desired that the financial position of the Port should be investigated and a report submitted at its next meeting. Thereupon, our department went into it with the Finance and Railway Departments, and with the Administrative Officer and the Deputy Administrative Officer and we came to the conclusion that on the whole there seemed to be very good prospects of the port meeting its ordinary expenditure and perhaps showing a small profit after 2 or 3 years.

Mr. Satyamurti.—Without paying the interest charges ?

Mr. Gorwala.—Yes.

Mr. Satyamurti.—And depreciation fund ?

Mr. Gorwala.—About the depreciation fund there was a slight controversy as to whether all the items should or should not be included. That is mentioned in the memorandum. As a matter of fact, since that review was made, conditions have improved so that in the year 1937-38, although we anticipated a deficit, we have a surplus of about Rs. 31,000.

If we have to pay interest there will be a considerable deficit.

Mr. Das.—Interest is held in abeyance or is it being added on to the capital ?

Mr. Gorwala.—It is not being added on to the capital since the year 1934-35.

Prof. Ranga.—You wanted to give a sort of subvention for a period of five years.

Mr. Gorwala.—The port was to have started originally in 1930, but unfortunately it could not get into running order until 1933 and that was a period of tremendous depression.

Chairman.—What would be the interest on the Capital ? 16 or 18 lakhs. If you closed the port 16 or 18 lakhs is gone ; if you keep the port it is still gone for the present, but if conditions should improve at any time you may get a contribution towards your 16 or 18 lakhs. That is the position today. But there must also be some considerations of railway traffic. A good deal of your manganese exports would not have happened but for the existence of a short railway lead.

Mr. Sankara Aiyar.—The new branch constructed yields 5 per cent. now.

Mr. Satyamurti.—With regard to Mr. Lilley's note, I think these estimates were all scrutinised and sanctioned by competent engineers and expert advisers of the Government of India. And see what the note says. "The original estimate was, however, considerably exceeded as many unforeseen difficulties were encountered during the period of construction". I do not want to comment on this but I hope that the Government will pause whenever they sanction future estimates and keep this in mind.

All this petroleum trade is gone. (Refers to page 3, at the end of paragraph 7). I am asking whether there is any chance of recapturing it.

Mr. Gorwala.—There is no present prospect of the trade coming to the port, but it is hoped that it will start developing in a few years.

Prof. Ranga.—When you were thinking of this scheme you were given an assurance by the B. N. Railway authorities that they would open up such and such parts of the country. Have they fulfilled their part of the obligation ? Page 2. "That in conjunction with this development the Raipur Parvatipur Section of the B. N. Railway should be built in order to afford.....".

Mr. Gorwala.—That has been built.

Prof. Ranga.—Any further development beyond this ?

Mr. Gorwala.—I do not think so.

Mr. Satyamurti.—I take it sugar is gone unless India becomes a free trade country. You do not hope to recapture any coal trade to this port ?

Mr. Gorwala.—We do. There is something about Brocklebank, Hansa and Scindia lines in the memorandum.

Mr. Ghulam Mohammed.—It is only for bunkering facilities.

Chairman.—The disquieting thing about the port is that it is simply a port for manganese at the moment and as long as that is the position it won't more than pay its own current expenses.

Mr. Satyamurti.—But is the future of manganese from this port certain ?

Mr. Gorwala read out extract from paragraph 11 of the Note and said that manganese may be regarded as fairly certain.

Mr. Satyamurti.—Paragraph 12. “ The B. N. Railway decided not to attempt any diversion of traffic from Calcutta to Vizagapatam ”.

Mr. Sankara Aiyar.—The Chief Commissioner said in that conference that if there was felt to be any unfair discrimination, the B. N. Railway would consider it sympathetically.

Mr. Satyamurti.—Some of these rates are such that they really unfairly help Calcutta at the expense of Vizagapatam. I do not mind if they charge equal rates for equal mileage.

Mr. Das.—The Bengal Chamber of Commerce do not want diversion of trade from Calcutta to Vizagapatam and the B. N. Railway is a member of the Bengal Chamber and is naturally influenced by them.

Prof. Ranga.—Jeypore is one third of the Orissa province and it is nearer to this port.

Mr. Satyamurti.—You will find later on in this note, “ This development has become possible by favourable steamship freight rates combined with favourable railway rates quoted by the M. & S. M. Railway ”.

Prof. Ranga.—I think that we should make a recommendation that the railways should consider the advisability of treating these two places on the same basis and showing equality of treatment both to Vizagapatam and Calcutta.

Mr. Satyamurti.—Paragraph 13 deals with salt from Aden.

Prof. Ranga.—We do not want salt at Vizagapatam. It will hit the salt producers.

Mr. Satyamurti.—Paragraph 14 talks of further development. In the note of the Government you have turned down a recommendation for further capital expenditure.

Mr. Gorwala.—Excepting the provision of additional bunkering facilities at a cost of Rs. 82,000, the extension of the existing water supply scheme at a cost of Rs. 50,000 and the removal of the rock spit on the south side of the entrance Channel at a cost of Rs. 54,000. These are the things which have been sanctioned.

Mr. Satyamurti.—Have the Government considered the retrenching of expenditure on the port ?

Mr. Gorwala.—We have cut down the expenditure considerably.

Prof. Ranga.—Page 4 of your note : I want to know whether this process is still continuing and what improvement you expect to get from it ?

Mr. Gorwala.—You will see from the figures for 1936-37 and 1937-38 that the receipts have gone up to 15.31 lakhs from 10.81 lakhs and the expenditure has only increased by Rs. 17,000.

Chairman.—One of the reasons for the miscalculations about port developments is that these projects were undertaken at a time when it was thought that international exchange of commodities would go on freely. They have now been very much restricted, at least in India. Obviously, if in the course of three or four years you shut down the imports of sugar completely, that is going to make a difference to your ports and port accommodation.

Prof. Ranga.—Apart from all these general considerations, we must see that the scale of expenditure is kept down as low as possible.

Chairman.—If you like, we can make a recommendation that they should try to reduce the expenditure still further in order to make some contribution.

Mr. Satyamurti.—I think you ought relentlessly to pursue economy. Paragraphs 20 and 21. You say : “ The Budget estimate for 1938-39 has been framed upon the assumption that such capital expenditure will be sanctioned ”. I take it includes these three items, the construction of main buildings, staff quarters and the additional dredger.

Mr. Ghulam Mohammed.—The staff quarters are not included in this.

Mr. Satyamurti.—With regard to manganese, have you come to any decision ? Have you raised it by 2 annas ?

Mr. Gorwala.—Yes, we have raised the rate by 2 annas.

Mr. Satyamurti.—You do not expect any fall or rise in the rate ?

Mr. Gorwala.—No.

Mr. Satyamurti.—According to Mr. Lilley’s estimate for 1940-41 you expect a small surplus of Rs. 1,000 ?

Mr. Gorwala.—We have got a surplus of about Rs. 31,000 in 1937-38.

Mr. Satyamurti.—What attempts are being made to bring that date nearer when this port will be self-supporting ?

Mr. Gorwala.—This examination is an attempt : the fact that we are cutting down the expenditure is an attempt : and the fact that we are trying to increase the income is an attempt.

Chairman.—We are trying to accelerate the day when, at any rate, a partial contribution towards the interest charges can be made.

Mr. Satyamurti.—Paragraph 5 on page 4. Has the Auditor General looked into the amount of the depreciation ?

Mr. Badenoch.—That comes under the ordinary functions of the Accountant General, Madras. I cannot say that I have considered the depreciation charges myself.

Mr. Satyamurti.—There are certain bases on which you fix the depreciation charges ?

Chairman.—That is based on the assumed life of the assets.

Mr. Ghulam Mohammed.—Most of this expenditure is on land and we do not provide depreciation for this.

Mr. Badenoch.—There will be depreciation on buildings and on plant.

Mr. Satyamurti.—I should like to know next year, if not earlier, whether full depreciation is being made.

Mr. Ghulam Mohammed.—We will do that.

Mr. Satyamurti.—I am rather alarmed at paragraph 7. The second case is rather vague.

Mr. Gorwala.—You have got to clear the entrance.

Mr. Satyamurti.—I hope you are not thinking of handing it over to the B. N. R. ?

Mr. Gorwala.—No.

Chairman.—I certainly would not dream of handing it over when there is some prospect of making it self-supporting.

Mr. Gorwala.—Appropriation Account, page 404. May I just make a preliminary remark about this. It was during this year that the Government got alarmed about the financial position of the port and they made a change in their policy by cutting down the capital expenditure. Hence, there are numerous variations in the various items but that was inevitable.

Mr. Satyamurti.—Page 406. The appropriation was 9,93,000 and the saving was 7,85,000. What is the meaning of this ?

Chairman.—That shows a definite change of policy.

Mr. Satyamurti.—But they must give us some more information.

Mr. Badenoch.—This was due to the postponement of works : they were not sanctioned or they were cut out.

Mr. Satyamurti.—Note 2, page 406. There is an over-budgeting under this grant for the last three years. Can you throw any light on this ?

Mr. Badenoch.—I think it is just the usual over-estimating on capital.

Mr. Satyamurti.—Anyhow, there is no more capital expenditure except on the three items we have already discussed.

Mr. Gorwala.—Not for the present.

COMMERCIAL ACCOUNTS, PAGES 179—195.

Mr. Satyamurti.—Are these accounts kept on a commercial basis ?

Mr. Badenoch.—Yes, they are actual commercial accounts kept on the model of the Port Trust system.

Prof. Ranga.—It will be helpful to us, especially in regard to Vizigapatam port, if you give us the scale of expenditure for the previous year for comparison ?

Mr. Badenoch.—Page 188 onwards will give you the expenditure for the two years.

Mr. Satyamurti.—You must retrench your expenditure and you must always bear it in mind.

Mr. Gorwala.—We will do so.

ROAD FUND—GRANT No. 73, CIVIL WORKS, PAGE 215.

Mr. Satyamurti.—Are these subventions made to you at the beginning of the year as part of the Budget or are they given to you as and when you want them ?

Chairman.—There is a definite programme.

Mr. Satyamurti.—B. 1, page 215. Why are they called reappropriations here ?

Mr. Gilbert.—Communications is concerned with B. 3 on page 216. It is lapsed expenditure here hence the re-grant of lapses.

Chairman.—They are all re-grants. There was no original provision.

Mr. Satyamurti.—They were in the previous budget and you did not spend them. You surrendered them and the Government has re-granted them to you. Is that the position ?

Mr. Gilbert.—Yes.

Mr. Satyamurti.—Is re-grant a proper explanation ?

Mr. Badenoch.—I think I explained before that the system of regranting lapses was introduced in order that Works Departments should be induced to estimate their expenditure accurately for the revised estimates and surrender what they could not use. We consider that as more efficacious to prevent major irregularities than asking them to work up to their possibly over-estimated provision in the particular year. I will give you one illustration. I do not think it happens nowadays, but actually we have found that measurement books have been fudged to make it appear that engineers have visited various works and measured them up whereas the travelling allowance bills showed that they have never been anywhere near the spot.

Mr. Satyamurti.—You are very careful when you say that it does not happen nowadays. I congratulate you on your optimism. What are the latest figures of the Road Development Fund ?

Mr. Ghulam Mohammed.—The figure for this year is Rs. 1,70,00,000.

Mr. Satyamurti.—Have you accumulated anything ?

Chairman.—Eighty-five per cent. of that is automatically transferred to the provinces. Against the 15 per cent. Central reserve they have a programme of works, and to the best of my belief that programme is designed to use up the whole of the money which is likely to fall into the Central reserve for the next two years.

Mr. Satyamurti.—Can the provinces accumulate as they please ?

Chairman.—There is a provision in the Resolution that if they accumulate more than two years grants the Government of India can resume them. There is also another provision that the money is not actually handed over to a province until it is shown to be wanted.

Mr. Satyamurti.—Are the grants on the basis of the petrol consumed in each province ?

Chairman.—Yes.

Mr. Satyamurti.—P. 273. Lapses on re-grants.

Chairman.—They are all works which have been completed later than we had expected.

Mr. Satyamurti.—(i) Why does it happen that most of these committees of experts come out in the middle of the year ?

Chairman.—Most of their jobs involve touring, and to arrive in India about March would make this extremely uncomfortable, and you cannot always provide six months in advance.

Mr. Gilbert.—This was recommended by the Transport Advisory Council ; by that time it was too late for the budget.

Mr. Satyamurti.—There is an enormous number of instances like this ; we should do something unless it is a clearly unforeseen and unforeseeable item.

Chairman.—We might say that more foresight should be exercised in the preparation of the original estimates.

Mr. Satyamurti.—(i) (1) (4). Under voted it is double the expenditure ? They produced an extra grant of Rs. 10,000 and they only spent Rs. 4,000.

Chairman.—There is an explanation : people did not send in their claims early enough and so they only spent Rs. 4,000 instead of the Rs. 10,000 they had anticipated.

Prof. Ranga.—Why do we do it in Hyderabad—this road development ?

Mr. Gilbert.—It is only the administered areas that are referred to.

DEPARTMENT OF LABOUR.

Mr. Satyamurti.—We are looking at the note on the staff employed in the C. P. W. D.

Mr. Hydari.—To shorten the discussion I may say that I have come new to this Department and therefore have been looking at this question without any preconceived ideas. I think there is a possibility of economy in regard to the aviation circle. It is just possible that we may be able to transfer work which is at present being done by the Provincial Governments to these four divisions.....

Mr. Satyamurti.—By doing all the work through your own agency ?

Mr. Hydari.—Practically all. Without giving any undertaking, I am prepared to examine all the permanent divisions ; there is a possibility also of amalgamating the Simla division with one of the Delhi divisions ; we may be able to do it because the seasonal work at Simla and at Delhi is done at different times.

Mr. Satyamurti.—That is a very good beginning.

Mr. Hydari.—I have not given an undertaking. We are going to consider whether we can take over this work from the provinces and add it on to the so-called Aviation Division. We may not for instance be able to do it for the whole of Bengal ; in that case, it is just possible that the Bengal Government might say, “ if you want to take over this work, you must take over the whole of your work ”, and if they take up that attitude and insist upon that, we will have to consider whether that will be economical or not.

Mr. Satyamurti.—Or, the two Governments could sit together and come to some arrangement. Then there is the question of the maintenance of these aerodromes.

Mr. Hydari.—Could you not defer the whole question till next year ? In regard to the Aviation circle and these four divisions, we have called for a report.

Prof. Banga.—We have been pressing for economies for the last three years, and now you bring this report which pleads for the *status quo*.

Chairman.—He is willing to consider if there is a *prima facie* case.

Prof. Banga.—These considerations were before your department when it prepared this memorandum. This memorandum does not convince us that your department left to itself is in a mood to agree to effect economies on its own initiative ?

Mr. Hydari.—As will be observed from para. 8, the Chief Engineer has been asked to review the whole position and report the result to the Government of India not later than the 1st September 1938.

Mr. Satyamurti.—Para. 3 of the report : The superior staff of the C. P. W. D. comprises one Chief Engineer, 4 Superintending Engineers and 16 Divisional officers. In the Appendix is given a list of the circles. Are you satisfied that the staff is the minimum necessary for these works ?

Mr. Hydari.—We reckon that a division is justified if there is annual work for it of about seven lakhs. This basis is arrived at on the average taken on similar work done in provinces in India. I am not wedded to the figure of seven lakhs. You will see for example in the Indore division, the amount is less than seven lakhs. But other factors come in. The Indore division is concerned with the whole of the Central India Agency and some 120 States scattered all over. Whereas in Delhi where all the work is concentrated and I imagine that a figure of nine lakhs per division would probably be appropriate.

Mr. Satyamurti.—Page 3 of the Report : Two more divisional posts were added subsequently on the transfer of the P. W. D. establishment employed on the Viceregal estates to the Central P. W. D. and the creation in 1935 of the post of Engineer officer in the Civil Aviation directorate to advise the Director of Civil Aviation on technical engineering problems connected with the development of civil aviation ?

Mr. Hydari.—One of these divisional posts is that of officer in charge of the Viceregal estates.

Mr. Satyamurti.—How much do you spend on the Viceregal estates a year ?

Mr. Hydari.—9.58 lakhs this year. The Viceregal buildings are scattered over Dehra Dun, Calcutta, Delhi, and other places. The kind of work connected with the Viceregal estates is extremely varied.

Mr. Satyamurti.—I do not think you require one officer to look after the Viceregal estates ?

Mr. Hydari.—He has to go to several places like Dehra Dun, Calcutta, etc.

Mr. Satyamurti.—It does seem to me on the face of it to create a division for about 300 horses is not proper expenditure of taxpayers money ?

Mr. Hydari.—Take New Delhi, it is not only the Viceroy's house, but he has to look after the huge block of buildings which extends from the Secretariat to the Willingdon hospital and to the borders on the Cantonment area.

Mr. Satyamurti.—Can you not tag on this to some other circle ?

Mr. Badenoch.—I do not think any other man can take on this work in addition to his own work.

Mr. Ramsay Scott.—Is there much work for this officer to attend to in Dehra Dun ?

Mr. Hydari.—There is not only the Viceroy's residence in Dehra Dun, but the P. W. D. officer has to look after the Imperial Veterinary Research Institute, the Animal Nutrition Institute as well as all the Government buildings, such as the Forest College and so on. The U. P. Government have refused to look after these buildings.

Sir Sher Md. Khan.—I do think that four Superintending Engineers are too many.

Mr. Hydari.—Whether they should be four or less is a question for consideration at the time this enquiry is taken in hand. I think there is enough work for all of them. I was asked a question about the Architect. He examined schemes worth 92 lakhs which at the end came to nothing. Supposing a department wants to start a college. It asks the Architect to draw up plans and when he has drawn them the work is not sanctioned for one reason or the other. He has to do just the same amount of work as if the college were actually built. Last year he had to draw up plans for work costing 92 lakhs which did not eventuate for lack of funds or other causes.

Mr. Satyamurti.—You are examining the civil aviation side also ?

Mr. Hydari.—Yes.

Mr. Satyamurti.—The report goes on : " The annual works outlay in each of the remaining four outlying divisions has practically remained constant at between Rs. 5 to Rs. 6 lakhs per division and owing to special local features and their geographical situation, it would be administratively impossible to amalgamate any of them in any other divisional charge ". I suppose this is subject to further consideration ?

Mr. Hydari.—I have explained to you about the Indore Central division. It is a very widespread division ; but in those divisions where the total outlay is comparatively small and the area scattered, we work with the minimum of staff.

Mr. Satyamurti.—But the top man gets higher salary.

Mr. Hydari.—All these are not I. S. E. men. It is false economy to cut down a few hundred rupees and employ inferior men on the supervision of construction work.

Prof. Ranga.—Do you think higher salaries have completely blotted out any sign or suspicion of corruption ?

Mr. Hydari.—If you pay your people decently certainly you lessen the chances of corruption.

Mr. Satyamurti.—I want to make a suggestion to you, Mr. Chairman and to the Committee. Mr. Hydari says that it is administratively impossible to amalgamate any further. If a division spends five lakhs and if another division spends nine lakhs, there is *prima facie* case for reducing expenditure on supervisory staff.

Mr. Hydari.—All these things will come under consideration now.

Mr. Satyamurti.—Do you want a separate Horticultural engineer ? Do you want a separate Electrical engineer ?

Mr. Hydari.—There is only one electrical engineer in regard to all the electric installations in New Delhi. He has to supervise all the works.

Mr. Das.—You must have assistant engineers also ?

Mr. Mahadeva Aiyar.—Yes, but only one divisional unit. The salary of the electrical engineer is about Rs. 800 and that of the Horticultural engineer is about the same.

Mr. Satyamurti.—Why should not the municipalities pay ?

Chairman.—They are maintained by Government grants.

Mr. Satyamurti.—I am afraid the New Delhi municipal committee is not collecting as much tax as they ought to. Why should Government make a present to them and give them various sorts of concessions.

Chairman.—Surely the price of plots in New Delhi goes up because of the general improvement.

Mr. Badenoch.—The New Delhi municipal committee is considering the levy of extra taxation under pressure from the Finance Department.

Mr. Hydari.—The Consulting Architect does not do work which can only be regarded as municipal. For example, he advises Government on all buildings which they wish to construct elsewhere, such as the proposed Veterinary college or the Animal Nutrition Institute. Regarding any central government building anywhere, his advice is sought.

Mr. Satyamurti.—Eliminating municipal work, do you think there is sufficient work for a Consulting Architect year after year ?

Mr. Hydari.—As I told you just now, he is doing the work relating to buildings elsewhere such as Bombay, Calcutta, Madras.

Mr. Satyamurti.—The point I am on is this. Eliminating municipal work and the scrutiny of plans of buildings, apart from all these things, are there enough building works going on on behalf of the Government of India to justify the appointment of a wholetime architect ?

Mr. Hydari.—At present, yes. In regard to building works and projects, it is not always the case that plans which he draws result in actual buildings. He is on the scale of a Superintending Engineer.

Chairman.—I do not think we need pursue this point any further pending the review by the departments.

Mr. Satyamurti.—Para. 12 of the Report. Last year the Committee suggested that the work connected with civil aviation and public health was of a special nature. You simply put a P. W. D. engineer on ?

Mr. Hydari.—The engineer who looks after health services, Mr. Bromage is a very highly qualified sanitary engineer.

Mr. Mahadeva Aiyar.—Most of the work is the ordinary kind of work, building, quarters. We do not want any special knowledge.

GRANT NO. 22, PAGE 66.

Mr. Satyamurti.—This demand always gives us trouble. Take the very first item. Final appropriation was Rs. 2,50,600 and actual expenditure was seven lakhs odd.

Sir John Nixon.—The explanation is given in Note 3. There are three bigger items included in this. We were dealing with the corresponding item in another grant the other day. I tried to explain that owing to the fact that a decision was not come to early enough for us be put it in the budget we intended to follow the ordinary course by putting it in the next year's budget and in the meantime Sind put it in this year's account and we really accommodated Sind.

Mr. Satyamurti.—Does that also explain the next item B. a saving of Rs. 60,798. Why did you put that in the budget ?

Mr. Hydari.—The scheme as originally submitted by the Baluchistan administration was estimated to cost Rs. 50,000. The final estimates came to about Rs. 70,000. As there was no possibility of meeting the extra cost by reappropriation, it was decided to postpone it.

Mr. Satyamurti.—With regard to the note below C-1, "Share of the Central Government", etc., on what basis do you call it productive ?

Mr. Badenoch.—The original classification was "productive" based mostly on the estimate. We have examined the receipts as compared to the expenditure and the work will be transferred to "Unproductive" under the ordinary rules.

Mr. Satyamurti.—Do you examine these projects every year ?

Mr. Badenoch.—There are certain rules laid down for testing the productivity of irrigation works on a three years' basis.

Mr. Satyamurti.—C. 1 (1) requires some explanation.

Mr. Hydari.—A provision of Rs. 18,400 was made for the Quetta storm water drainage and embankment project which was a work in progress. As the revised estimate was slightly in excess of the original estimate, the balance had to be found by reappropriation within the grant to complete the work to save Quetta from imminent danger from exceptional floods. That was the reason.

Mr. Satyamurti.—What about C. 2 (1) (1) ?

Sir John Nixon.—All work in Baluchistan ceased that year.

Mr. Satyamurti.—Under C.-3 (1) (1) the original was Rs. 18,400, the reappropriation was Rs. 31,352 and you spent more than that. What was it due to ?

Mr. Hydari.—The reason is that the works required for saving Quetta from this imminent danger of floods cost more than we could find by reappropriation.

Prof. Ranga.—D. 3 (1) seems to indicate a habit with these people to save up here in order to spend more money on other items and afterwards find themselves short.

Mr. Hydari.—If you will kindly read note 6 it is explained why it is practically impossible to budget accurately.

Mr. Satyamurti.—Is this system bound to continue ? Surely it can be examined ?

Mr. Badenoch.—What you could do is to allocate establishment charges for one year on the basis of the figures of the previous year but you will be always one year behind ; as irrigation is a quasi-commercial concern that would not be a sound system.

Mr. Satyamurti.—I think that applies to D. 5 also and you can never calculate it properly ?

Mr. Hydari.—We cannot, as far as I can see.

Mr. Rajagopalan.—There is an excess of 7 lakhs voted in this grant.

Mr. Badenoch.—The longer the transfer was delayed the more we would have lost. We would have had to pay interest on arrears of maintenance charges too.

P. 13.—*Financial results of Irrigation schemes.*

No remarks.

P.-94.—*Industries.*

No remarks.

P. 127.—*Geological Survey.*

No remarks.

P.-138.—*Mines.*

Prof. Ranga.—Under A, have you not filled up the place of this officer who died ?

Mr. Hydari.—Yes, but the pay of the officer who died was non-voted and the pay of the officer who was promoted was voted.

GRANT No. 66.—EMIGRATION (INTERNAL).

Mr. Satyamurti.—What has the Labour Department got to do with this ?

Mr. Hydari.—To look after the labour employed in tea gardens, to see that labour laws are properly worked and generally to give protection to labour.

Mr. Satyamurti.—What is the pay of the Labour Officer in Assam ?

Mr. Hydari.—I will let you know tomorrow.

GRANT No. 69.—MISCELLANEOUS DEPARTMENTS.

Mr. Satyamurti.—What are these examinations under B ?

Mr. Hydari.—I will look up and let you know tomorrow whether this refers to mining examinations.

Mr. Satyamurti.—What are these explosives in C ?

Mr. Mahadeva Aiyar.—The administration of Petroleum and Explosives Acts.

GRANT No. 73.—CIVIL WORKS.

Chairman.—Have you got readily available the maintenance charges of the various Central and Provincial P. W. D.'s for comparison ?

Mr. Hydari.—Yes, we have. Our figure for 1936-37 is 24.5.

Mr. Badenoch.—I do not quite agree with these figures. I think there are a lot of extraneous charges brought in, including the Consulting Engineer, etc., which have nothing to do with Central Public Works charges at all. Then the establishment charges include the rent section of the Chief Engineer. That is entirely devoted to bringing in revenue and has nothing to do with works.

Chairman.—What are the figures for 1938-39 ?

Mr. Hydari.—15 per cent.

Chairman.—I would like, as part of the review of the Central P. W. D., to have a look at this percentage over a series of years and see if you can get those of the provincial Public Works Departments and of the M. E. S., etc.

Mr. Satyamurti.—Under A. 1 (1) why was Rs. 93,000 saved and why did you start the works so late ?

Mr. Hydari.—The saving of 5.69 lakhs was on a Central Government office building at Bombay. The budget provision could not be utilised on account of late commencement due to the non-completion of the usual formalities like administrative approval and technical sanction, etc.

Chairman.—I think the plans were reviewed with a view to cheapening them. I think the Chief Engineer got tenders cheaper.

Sir John Nixon.—Also they had to make the foundation deeper because it was reclaimed ground.

Prof. Ranga.—Was not this fire fighting apparatus there before ?

Mr. Hydari.—It was not up to date.

Prof. Ranga.—Was it not known at the time of framing the budget ?

Mr. Hydari.—No.

Mr. Satyamurti.—Under A. 1 (2) you say these were unforeseen works. Were they unforeseeable also ?

Mr. Hydari.—I cannot swear to that. Besides big items this sum of 1,79 lakhs includes small items which are under the control of subordinate officers.

Friday, the 22nd July 1938, at 11 a.m.

Mr. Hydari.—With reference to your question of yesterday, the expenditure on the Controller and the staff is not in the Budget because it is financed out of the statutory fund.

Mr. Satyamurti.—It is part of the expenditure ?

Mr. Hydari.—The annual expenditure of the Controller for the last year is Rs. 86,000 odd. This amount is not only for himself but it is meant for his travelling allowance, the office establishment and all sorts of things. It is the whole organisation which costs so much.

Prof. Ranga.—And there is a grant made by the Local Government also ?

Mr. Hydari.—It is very little. They pay for only a few clerks.

Mr. Satyamurti.—How many labourers are there under his charge including all the tea estates ? They must be some lakhs ?

Mr. Hydari.—Yes.

Mr. Satyamurti.—Have you got proper arrangements to look after their health and comforts ?

Mr. Hydari.—I cannot say off-hand, but I will be in a better position to answer next time.

Mr. Satyamurti.—Can you send copies of this report to the members of the Committee ?

Mr. Hydari.—Certainly ; I will send copies to the Secretary of the Committee.

GRANT NO. 73—CIVIL WORKS.

Mr. Satyamurti.—A. 2 (2). I want you to say something about these variations which are somewhat striking ?

Mr. Hydari.—Let us consider one concrete case A 2 (2). Under this item there is a very big reappropriation of Rs. 55,000. But you will find from the explanation that it is not really faulty budgeting because Rs. 8,000 is for the re-grant of lapsed expenditure.

Chairman.—What about the amount of Rs. 39,993 ?

Mr. Hydari.—The position of this Reserve is this. At the time of the preparation of the budget, Provincial Governments and other budget authorities are informed of the grants for minor works and are asked to furnish details of the grants by minor heads of accounts, customs, taxes, salt, etc. As the time is generally short for the submission of this information, some budget authorities were unable to furnish the particulars in time. As you will notice, in the budget there are two heads : There is the head D, which is a Reserve for Provincial Governments, and there is the head P, which is kept by the Central Government.

Chairman.—What is a major work and what is a minor work ?

Mr. Hydari.—A major work is over Rs. 20,000 and a minor work is under Rs. 20,000.

Mr. Satyamurti.—I want to ask a question from you Mr. Chairman : Whatever the figure they want to put under D or under P, you ought to be satisfied that it is for minor works.

Chairman.—If the sum involved is of the order of 2 lakhs, we should begin to get suspicious.

Mr. Satyamurti.—Take Baluchistan : Take the whole amount and also the whole thing. It does seem to me to call these minor works is the straining of the language ?

Mr. Badenoch.—P. Reserve is not specifically confined to minor works : it is also meant for unforeseen works.

Mr. Hydari.—Those are three works in Baluchistan. Provision for these works was made in the budget but pending the settlement of certain details, the amount is not specifically shown under Baluchistan but is provided under the Reserve. On the fulfilment of the formalities, the amounts were reappropriated from the Reserve.

Mr. Badenoch.—I think that is quite wrong. The Reserve P is supposed to be used for definitely unforeseen works.

Chairman.—I am personally inclined to think that it should be confined to minor works and unforeseen works.

Mr. Badenoch.—That is a matter for the decision of the Government. Actually, in the past it was not confined to minor works.

Mr. Satyamurti.—There is one accounting point. Under A. 2 (2), there is a Reserve in the Delhi province of Rs. 39,993 and if you go to head D you find another amount which is saved.

Chairman.—It is a transfer to other heads. First of all, a scheme has got to be sanctioned and when it has been sanctioned, then it is proposed to meet this cost by transfer from sub-head D.

Mr. Satyamurti.—And the Finance Department has got to agree to that ?

Chairman.—Yes.

Mr. Badenoch.—That is an ordinary accounting matter.

Mr. Satyamurti.—Does it follow in matters of transfers, the control of the Finance Department is of a less exacting nature than in the matter of reappropriations ?

Mr. Badenoch.—It is more an accounting matter than a control matter.

Mr. Satyamurti.—I want to know to what extent the spending authority, without reference to the Finance Department, can transfer from reserve to expenditure on a particular item ?

Mr. Badenoch.—It would all depend on its power of sanction. In cases of appreciably large expenditure, the cases would have to go to the Finance Department.

Mr. Satyamurti.—I would like this matter to be examined if the spending departments can transfer.

Chairman.—They can certainly transfer subject to the ordinary devolutions. I do not know off-hand what the devolutions of the P. W. D. are.

Mr. Badenoch.—All reappropriations do not go to the Finance Department. As a matter of fact, in the book of financial powers there is no distinction in powers between transfers and reappropriations. But transfers are really an accounting matter and not a matter of financial control.

Mr. Satyamurti.—Top of page 215. In view of the discussion we have had, I merely want to know whether these transfers were unforeseen and unforeseeable ?

Mr. Hydari.—Some of them were unforeseen.

Mr. Satyamurti.—Kindly look at the actual fact. There is the amount of Rs. 1,07,229 under column 1 of A. 3 (2). We want to know whether these works were done.

Mr. Hydari.—I could not tell you this off-hand.

Mr. Satyamurti.—I merely want to draw the attention of the Finance Department to those principles which you have laid down just now, namely, if you have made big transfers, you ought to be satisfied that they were not unforeseen and unforeseeable. You can let the Finance Department know this information later on.

Mr. Satyamurti.—A. 4 (1) (1). How was this expenditure of Rs. 27,000 made ?

Mr. Hydari.—Originally Rs. 19,000 was provided for the Electrification of Civil Buildings at Fort Sandeman under minor works. But subsequently the funds had to be reappropriated to major works, as the cost of the work after the preparation of the detailed estimate exceeded Rs. 20,000. So, this was not an unforeseen case.

Mr. Satyamurti.—Top of page 216. B. 3 (1). I would like to know what was the necessity for reappropriating Rs. 1,82,000 ?

Mr. Hydari.—They are charged from the Road Fund. I have got an explanation for that.

Chairman.—It is a net zero.

Mr. Satyamurti.—E. : Was this large expenditure of Rs. 34,000 due to the change of the incumbents of the Viceroyalty ?

Mr. Hydari.—Nothing had been done to the furniture of the Viceroy's House since 1931 and so it was found that the furniture required urgent repairs.

Mr. Badenoch.—For every new incumbent there is a certain amount of money spent on repairs.

Mr. Satyamurti.—Can you tell us what happens to the rejected and condemned furniture in the Viceroy's House ?

Mr. Badenoch.—It is sold and the amount is credited to Government.

Mr. Satyamurti.—Is it sold by public auction ?

Mr. Badenoch.—Yes.

Mr. Satyamurti.—E-6, Page 217. You were able to save as much as Rs. 52,000. What is the explanation for that ?

Mr. Hydari.—It is an enormous grant of Rs. 18 lakhs.

Sir John Nixon.—The Bombay Military Land Scheme accounted for a fairly large amount.

Mr. Rajagopalan.—There was a deliberate postponement also.

Mr. Satyamurti.—That is a kind of thing which I do not like in this Department.

Chairman.—That is in accordance with the Finance Department circular. If people come forward with original new works during the course of the year, the first question asked by the Finance Department is : “ Will you undertake to find the money by savings elsewhere ? ”. Within modest limits, that is reasonable. But if the savings are such that they can undertake quite a lot of schemes, then the Finance Department has been guilty of not cutting down the original grant sufficiently.

Mr. Satyamurti.—That is my point.

Chairman.—I entirely agree with you.

Prof. Ranga.—G : Page 217. You could not foresee this amount of Rs. 64,000 on New Delhi ?

Mr. Hydari.—This is for extra work connected with the maintenance of unfiltered water supply in New Delhi in respect of the Imperial Agricultural Research Institute and where they wanted to make a Bund across the river.

Prof. Ranga.—Do you think this will be a constantly recurring feature ?

Mr. Hydari.—As soon as we know how to train the river, this rather small item will go away. The first item will not recur.

Mr. Satyamurti.—I have got a small question on page 220. I. 5 (4). You hope to save Rs. 2,000.

Mr. Hydari.—That is one those *pro-rata* things.

Mr. Satyamurti.—On this *pro-rata* business, there is note 4 on page 227.—Is this the last word on the subject, Mr. Auditor-General ?

Mr. Badenoch.—This is the regular method of distributing charges.

Mr. Satyamurti.—And it is very variable ?

Mr. Badenoch.—Yes.

Mr. Rajagopalan.—Facts do not always follow your estimates.

Mr. Satyamurti.—I should like the percentage system to be adopted universally.

Mr. Badenoch.—We cannot lay down the law. Different Provincial Governments have different rules.

Mr. Satyamurti.—But you can talk to them.

Mr. Badenoch.—We can try and induce them, but some Governments are devoted to *pro-rata* system and will not change.

Mr. Satyamurti.—If they do not agree to the other system, then they must have some interest in it.

Mr. Satyamurti.—There are variations almost under every item ?

Mr. Hydari.—In a spending department like this it is almost impossible to avoid that ; you ought to look to the percentage of variation in each grant. In the case of some of the items, we also are in the hands of others.

Chairman.—I (6) : Are you responsible for this ?

Sir John Nixon.—That is mainly due to the civil aviation programme keeping behind schedule.

Mr. Hydari.—There are two reasons.

Mr. Satyamurti.—On page 225 you will find a sufficiently impressive large number of items.

Mr. Hydari.—I, 4 (2) (2)—that really comes under the Chairman's explanation, due to the fact that the budget authorities as a rule are not aware of the actual amounts of adjustments of expenditure in England on account of leave salaries, sterling overseas pay, etc., carried out by the accounts officers sometimes after the close of the year.

Mr. Satyamurti.—I, 5, 4 and J (3).

Mr. Hydari.—There again the final variations occurred under establishment, tools and plant for work done on behalf of the Central Government. Provision was made in the budget on a percentage and not a fixed basis. The variations are due to the *pro-rata* distribution of these charges.

As regards E (7). The grant under one head was controlled by twenty budget authorities.

Mr. Satyamurti.—These cases are cases where you get more money when you do not require it and a saving much greater than the money you asked for. That certainly seems to me to show a defect somewhere ?

Chairman.—The difficulties of budgetary control here are almost insuperable. Finance Department and the Audit Department here might get together and see whether it is not possible to evolve some better method under which variable elements are reduced to a minimum. I personally have a good deal of sympathy with the task of the P. W. D. in having to guess the resultant of twelve or fourteen different estimators. I think Finance Department should look at the vote as a whole from the point of view of reducing the area where there is excuse for imperfect control because of this conglomeration of different estimating bodies.

Mr. Badenoch.—That division must be carried out when you bring in federation.

Sir John Nixon.—There is one difficulty. When you try to simplify things, we are up against the accounts.

Mr. Badenoch.—All we say is that your appropriation heads should not cut across our account heads.

Sir John Nixon.—I would suggest you might try and adapt your accounts to the needs of the legislature instead of *vice versa*.

Mr. Badenoch.—We are trying to do it in the case of " Miscellaneous ".

Chairman.—We should review this vote generally from the point of view of seeing whether any general overhaul produces better results in the matter of telescoping the sub-heads.

Mr. Badenoch.—We have no objection as long as it does not cut across our account heads.

Mr. Satyamurti.—Page 266,—(iii) and (iv) : uncovered excesses, etc. These are fairly large sums. You will agree that these things ought not to happen under a perfect system ?

Mr. Hydari.—I agree.

Prof. Ranga.—I think most of these things can be avoided if the budgeting Department gets sufficient information from the various agents sufficiently early ?

Chairman.—That is covered by the general review which I suggest should be undertaken.

Mr. Satyamurti.—Page 232, paragraph 2. It has been done for the last year ?

Sir John Nixon.—Yes.

Mr. Satyamurti.—Paragraph 4. I can understand a variation in prices being a disturbing factor but so far as quantities are concerned you ought to be able to estimate fairly accurately ?

Mr. Badenoch.—You might change your design.

Chairman.—In some ways the existence of an element of saving pretty consistently may be an indication that there is sufficient pressure from the top to find out if there are not cheaper ways of doing something.

Mr. Satyamurti.—Paragraph 5. It does seem to me that here is a case of *prima facie* diversion of monies put down works establishments ?

Mr. Hydari.—This was only a book transaction ; out of 274, 264 was for less recoveries than originally anticipated.

Mr. Satyamurti.—Paragraph 7 : new major works.

Sir John Nixon.—We put up before the Standing Finance Committee and we proved it to them that here was a remunerative piece of work.

Mr. Satyamurti.—Paragraph 8. Is that also going to be examined ?

Mr. Hydari.—That is one of the items to be generally examined.

Prof. Ranga.—Page 235. “ Establishment expenses gone up because of the creation of a public works division at Gilgit ”. Why ?

Mr. Hydari.—The Gilgit agency is only a minor item. The real increase is under the aviation circle.

Prof. Ranga.—You have created a new division ? Why ?

Mr. Hydari.—We will examine that also. For 1938-39 there is a decrease under establishment charges.

Mr. Satyamurti.—What about buildings belonging to this Department ?

Mr. Hydari.—I have sent in a note.

Mr. Satyamurti.—With regard to this note on administrative buildings in Delhi, is the Auditor-General satisfied that there are no arrears ?

Mr. Badenoch.—Yes ; This is under continuous audit.

Mr. Hydari.—I have raised a question which is this. There are certain members of the Central Legislature who stay in Old Delhi without applying for quarters in New Delhi and get Rs. 5 a day conveyance allowance, and I have asked a question whether, if there is the accommodation and they refuse it, why that allowance should be paid. There are thirty-six quarters vacant.

Mr. Satyamurti.—Finance Department should consider whether you may not reduce the rents and then abolish this five rupees allowance for living outside.

Prof. Ranga.—Are there a sufficient number of buildings to accommodate all the members in New Delhi ?

Mr. Hydari.—I do not think so ; we build about 70 per cent.

Mr. Satyamurti.—Grant No. 75. Stationery and Printing. Serial No. 20. What is the possibility of abolishing the Hastings Street Press ?

Mr. Hydari.—Only the financial provision for buildings is lacking.

Mr. Satyamurti.—I suggest this question should be expedited—that of amalgamating the Hastings Street and the Dhurumtollah Presses.

Mr. Satyamurti.—Page 244 : there is one question under C (1) : Was this inevitable ?

Mr. Hydari.—The supplementary grant was needed to meet the extra demand of Provincial Governments. The budget provision is made on the basis of past experience. But we cannot control the demands of Provincial Governments, and also it would be bad policy on our part to refuse to meet their demands. We are entirely in the hands of the indenting authorities.

Prof. Ranga.—Page 244. Item C-1, More supplies to Provincial Governments and unforeseen demands from paying and non-paying bodies ? Are there non-paying bodies also ?

Mr. Hydari.—They are other Government departments, such as E., H. and L., i.e., Departments other than Posts and Telegraphs and Railways, who do not pay.

Prof. Ranga.—Item C-2 (2). Unforeseen demands for articles not available in India and supplies of drawing materials to the Survey of India Department. Your re-appropriation is Rs. 42,000.

Mr. Hydari.—The whole of the money is not for articles purchased from England.

Mr. Satyamurti.—Page 251. Please see the note relating to Group sub-head C-1.

Mr. Hydari.—I have looked into it. As the time at our disposal is short now, I will send you a letter from the Controller which explains why it is actually impossible to avoid variations in this grant. If after reading that letter, you have any suggestions to make, I shall certainly go into them.

Mr. Satyamurti.—Let this letter go into the proceedings as an Appendix. We can look into it next year.

Chairman.—That can be done.

Commercial Appendix.

Prof. Ranga.—Page 163. Your expenditure is going up and the value of work is coming down.

Mr. Hydari.—You should look at column 4.

Mr. Satyamurti.—Whenever there is excess expenditure, the argument is put forward in all these cases that you have got the minimum staff. Seeing the figures, I think there is a *prima-facie* case for reduction of staff.

Mr. Hydari.—You must also take into consideration the rise in the value of the paper.

Mr. Satyamurti.—Is the Forms Press in Aligarh necessary ?

Mr. Hydari.—I am told that it is cheaper than Delhi.

Mr. Satyamurti.—I should like to recommend that the Government of India Press should be moved from Calcutta to New Delhi. I wish all the Presses are concentrated in New Delhi.

Sir John Nixon.—We considered this question and one of the difficulties is want of house accommodation for the staff. We will have to build more quarters for the staff.

Prof. Ranga.—Page 146 : “ It will be seen from column 4 that the value of work done has generally increased with the increase of expenditure. In the year under review however, there has been a decrease of Rs. 55,404 (about one per cent. only) and this is mainly due to less work executed for the defence services and Miscellaneous Departments whose work is undertaken on a cash payment basis ”. What is this due to ? Has it got anything to do with the refusal of these people to give you as much work as they are doing ?

Mr. Hydari.—They ask us to do work according to their requirements. All their work is done by us. As a matter of fact there was an enquiry whether this work could not be done more cheaply by private agency.

Mr. Satyamurti.—Page 168 : “ The question of devising suitable means to avoid such large differences is at present under consideration. ”

Mr. Rajagopalan.—Some change in the system is under consideration.

Mr. Hydari.—Detailed instructions are now being worked out.

Prof. Ranga.—Last year we raised this point about the destruction of Central Publication Branch books. We wanted that a list should be circulated to Members of the legislature so that they could indent for those books instead of their being destroyed. The Central Publication Branch has got a lot of obsolete stock.

Mr. Hydari.—I will look into that.

Mr. Satyamurti.—Page 416. The note at the bottom of the page says :—

“ A sum of Rs. 1,39,246 is due from the New Delhi Municipal Committee on account of the cost including departmental charges of roads, etc.”

Mr. Rajagopalan.—The Municipal Committee has applied for a loan from the Government of India.

Chairman.—As a matter of fact, as regards sewers, my impression is that the New Delhi Municipal Committee are going to impose a drainage rate so that the question of loan is not the whole story.

Mr. Satyamurti.—Page 417. You spent 34 on the construction of a furnished A class bungalow. Could you not have foreseen this expenditure ?

Mr. Hydari.—In this matter we are agents, we were informed that this thing was absolutely necessary. We got sanction for re-appropriation.

INDIAN STORES DEPARTMENT.

Chairman.—What is the position about amalgamation with the London Stores Department ?

Sir J. Pitkeathly.—I have sent in a report to Government this week.

Mr. Satyamurti.—I hope you have recommended its abolition ?

Sir J. Pitkeathly.—No, I have not. It is a contentious subject.

Mr. Satyamurti.—We will take up the Report of the work of the India Stores Department in London for 1936-37. In Appendix B on page 13, you will see that the value of stores purchased in Great Britain was £739,766. So 93 per cent. of the entire purchase was in Great Britain. In other countries it was less than 8 per cent. Then at the bottom of paragraph 17 on page 10 you see the cost of the department given. Do you think an expenditure of £141,386 is necessary or justifiable for a purchase of £739,766 in England ?

Sir J. Pitkeathly.—The total purchases made in that year amounted to £1,388,153 as you see in Appendix A on page 11.

Chairman.—What is the reason for the difference in the totals in Appendix A and Appendix B ?

Sir J. Pitkeathly.—The figures in Appendix B do not include stores obtained from the departments of His Majesty's Government.

Mr. Satyamurti.—Therefore they do no work for them. His Majesty's Government's department purchase and give you.

Sir J. Pitkeathly.—When an indent goes to the War Office, for instance, the Stores Department has to be in touch with it from beginning to end. They have to do all the correspondence, receiving and packing shipment and everything else connected with it.

Mr. Satyamurti.—But these departments are highly equipped and have their own experts. Therefore as against ordering stores from private manufacturers, ordering stores from highly technical or organised departments must entail much less work.

Sir J. Pitkeathly.—It means no less work. If you are buying from one department for another you have got to keep them up to the mark in exactly the same way as with the trade.

Sir John Nixon.—Is it not a fact that a good deal of the work done in the Indian Stores Department does not represent purchase at all ?

Sir J. Pitkeathly.—That is so. It is not fair to judge their work only on the basis of purchases. For instance, you will find that in addition to doing purchases they undertake the inspection of all stores that we buy or are ordered by the railways or by the local Governments and which are manufactured in England or on the continent.

Mr. Satyamurti.—Therefore why not have your own men there as your agents ?

Sir J. Pitkeathly.—I was on Sir John Nixon's point that in addition to doing purchase work the Stores Department in England undertakes work not represented by purchases. One item is the inspection of stores about 1 million pounds in value which are manufactured abroad against orders placed in India by Central and Provincial Government Departments.

Mr. Satyamurti.—Could you give us some figures of that ?

Sir J. Pitkeathly.—Take your own province of Madras for instance. That Government sent indents to the London Stores Department amounting to £179,268. for supplies and in paragraph 8 pages 4 and 5 of the report instance of inspection work are given.

Prof. Ranga.—Do you get any repayments from the Provincial Governments ?

Sir J. Pitkeathly.—Yes, we do. and so does the London Stores Department.

Prof. Ranga.—So you have some credit account as against this order ?

Sir J. Pitkeathly.—It is shown on page 10 as recoveries under " Departmental Expenses ".

Mr. Satyamurti.—There is an item, " Chemicals, Drugs and Medicines ". They do not make an inspection of all this ?

Sir J. Pitkeathly.—Very much so.

Mr. Satyamurti.—What is this item of " Miscellaneous " ?

Sir J. Pitkeathly.—The largest item of expenditure in this statement is on account of military stores, that is, lethal weapons and military supplies, including drugs and chemicals.

Mr. Satyamurti.—How much of it was ordered through His Majesty's department ?

Sir J. Pitkeathly.—That is given on page 2,—£617,011.

Mr. Satyamurti.—Therefore two-thirds of it is through His Majesty's department.

Sir J. Pitkeathly.—There I again go back to the point that although the indent may go to the War Office or some other Department of His Majesty's Government, it is not simply a matter of passing it on and forgetting about it. The London Store Department has to follow that indent up by correspondence, and deal with packing, shipment, etc.

Mr. Satyamurti.—Who are the experts in the London Store Department who can advise the experts in His Majesty's department or check them ?

Sir J. Pitkeathly.—The position is that the India Store Department is the agency of the Government of India in England which is responsible for the supply even when the articles are demanded from Departments of His Majesty's Government. It is the duty of that Department to ensure that stores of suitable quality are obtained in accordance with the delivery requirements specified.

Mr. Satyamurti.—Who are the staff in this department who can inspect the work in His Majesty's Government factories ?

Sir J. Pitkeathly.—The inspection is undertaken by the Inspector attached to the factory. But the duty of our department in London is to see that the work when it has been passed is suitable for India's requirements.

Mr. Satyamurti.—Who are the people here who can say whether tanks, for instance, ordered from here are up to standard ?

Sir J. Pitkeathly.—It depends on the article. For instance, if it is a mechanical article it is the Mechanical Engineer who will check it.

Mr. Satyamurti.—With regard to stores ordered through His Majesty's department, can you give us any examples of savings or improvements effected by these gentlemen ?

Sir Pitkeathly.—As far as savings due to improvements and inspections are concerned, I could not give an example. The specifications are all army specifications.

Mr. Satyamurti.—Can they do anything about the price demanded ?

Sir J. Pitkeathly.—No.

Mr. Satyamurti.—Then there is no work for them there.

Sir J. Pitkeathly.—There are many other functions. Take the case of a demand of military stores, binoculars for instance. The first thing the London Stores Department has to decide is whether they will go to the trade themselves and obtain the War Office pattern binocular suitable for India or whether they will go to the War Office. If they go to the trade they will buy at the same rates as the War Office rates and save the whole of the War Office commission.

Mr. Satyamurti.—Cannot your own men do that in London ?

Sir J. Pitkeathly.—Yes, they can and do. We did consider the question whether we could cut into the London Stores Department altogether and let the indents go straight to His Majesty's department ; and the conclusion we arrived at was that it would cost the Government of India more.

Prof. Ranga.—We do not suggest that you should not have your own agents. We want to know whether all these technical people you have got there are fully employed and needed.

Sir J. Pitkeathly.—Yes, you will find that from the report but I have made some suggestions for reorganisation in my Report.

Sir Sher Muhammad Khan.—The inspectors in England are under the High Commissioner.

Sir J. Pitkeathly.—They are part of the staff of the Stores Department which is under the High Commissioner.

Sir John Nixon.—Do they not do the packing and freight, etc. ?

Sir J. Pitkeathly.—Yes, and the invoicing and statement. They act as forwarding agents also.

Mr. Satyamurti.—You do not want this technical staff for all that.

Mr. Das.—Please look at Appendix D. Last year you told us that the Consulting Engineers' agreement had been renewed for two years. This year I find he has got more. They get £29,000, whereas in the previous year they got £26,000 and in the year before that £21,000.

Sir J. Pitkeathly.—That is all due to the fact that in 1936-37 the work given to the Consulting Engineers was probably greater than in the previous year. There is a remark about falling off but the work done in a particular year may have been adjusted in the following year.

Mr. Das.—Are you going to continue the agreement ?

Sir J. Pitkeathly.—We have concluded an arrangement with them whereby there will be a two-year trial period and during that period we have cut the fees down by about £1,500 per annum. But this may not be repleded in the statement referred to because in addition to the fee they get a share of the expenses incurred in connection with the work done on behalf of the Government of India.

Mr. Das.—Can you not do it departmentally when you are spending so much ?

Sir J. Pitkeathly.—That would be very difficult. The firm has been associated with the Government of India for a very long time. They have got patterns, drawings and designs for work dealt with all these years, and taking over this work is not practicable at this stage.

Mr. Das.—But 5 or 7 years ago the Government of India decided that they will try to see if they can reduce the consulting work and give more work to you.

Sir J. Pitkeathly.—That we have been doing. At one time we used to pay the consulting engineers about £80,000 or 90,000. The last payment was £29,000.

Mr. Das.—Do they do work for the Railway Standardisation department ?

Sir J. Pitkeathly.—Yes, they do.

Mr. Das.—But the railways say that their standardisation department does everything.

Sir J. Pitkeathly.—The Railway Standards Office are working in close collaboration with the consulting engineers. For instance, the railways may want a modified design of a wagon or locomotive. When the design has been prepared it is usually sent to the consulting engineers for criticism and to furnish information in consultation with manufacturers as to the effect on the price of the article.

ADMINISTRATION REPORT, INDIAN STORES DEPARTMENT.

Mr. Satyamurti.—Has the Punjab come into line with you now in the matter of Rupee tenders ?

Sir J. Pitkeathly.—No, the matter is still under consideration, but the Punjab give us a lot of business.

Mr. Satyamurti.—With regard to paragraph 12 on page 5, what is the position now ?

Sir J. Pitkeathly.—We have now 52 Indians and 18 Europeans.

Mr. Satyamurti.—On paragraph 15, what is your opinion about the efficiency in working ?

Sir J. Pitkeathly.—We are having no trouble. We are working quite satisfactorily and our efficiency is not I think affected in any way.

Mr. Satyamurti.—With regard to paragraph 19 on page 8, what is your estimate of the possibilities of extension of purchase by the Defence Department ?

Sir J. Pitkeathly.—The value of the stores that I am interested in and do not at present handle is about 20 to 30 lakhs. We are gradually improving. In 1935-36 the purchases for the Army were 1 crore 3 lakhs ; in 1936-37 they were 1 crore and 19 lakhs ; in the last year they amounted to 1 crore and 89 lakhs. My Department is not organised to deal with foodstuffs and there are strategic stores and supplies I do not want to handle.

Mr. Satyamurti.—Why don't you purchase paper ?

Sir J. Pitkeathly.—Because paper is already a centralised subject under the Printing and Stationery Department. There are particular things like paper which we do not handle, because there is no gain in taking them over from a centralised organisation.

Mr. Satyamurti.—With regard to company managed Railways, what are the latest figures ?

Sir J. Pitkeathly.—We don't do much business for them. Our average return is about 7 lakhs a year as against a total purchase of,—well, I should not like to put a figure.

Chairman.—It is between 19 per cent. and 25 per cent. of the total purchase of the company railways.

Sir J. Pitkeathly.—You will see from the Report that in one year we went up as far as 28 lakhs of rupees.

Mr. Satyamurti.—What are your latest figures ?

Sir J. Pitkeathly.—Our last year's figures are Rs. 7.71 lakhs. The previous year's figures were Rs. 28.33 lakhs : those of the year before that were Rs. 6.76 lakhs, and of the year before that again were Rs. 6.15 lakhs.

Mr. Satyamurti.—What are the difficulties ?

Sir J. Pitkeathly.—The difficulties are, they have a free hand under the terms of their contracts with the Secretary of State and they prefer to make their own purchases either themselves or through their Home Boards. I may mention in this connection that we have recently had some consultations with the Railway Board, and we are now getting copies of Company Railways' indents through the Railway Board. We examine these indents and advise them as to what articles can be made in India giving them the names of the firms from which the various articles can be had. We are hoping some advance may be made in that way.

Sir John Nixon.—Do you consider if they purchase through you, they can purchase more economically ?

Sir J. Pitkeathly.—I think so definitely.

Mr. Satyamurti.—Can you give the Committee a Note some time on the economies they make if they purchase their requirements through you ?

Sir J. Pitkeathly.—It is very difficult to undertake to prepare such a note, because before I could prepare it I would require details from the Railway companies at what rates they were purchasing articles through their Home Boards or from other sources, the particular commodities, the dates at which the orders were placed as also the rates paid. Prices are subject to fluctuations from time to time and it is a somewhat difficult problem to get a correct basis for comparison ; I have tried to do something in this direction but without success.

Mr. Satyamurti.—Can the Government of India help you in this matter ?

Sir J. Pitkeathly.—I don't see how they can.

Mr. Satyamurti.—I take it that the Provincial Governments are buying more and more from you, is it not ?

Sir J. Pitkeathly.—Yes, and I am very pleased to say that last year, that is the first year of Reforms, the purchases made for some of the Provinces have gone up considerably, in spite of the fact that some of them are setting up their own Stores Departments. The total purchases made for the Provincial Governments have gone up by 11 lakhs 68,000 over the previous year.

Mr. Satyamurti.—Page 12. Here you say " Of the total purchase of textiles amounting to 1 crore 15 lakhs, articles, of indigenous manufacture..... " Have you still got to import textiles ?

Sir J. Pitkeathly.—There are certain textiles which we are not making here, and certain woollens, flax and things like that have still to be imported.

Mr. Satyamurti.—Leather goods ?

Sir J. Pitkeathly.—There are bits of leather goods like equipment and other things we have got to import, because the quality of the goods made here is not up to the standard required.

Chairman.—Army boots ?

Sir J. Pitkeathly.—We don't handle them ; the Contracts Directorate does the work.

Prof. Ranga.—Page 11, you are purchasing 54 lakhs worth of cotton goods in India. I want to know approximately how much of it you buy from the handloom weavers, especially those which are made by your own Industries Departments ?

Sir J. Pitkeathly.—Comparatively little. We have tried again and again to deal with cottage industries, but the chief trouble is those industries are not properly organized, and unless they can get together and have some sort of selling arrangement, we shall not be able to do much. They are trying to do a little in the way of organising selling agencies.

Prof. Ranga.—They have wholesale provincial Co-operative societies to see that the stuff is manufactured according to certain specifications and standards.

Sir J. Pitkeathly.—My general policy is, that if Provincial Governments when sending indents state that articles manufactured by the cottage industries of their province should be purchased if the quality is sufficiently good for the purpose, and, if necessary, a small price preference should be given, I shall carry out these instructions to the letter. Where we are working to specifications, it has not been possible so far to get the cottage industries people to work strictly to our specifications.

Prof. Ranga.—Can't you write to Provincial Governments and ask them if they can supply to your requirements ?

Sir J. Pitkeathly.—We have made attempt after attempt direct and through the Research Bureau to interest the Provincial Governments and to work up to specifications.

Mr. Satyamurti.—What are the tests you apply with regard to Indian manufacture to see that the stuff used is cent. per cent. Indian ?

Sir J. Pitkeathly.—In the case of textile materials there are no difficulties as the raw materials and finished products can readily be inspected, and there are no difficulties in the way of ensuring that the articles are of entirely Indian manufacture. In the case of the engineering industry the matter is not so simple as many articles or parts of articles are not yet manufactured in India and it is not possible to insist on any particular percentage of an article being of Indian manufacture.

Mr. Satyamurti.—I take you prefer Indian made goods everything being equal ?

Sir J. Pitkeathly.—Most certainly.

Chairman.—Have you ever made any calculation as to the amount of price preference you give in order to get orders placed in India ?

Sir J. Pitkeathly.—I have refrained from attempting that.

Chairman.—It is perhaps desirable to count the cost.

Sir J. Pitkeathly.—I think it is a very small figure.

Mr. Satyamurti.—On the benefits of at least 500 per cent ?

Sir J. Pitkeathly.—I agree.

Mr. Satyamurti.—With regard to broadcasting, we want to know the latest you can give us with regard to the manufacture of cheap radio sets in this country ?

Sir J. Pitkeathly.—I have not gone into the cost closely, but as an engineer and as an electrician, I can see no reason why we should not be able to manufacture, I don't mean a hundred percent., but we should be able to import, and assemble and gradually manufacture whole sets at a price within the pocket of every one, say for about Rs. 40 to Rs. 60 per set.

Prof. Ranga.—You have an Industrial Bureau ?

Sir J. Pitkeathly.—Yes.

Prof. Ranga.—Are they making any efforts to manufacture cheap sets ?

Sir J. Pitkeathly.—I understand this matter is receiving consideration by the Broadcasting Department.

Mr. Satyamurti.—I suggest that both their Research Bureau as well as your Research Bureau should work together.

Prof. Ranga.—Have the Madras Government made any inquiries from you in regard to this ?

Sir J. Pitkeathly.—I have been reading what Mr. Giri has been saying on the subject, but I have had no proposal from them. In any case it would not come to me as the matter does not directly concern my Department.

Mr. Satyamurti.—What are the provincial circles for ?

Sir J. Pitkeathly.—Firstly for the local purchases, secondly all the inspection work in the various factories in the areas is done by them.

Mr. Satyamurti.—Chapter V, Metallurgical Inspectorate. Page 32. You refer to a number of companies at page 32 from whom you make purchases. Before you call them Indian and purchase your articles, what are the tests you apply with regard to the composition, capital or directorate ?

Sir J. Pitkeathly.—That is outside my sphere. I have not the power to investigate the standing or the financial composition or the nationality of a company. All I am concerned with is the character and the nationality of the material. If the material is made in India, I do not mind what the composition of the company is or where the capital comes from. I am only concerned with the nationality of the material. That is my test.

Prof. Ranga.—Page 31. At the bottom there is an item here Agricultural Department of the Tata Iron & Steel Co. I don't find any mention there of implements manufactured there, but is your Research Bureau interesting itself in that? Can't they make some of those cheap implements?

Sir J. Pitkeathly.—The name of this company is a misnomer. It is really a subsidiary company of Tatas manufacturing such tools as beaters, phowras, hammers, etc.

Prof. Ranga.—Then what is your Bureau doing? Have they tried to devise any implements?

Sir J. Pitkeathly.—It is beyond the scope of our activities.

Prof. Ranga.—Page 40, there is some exemption from the import duty, I can't understand it.

Sir J. Pitkeathly.—It applies to rods imported for the manufacture of cables, wires, wire nails, etc.

Mr. B. Das.—Government Test House, Alipore. Are you doing ordinary tests only or you are evolving things by which you may come up to the status of the National Physical Laboratory?

Sir J. Pitkeathly.—Yes, we are trying to improve the institution but not to the extent of the National Physical Laboratory, because we are not established on those lines. In many directions our tests now at Alipore are definitely looked upon as equivalent to the tests carried out by the National Physical Laboratory.

Mr. B. Das.—Does the public of India go outside the Alipore Test House, do they go to London?

Sir J. Pitkeathly.—Very very rarely.

Mr. B. Das.—Would you like to raise the Alipore Test House to the standard of the National Physical Laboratory?

Sir J. Pitkeathly.—There they are spending about £244,000 a year, and I have little hope of ever being able to obtain anything like this sum.

Mr. Satyamurti.—What is their annual income?

Sir J. Pitkeathly.—£138,000.

Mr. B. Das.—Would you not like the concentration of all tests at Alipore instead of at Cawnpore and at other places in India, like the Test House at Cawnpore for sugar and so forth?

Sir J. Pitkeathly.—It is rather a difficult question. There are certain tests which we don't attempt to deal with at Alipore, such as bacteriological tests, water tests and tests of disinfectants, etc. We don't touch sugar either. They have got an institution at Cawnpore for the testing of sugar.

Mr. B. Das.—You don't publish any technical report or special report about the work of the Alipore Test House?

Sir J. Pitkeathly.—Yes, we do, in connection with the research work done at the Alipore Test House. This is now done under the direction of the Research Bureau, and bulletins are published from time to time on the researches carried out.

Mr. Satyamurti.—Have you explored all possibilities of retrenchment on the one hand and of increasing your fees on the other ?

Sir J. Pitkeathly.—I have considered the possibility of retrenchment from time to time, but I am of the opinion that nothing more can be done than has been done. With regard to increasing fees, I think this would be a retrograde step, because most of the Departments already object to making use of the Stores Department because of the levy of 2 per cent. departmental charges. There is no scope in my view for increasing the fees.

Mr. Satyamurti.—Going to the Appropriation Accounts, 196—198, what are these unanticipated transfers and provision of travelling allowance having proved insufficient,—A-1 ?

Sir J. Pitkeathly.—This refers to the deputation in connection with the examination of the London Stores Department and special duty in connection with the Delhi Electrical Enquiry, which could not be anticipated at the time of preparation of the Budget estimates. I was the officer concerned.

Mr. Satyamurti.—A-3 Voted, unanticipated ?

Sir J. Pitkeathly.—The excess was caused by the transfer of certain officers from Provincial offices of the Department to the headquarters office, which could not be anticipated at the time of the preparation of the estimates.

Mr. Satyamurti.—A-5, what is the calculating machine ?

Sir J. Pitkeathly.—We have had some experiments carried out. We have a large amount of figure work and we are trying to mechanise. The results up to now have been fairly satisfactory. But we have not been able to retrench anybody on that account.

Mr. Satyamurti.—C-4. Decrease in the value of the London Stores Department.

Sir J. Pitkeathly.—We got an estimate from the London Stores Department which gave a figure that proved to be excessive.

Prof. Ranga.—G-4, payment to non-Government servants for doing research work. Who were these people ?

Sir J. Pitkeathly.—We have a system by which we call for technical papers on certain subjects, and offer prizes amounting to Rs. 1,000, Rs. 250 and so forth. That is equivalent to research and the payments are accounted for under this sub-head if the prize winners are not in Government service.

Mr. Satyamurti.—Pages 200 and 201. With regard to the Government Test House and the Metallurgical Inspectorate, don't you think you can save on the Government Test House ?

Sir J. Pitkeathly.—The Government Test House has got to have a staff to deal with a variety of work ranging from an examination of a drop of acid to an accurate analysis of an alloy, whereas the metallurgical inspectorate is confined mainly to the analysis of steel, and our profits are made out of that as the quantity analysed and certified is very large.

Friday, 22nd July 1938 at 2-45 p.m.

POLITICAL AND EXTERNAL AFFAIRS DEPARTMENTS.

Mr. Satyamurti.—Grant No. 31. Page 82. What is this,—Railway Jurisdiction Committee, special representatives. Additional Deputy Secretary, officer on special duty, all appointments made after the budget ? Why were they not foreseen ?

Mr. V. N. Rao.—The posts were not thought of before. The committee was in connection with the foreign jurisdiction exercised by the Crown Representative over railway lands in Indian States. There has been a good deal of demand for the retrocession of such jurisdiction and various other claims have been made which needed consideration. Those claims have been made for years.

Mr. Satyamurti.—What was the unforeseen nature then ?

Mr. V. N. Rao.—The constitutional changes changed the whole complexion of the case.

Mr. Satyamurti.—Why was it not provided for in the budget ?

Mr. V. N. Rao.—The answer is that there was no idea of pursuing the questions until they became an urgent issue.

Mr. Satyamurti.—What was the composition of this committee ?

Mr. V. N. Rao.—It consisted of a railway officer and a police officer.

Mr. Satyamurti.—Who appointed them ?

Mr. V. N. Rao.—The Government of India.

Mr. Satyamurti.—Have they reported ?

Mr. V. N. Rao.—Yes, they have, but it is a confidential report.

Mr. Satyamurti.—Have Government taken any action on it ?

Mr. V. N. Rao.—It is under consideration.

Prof. Ranga.—Is it in our favour and will the decision be published ?

Mr. V. N. Rao.—I could not tell you anything about it, as it is a confidential document. Ultimately however when Government do make up their minds, their decisions will doubtless become public.

Mr. Satyamurti.—Who were the special Representatives of H. E. the Viceroy ?

Mr. V. N. Rao.—After the despatch of the draft Instrument of Accession to States, H. E. deputed three officers to go round the States and explain to them the implications.

Mr. Satyamurti.—What are the results ?

Mr. V. N. Rao.—The results are not known yet.

Mr. Satyamurti.—What was the Additional Deputy Secretary for ?

Mr. V. N. Rao.—That post relates to the External Affairs Department.

Mr. Satyamurti.—Then under C, you budgeted for Rs. 18,000, and spent Rs. 45,000 ?

Mr. V. N. Rao.—The Special Representatives made extensive tours ; they travelled all over the country rapidly.

Mr. Ramsay Scott.—Then what is the Frontier Watch and Ward Committee ?

Chairman.—That was a committee set up by me to see if the various forces called irregular forces on the frontier—the Scouts, khassadars and so on—could not be cut down.

Mr. Satyamurti.—What is this additional staff for doing federation work ? Voted C ?

Mr. V. N. Rao.—We had to create a branch to deal with the federation work.

Prof. Ranga.—What is the present expenditure and will it increase ?

Mr. V. N. Rao.—I could not tell you off hand. The additional staff was meant to deal with the federation work. The staff consists of one or two superintendents, office assistants and so on. It is at present difficult to say whether the staff will increase or not.

Mr. Satyamurti.—Under E. Do you meet from contingencies expenditure on staff also ? You say here ' due to the creation of various new posts such as the staff of the special representatives, etc.' Are you quite sure that no pie of this has been spent on staff ?

Mr. V. N. Rao.—I am quite sure we have not spent anything out of contingencies over staff except possibly non-pensionable menial staff.

Mr. Satyamurti.—Then we have Serial No. 39 about Chiefs' Colleges. What is the period for which the grants-in-aid have been fixed ?

Mr. V. N. Rao.—5 years ; there has been a reduction in the case of 3 colleges. But it is a progressive reduction, and it has been made in the case of 3 colleges. In the case of 2 other colleges, the position is still nebulous, but the whole question will be reconsidered at the end of this period.

Mr. Satyamurti.—Miscellaneous Durbar charges, page 259K. Who holds these durbars ?

Mr. V. N. Rao.—They relate to ceremonials and things like that.

Mr. Satyamurti.—Why should the viceregal touring come under these charges ?

Mr. V. N. Rao.—The expenditure is in connection with ceremonials and interchange of presents.

Mr. Satyamurti.—Page 264, H-6. What are these payments from Indian States ?

Mr. V. N. Rao.—This is on account of the Mina Bhil corps. We used to recover the cost of this corps from two States, but this has gone now. These payments won't appear hereafter.

Prof. Ranga.—What is the special reason for raising these rates of houses at page 324, A-3 ?

Mr. Sarma.—I think houses were not available for the rates which we had previously fixed.

Prof. Ranga.—Is this a new phenomenon ?

Mr. V. N. Rao.—The heading deals with charges besides house rent. What happened was this, the Resident in Rajputana was required to travel with the special representative, and that accounts for the increased expenditure. It is more travelling allowance than increased house rent allowances that accounts for the extra expense.

Mr. Satyamurti.—B-2, Other charges at the bottom of that page. Is this inevitable ?

Mr. V. N. Rao.—This is one of the heads which is presenting considerable difficulty in regard to control of expenditure. Indian States are entitled to a refund of customs duty on army stores supplied to them for the State Forces and so on. There has always been considerable difficulty felt by the Residents in getting these bills in time from the Military Advisers who have in turn to get them from the Military Accounts Department.

Mr. Satyamurti.—Then we go to Central India. At page 328, B-1-6 and B-3.

Mr. V. N. Rao.—I suppose the reappropriations were made by the local authorities.

Mr. Satyamurti.—Account III-A, Political, page 329. You have saved about 22,000. Why do you budget for more touring ?

Mr. V. N. Rao.—On the basis of previous actuals.

Prof. Ranga.—Has any of your officers gone on leave ?

Mr. V. N. Rao.—There were changes in personnel. We could not anticipate who the actual incumbent would be.

Mr. B. Das.—Do Residents travel in saloons ?

Mr. V. N. Rao.—Yes.

Mr. Satyamurti.—What is the portion of Hyderabad you are administering ?

Mr. V. N. Rao.—It is a small portion of Secunderabad, Aurangabad and Bolarum.

Prof. Ranga.—Unanticipated purchase of a new car. Does this practice exist even in regard to Residencies ?

Mr. V. N. Rao.—1st class Residents are entitled to a free car at Government expense, and that car is renewable every 5 years. We have got an upper limit on the price of cars. The omission to make budget provision was due to an oversight presumably on the part of the Resident. The heading includes charges on replacement of furniture as well.

Prof. Ranga.—Page 334. B. Miscellaneous : " Provision reduced by the local administration at the instance of the Military Adviser, Indian State Forces ",—what is the relation ?

Mr. V. N. Rao.—It is through the Military Adviser that the ordnance stores are supplied, and therefore he is in the best position to say what is the duty refundable on account of such stores, and when he advises the Resident, the Resident makes these adjustments. In this case the Resident was wrongly advised by the Military Adviser.

Mr. Satyamurti.—Page 335, G-1, what is the idea of discontinuing these grants ?

Mr. V. N. Rao.—The expenditure was transferred to the local fund.

Mr. Satyamurti.—Then we go to non-voted, Appropriation. Political Department, page 358. A-3 and 4. It is all mixed up. How are we to know what are the items in A-3 which belong to you ?

Mr. V. N. Rao.—From next year you will find them separated.

Prof. Ranga.—A-5—Secret expenditure. Is it not a lump sum grant ?

Mr. Sarma.—It refers mostly to the External Affairs Department.

Mr. Satyamurti.—A-6. Mainly in the N.-W. F. P. due to disturbances. Apart from the Defence Department expenditure, why do you incur Rs. 34,000 on disturbances ?

Mr. Sarma.—The Political Officers have to tour along with the military. The two departments have to work in close connection.

Mr. Satyamurti.—A-8—what is this new agency to whom the Simla Hill States have been transferred ?

Mr. V. N. Rao.—That is the Simla Hill States Agency. Formerly all these States were under direct political relations with the Punjab Government. Under the new system these States were transferred under the Central Government from October 1936.

Prof. Ranga.—Has it resulted in any higher expenditure ?

Mr. V. N. Rao.—Not much I should think.

Prof. Ranga.—Is there any other agency anywhere nearby which can take up this work ?

Mr. V. N. Rao.—No. The Agency itself is a small one and is subordinate to the Punjab States Agency.

Mr. Satyamurti.—B.—Educational establishments in Agencies.

Mr. Sarma.—That is all External Affairs Department.

Mr. Satyamurti.—Page 362—Charges for organising Indian State Forces. You organise them ?

Mr. V. N. Rao.—There is a Military Adviser-in-Chief under the control of the Political Department who works in close collaboration with the Defence Department.

Prof. Ranga.—I-1. Why has this gone up ? Leave salary of officers reverted to their regiments. Then it must come down.

Chairman.—That means that there is an overlap.

Mr. Satyamurti.—Who is this Military Adviser-in-Chief ?

Mr. V. N. Rao.—There is a Military Adviser-in-Chief and under him a number of Advisers who assist the Indian States in the organisation of their State forces. Many States have forces which are meant for being attached to His Majesty's forces in the event of a war.

Mr. Satyamurti.—In India ?

Mr. V. N. Rao.—Anywhere. What were formerly known as Imperial Service troops are now known as Indian States Forces, and certain units of these forces are definitely earmarked for service with His Majesty's forces.

Prof. Ranga.—May I know whether these Indian States forces are as well equipped as the Indian defence forces ?

Mr. V. N. Rao.—There are certain units of these Indian States Forces which are earmarked for attachment. They are expected to be equipped on the same basis as the Indian troops.

Sir Sher Muhammad Khan.—Some of the Indian States are bound by treaties to keep these troops.

Prof. Ranga.—These forces can be used by these Princes for their internal purpose also ?

Mr. V. N. Rao.—They are meant for the security of their own States as well as for assisting the Indian Government if necessity arises.

Prof. Ranga.—They have to consult and take the consent of your Political Agent there before they can use their forces in their own places ?

Mr. V. N. Rao.—They are their own troops. They can use them for their own internal purposes. We do not pay for those troops.

Prof. Ranga.—They are both internal security and Imperial troops.

Mr. V. N. Rao.—They are not called Imperial troops now. They are called Indian States Forces.

Chairman.—They are part of the war organisation, to put it in a nutshell.

Mr. Satyamurti.—And they are kept on some treaty basis ?

Mr. V. N. Rao.—A great deal depends on the capacity of the State and its own willingness. At the present moment they are on a voluntary basis.

Mr. Satyamurti.—All of them except the Nizam ?

Mr. V. N. Rao.—There also the States Forces are on a voluntary basis.

Mr. Satyamurti.—What is the next item in the Accounts you are concerned with, Mr. Rao ?

Mr. V. N. Rao.—May be part of A on page 366, Leave and deputation salaries.

Mr. Satyamurti.—The next grant is Bangalore. Under Education you will find on page 385 a continuous series of minuses. What are these figures in the note at page 394 ?

Mr. V. N. Rao.—We had a retrenchment campaign in Bangalore. We have a separate *pro-forma* account in the case of Bangalore showing the revenue and expenditure.

Mr. Badenoch.—This does not correspond to the *pro-forma* account.

Mr. Satyamurti.—Does audit see that *pro-forma* account ?

Mr. Badenoch.—Yes.

Mr. Satyamurti.—Is it fairly accurate ?

Mr. Badenoch.—It has got to be sufficiently accurate for audit to be able to accept it.

Mr. Satyamurti.—I do not like minuses under Education Grant.

Mr. V. N. Rao.—That was due to the general retrenchment campaign.

Mr. Satyamurti.—You do not mean any restriction of educational facilities in the area I hope.

Mr. Rao.—I hope not.

Prof. Ranga.—At page 385, what are these Government Professional Colleges ?

Mr. V. N. Rao.—Must be grants-in-aid I think.

Mr. Satyamurti.—What were the remissions of revenue at page 390 ? Are they given on the same basis as in British India for failure of crops ?

Mr. V. N. Rao.—Yes.

Mr. Satyamurti.—We come to Western India States.—The total receipts is Rs. 18 lakhs and the expenditure is 26 lakhs. Here also I take it that you have no direct administration and that you really administer politically.

Mr. V. N. Rao.—It is most complicated. There are a number of States which are nominally States but the rulers of which are exercising varying degrees of jurisdiction. There are hundreds of these States the rulers of which exercise very little jurisdiction. The residency jurisdiction is exercised by the Crown.

Prof. Ranga.—Still they carry the title of “ His Highness ” !

Mr. V. N. Rao.—No.

Mr. Satyamurti.—What is this A-3 ? Rs. 6,99,000—Unforeseen payment. What was it all about ?

(Chairman explained the item.)

Mr. Satyamurti.—I find from the items under B that you maintain a police for all these agencies.

Mr. V. N. Rao.—Yes.

Mr. Satyamurti.—Why ? Can Mr. Rao give now or later some idea of the expenditure on police and the receipts we get under this head ?

Mr. V. N. Rao.—The Police expenditure is in connection with the discharge of the residency jurisdictions I have referred to and Railway police. We make certain recoveries from the States and Local Funds. As a matter of fact, we recover Rs. 3,25,000 from the Baroda Government alone.

Mr. Satyamurti.—But what is the total expenditure ?

Mr. V. N. Rao.—About eight lakhs seven thousand.

Mr. Satyamurti.—All the Indian States are now in direct relations with the Government of India ?

Mr. V. N. Rao.—Except Manipur and Khasi States in Assam.

Mr. Satyamurti.—What is the reason for the exception ?

Mr. V. N. Rao.—They are far out of the way.

Mr. Satyamurti.—I think we might take straightaway Frontier Watch and Ward—Important comments, that is, the note on unauthorised Funds—page 380—and there is the Auditor-General's memorandum.

Mr. Badenoch.—We summarised the position in paragraph 11 of the Comments at page 381, and I gave further details in the memorandum because I thought they would certainly be asked for.

Mr. Satyamurti.—Have you anything to say beyond what is contained in this memorandum and these paragraphs here ?

Sir A. Metcalfe.—I am prepared to answer any questions that may be asked.

Mr. Satyamurti.—(Reads paragraph 11). What are these two Funds ?

Sir A. Metcalfe.—One was made up of certain sums of money obtained from the Governors for Secret Service Fund which could not be disbursed immediately. The Deputy Commissioner had to keep the money and spend it as required. The safe custody of the money was in the Imperial Bank. But in view of the introduction of the personal ledger the Bank account is no longer maintained. The second fund was known as the Mohmand fund ; it was formed of moneys paid by the tribes and not by Government. It was entrusted to Political Officers to ensure that the money was properly distributed. It was not a Government fund at all and Government officers were only disbursing it in order to ensure that it was being properly distributed. It no longer exists. The Government said that they could not be responsible any longer for the disbursement.

Mr. Satyamurti.—With regard to paragraph 12, I take it that all those irregularities have been now set right.

Sir A. Metcalfe.—Yes.

Mr. Satyamurti.—Is audit satisfied ?

Mr. Badenoch.—We are going to audit all the accounts of political offices in the N.-W. F. P. and we hope that this process of continuous local audit will mean that irregularities such as have been described here will stop.

Mr. Satyamurti.—(Reads paragraph 13). Is it a proper arrangement from the financial and audit point of view ?

Sir A. Metcalfe.—Yes. Some moneys are received from other departments of Government and from private persons on account of compensation, etc., for payment to persons residing in agency areas and tribal territory. It is not possible to pay the money straightaway nor is it possible to keep it indefinitely.

Mr. Satyamurti.—Who are the persons who give these deposits besides other Governments ?

Sir A. Metcalfe.—It is difficult to say offhand, but take one instance. A man is run over by a lorry. The person responsible for the accident deposits Rs. 300 or Rs. 400 to be paid to the person who is injured or to his heirs. The money must be held in deposit until it can be disbursed.

Prof. Ranga.—These ledgers and other things are properly audited ?

Sir A. Metcalfe.—I think the personal ledger accounts would be audited.

Mr. Satyamurti.—Paragraphs 14 and 15. “ Final orders of the Government of India regularising some of these cases are still awaited.”

Sir A. Metcalfe.—Orders have issued in most cases.

Mr. Satyamurti.—And you have sent them to the various authorities.

Sir A. Metcalfe.—Yes. Apart from audit the Political Resident himself is checking these things in periodical inspections.

Mr. Satyamurti. (To Mr. Badenoch).—You will come in eventually.

Mr. Badenoch.—Yes, in local audit.

Mr. Satyamurti.—We will take paragraph 2 (1) of the memorandum later. 2 (2). The method of drawing and accounting for charges relating to ‘ Entertainment Charges ’, ‘ Protection and Raids ’, and ‘ Secret Service ’ requires definition and the objects on which the grants under the last two heads may legitimately be spent. What is the position ?

Sir A. Metcalfe.—Instructions have been formally issued. I have the orders here which read as follows :—

“ The Government of India approve of your proposals defining the objects on which grants under ‘ Entertainment Charges ’, ‘ Protection and Raids ’ and ‘ Secret Service ’ should be spent. They also note that these definitions have been accepted by the Comptroller, N.-W. F. P., who will, however, examine the matter further in the course of local inspections with a view to seeing if the definitions require any amplification or modification.”

“ The Local Administration should impress upon all those concerned that in future no money should be drawn from the Treasury unless it is required for immediate disbursement. If, in any case, it is found that the whole amount or any portion of it drawn from the Treasury cannot be disbursed immediately or in the near future as anticipated, the undischursed amount may be refunded into the Treasury and redrawn when it is required for disbursement.”

Mr. Satyamurti.—Mr. Chairman, these two letters, unless they are confidential, should I suggest go into our record.

Sir A. Metcalfe.—The gist is that we have impressed upon them that in future no money should be drawn in advance of actual requirements and that expenditure on Entertainment, etc., should be incurred on specific objects as now defined.

Mr. Satyamurti.—Let us take the memorandum item 1—Peshawar. What is the position ?

Sir A. Metcalfe.—The mali was very old when he retired from service. Probably over 70 and he had no money. The pension was not expected to last more than a few months.

Mr. Badenoch.—It has been stopped ; orders were issued that it should be stopped.

Sir A. Metcalfe.—It has ceased but the recovery of past payments was waived.

Mr. Satyamurti.—2 (b) : Furniture. What is the position ?

Sir A. Metcalfe.—The position was this. Some officers were stationed at places many miles away from a town sometimes for six months at a time and it was practically impossible to expect them to take their own furniture there or to buy furniture from the outgoing incumbent. The system was certainly in force many years ago. Now an arrangement has been made that any Government furniture which has been purchased out of the irregular fund must be taken in charge by Government and the tenants in occupation must pay rent at a proper rate.

Mr. Badenoch.—Orders have actually issued.

Mr. Satyamurti.—Who takes this rent ?

Mr. Sarma.—It is credited to central revenues.

Mr. Satyamurti.—(2) (c). What is the position ?

Sir A. Metcalfe.—The sanction was given for three agricultural assistants and then the local authorities said that they did not want these assistants but five malis instead. The local administration approved the change from the three assistants to the five malis at exactly the same cost and this has been in existence since 1930 with the sanction of the Government of India. But the local people did not change the entry in the budget and still went on budgeting for three assistants.

Mr. Satyamurti.—The local administration gave this sanction for interchange ?

Mr. Sarma.—We sanctioned it ourselves. Audit has said that there is irregularity about sanction, but we have gone through the files and found that there is no irregularity regarding sanction.

Mr. Badenoch.—Actually, as far as the accounts were concerned, pay was drawn for these agricultural assistants, but the money was transferred to the fund and from that the malis were paid.

Sir A. Metcalfe.—There was no actual loss to Government or mal-administration.

Mr. Sarma.—They did not entertain unsanctioned staff.

Mr. Satyamurti.—2 (d). What is the position ?

Sir A. Metcalfe.—The report of the local administration has been received, and out of a total of Rs. 961 a sum of Rs. 667 is still outstanding. The progress of the recovery of the outstandings will be watched.

Prof. Ranga.—Will there be any further transaction of this kind ?

Mr. Sarma.—The Bagh fund has been closed.

Prof. Ranga.—It was created out of savings made in grants ?

Sir A. Metcalfe.—No—from the produce of the gardens.

Mr. Sarma.—In addition to the Government grant there were some private subscriptions also.

Mr. Satyamurti.—No. 3. What about allowances to tribes ?

Sir A. Metcalfe.—This is a rather complicated item. The allowances have been revised and reduced from Rs. 7,000 to Rs. 4,800. Originally the distribution was left to the discretion of the Lieutenant-Governor and the re-distribution of the balance after some reduction was left to the Commissioner and the Deputy Commissioner.

Mr. Satyamurti.—What is the consideration for these allowances ?

Sir A. Metcalfe.—To keep them quiet.

Mr. Satyamurti.—Who recommends this scale of allowances ?

Sir A. Metcalfe.—It was recommended by the Lieutenant Governor of the Punjab of the time.

Mr. Satyamurti.—What are these rewards ?

Sir A. Metcalfe.—These are all paid to Maliks.

Mr. Sarma.—They are really tribal allowances and not rewards.

Mr. Satyamurti.—4 (b). What are the main objects of the entertainment grant ?

Sir A. Metcalfe.—They are intended to cover the entertainment and travelling allowances of individuals and parties who visit a political officer in connection with Government duty or who perform duties involving themselves in expense. The money may be paid in cash. The orders are that no fixed charges should be met from this.

Mr. Satyamurti.—What is the object ?

Sir A. Metcalfe.—If you hold a jirga a number of people come in and in order to keep them contented you give them money. It is a very well-recognized charge and has always been in existence. If people come in to discuss Government matters, you cannot expect them to go away completely unfed or unentertained.

Mr. Satyamurti.—What is the total expenditure ?

Sir A. Metcalfe.—About 3½ lakhs.

Mr. Satyamurti.—How much is paid in cash ?

Sir A. Metcalfe.—A good deal. Sometimes, a man goes away and buys what he wants with this. We occasionally provide these men with feasts. It may be that about a thousand people are fed and a couple of thousands is given straightaway.

Mr. Satyamurti.—This money is not taken away ?

Sir A. Metcalfe.—It is usually spent round about Peshawar, for the benefit incidentally of the trades people. All this will be audited in the usual way.

Mr. Badenoch.—With regard to the entertainment charges we agree to accept a certificate of payment in the case of small amounts. We cannot expect a voucher. We have to be content with a certificate of payment.

Mr. Satyamurti.—How do you provide against the possible dishonesty of an officer ?

Sir A. Metcalfe.—We trust to the honesty of the officer. I myself never allowed money to be disbursed except in my own presence.

Prof. Ranga.—Why not make a rule that you should disburse it in the presence of some responsible official instead of leaving it all to a tahsildar ?

Sir A. Metcalfe.—We give small amounts to tahsildars. The tahsildars go on tour by themselves. As regards the big disbursements of allowances at jirgas and so on, the money is often paid out straightaway in the presence of the Governor.

Mr. Satyamurti.—You take all precautions ?

Sir A. Metcalfe.—Yes and we are ready to take any further precautions necessary.

Mr. Satyamurti.—5 (b). Who was responsible for the misunderstanding of the orders ? Was any action taken ?

Sir A. Metcalfe.—I do not think so. You see there may be occasional and quite *bona fide* mistakes and this was like that.

Prof. Ranga.—Are you satisfied that this instruction is being carried out under No. 6 ?

Sir A. Metcalfe.—That is included in the orders I have referred to.

Mr. Satyamurti.—Audit will watch it ?

Mr. Badenoch.—Yes.

Mr. Sarma.—Orders were sent out in May or June of this year.

Prof. Ranga.—What about the orders under 7 (a) ?

Sir A. Metcalfe.—We are considering whether this need be continued, or whether non-judicial stamps should be used instead ?

Prof. Ranga.—By what class of people are these papers used ?

Sir A. Metcalfe.—The ordinary folk.

Prof. Ranga.—Why do you insist upon such a high fee as eight annas ? Is it not better that you should encourage them to come to you more freely ?

Sir A. Metcalfe.—If you have no fee charged at all, you get a great many more petitions.

Mr. Satyamurti.—7 (b). What is the latest position ?

Mr. Sarma.—Item (i). It has been recovered.

Prof. Ranga.—What about (ii) ?

Mr. Sarma.—The recovery is being effected.

Prof. Ranga.—What about (c) being regularized ?

Sir A. Metcalfe.—Final orders have not yet issued but will be issued on the same lines.

Prof. Ranga.—7 (d). Have the instructions been issued ?

Sir A. Metcalfe.—Yes.

Mr. Sarma.—The balance has been disbursed to the tribes.

Mr. Satyamurti.—What is the date of payment of the balance ?

Mr. Sarma.—December 37 and January 38.

Mr. Badenoch.—A good deal has happened since this note was drafted.

Mr. Satyamurti.—7 (e). Why did the Government of India confirm this action ?

Mr. Sarma.—Because the advances were irrecoverable.

Mr. Satyamurti.—8.

Sir A. Metcalfe.—Orders have been issued by the local administration that such expenditure should not be incurred in future without the prior sanction of competent authority. The orders have issued after consultation with the local Comptroller.

Mr. Satyamurti.—9 (b). That goes into the same category ?

Sir A. Metcalfe.—This is supplied to clerks unable to leave their quarters after dark.

Mr. Satyamurti.—You are now charging them rent ?

Sir A. Metcalfe.—Not for furniture which is solely used for Government purposes.

Mr. Satyamurti.—But the stock register shows residential quarters to be furnished ?

Mr. Sarma.—We will have to supply a few pieces of furniture free.

Mr. Satyamurti.—Then why if that is permissible don't you say so ?

Mr. Badenoch.—The proper orders are being issued about that.

Mr. Price.—So far as furniture like sofas in residential quarters is concerned and not furniture like office table and so on, it is reasonable to put up tribal and political visitors and so a tahsildar, it has been said, may be allowed a certain scale of furniture for such purposes and no more. If there is any furniture for residential purposes, that will be charged for. The orders have not issued yet.

Sir A. Metcalfe.—We admit it was irregular.

Mr. Satyamurti.—Let us go back to 2 (1) of the memorandum. What is the position ?

Sir A. Metcalfe.—The letter which was drafted was going to issue but the Governor pointed out that the people who have been working this system and who are now in charge are not responsible for the system at all.

Mr. Badenoch.—I hesitate to accept that argument. You do want a change of heart.

Sir A. Metcalfe.—In justice to the officers it must be remembered that they are the people who called attention to it. The system has been going on for many years.

Mr. Badenoch.—It was brought into prominence by audit.

Mr. Sarma.—The letter will issue as soon as a few remaining points are settled.

Sir A. Metcalfe.—This may stand over till next year.

Mr. Badenoch.—No further information about irregularities is necessary, I presume—unless we are dissatisfied.

Sir A. Metcalfe.—We have a clean sheet now with the exception of very small items on which orders are issuing. Everyone of these irregular funds is closed and the whole system has now been stopped.

Mr. Badenoch.—If audit is not satisfied, we will bring it to notice.

Mr. Satyamurti.—Page 82 : A : Why was the post of the Additional Deputy Secretary not provided for in the Budget ?

Sir A. Metcalfe.—I only had one Deputy Secretary to help me when there was a lot of work in connection with the earthquake relief fund ; so, an Additional Deputy Secretary was sanctioned for some time.

Mr. Satyamurti.—Have you got two Additional Deputy Secretaries ?

Sir A. Metcalfe.—The post has been abolished but there is a different arrangement now. I have an Under Secretary, who is provided for in the normal budget.

Mr. Satyamurti.—Officer on special duty—For how long did you appoint this special officer ?

Sir A. Metcalfe.—He was appointed for six weeks only.

Mr. Satyamurti.—What was the work he was on ?

Chairman.—He was on the Frontier Watch and Ward Committee.

BALUCHISTAN.

Mr. Satyamurti.—Is the trouble settled now ?

Sir A. Metcalfe.—I hope it is settled now. The man who gave us trouble has now surrendered.

Chairman.—Account XIV. I think there was a pretty big re-adjustment of reconstruction and clearance charges ?

Mr. Sarma.—That is because the Finance Department wanted these charges to be put in a separate account. The saving is due to the fact that no reconstruction was actually done because the designs and estimates were under consideration.

Chairman.—I remember the case now. The clearance of the site for reconstructing Quetta was estimated by the Military Engineers. They had to find out what it would cost to shift the debris and dump it somewhere else. Then they got the excavators and cleared it much more cheaply. It was done very much cheaper than the engineers' original estimate.

Mr. Satyamurti.—You put these 10 lakhs in without scrutiny ?

Chairman.—The military engineer was the only person we had. He went up there and measured the place as best as he could.

Sir A. Metcalfe.—A great saving was effected by re-organising the whole thing.

Chairman.—They laid down a railway line which cheapened the reconstruction a great deal.

Mr. Satyamurti.—Page 273. Ecclesiastical. I suppose this is for British troops ?

Sir A. Metcalfe.—It must be so.

Prof. Ranga.—Page 274. Frontier Watch and Ward. A.-1 and A.-2. Charges for Levies. What do you do with these Levies ?

Sir A. Metcalfe.—They preserve order instead of police. There are practically no police except in the towns. Order is preserved by these levies in this vast open space. That is a very cheap method of keeping law and order. They have been in existence for a long time.

Mr. Satyamurti.—E. Miscellaneous : page 276 : Secret Police expenses : What are they ?

Mr. Sarma.—They are rewards to informers.

Prof. Ranga.—How is it you have cut down your expenditure on education in Baluchistan ?

Mr. Sarma.—That is because all the buildings were destroyed. We have started building them again.

Prof. Ranga.—Page 278: Medical Establishment. The charges on account of medical establishment have also gone down ?

Mr. Sarma.—The medical expenditure, on account of refugees, must have been charged to Account XIV and probably that will explain why the charges are less here. Besides, officers may not have been available to man the posts. In fact, the Civil Surgeon's post was vacant.

Mr. Satyamurti.—Paragraph 2, page 286. Why should it not be debited to the Relief Fund ?

Sir A. Metcalfe.—The Department simply carried out the orders.

Mr. Satyamurti.—What is the total expenditure on immediate relief measures.

Mr. Sarma.—On the whole, it is about 9 to 10 lakhs.

Mr. Satyamurti.—Why did you write off Rs. 10,000 to the shopkeepers ?

Mr. Sarma.—We could not recover the money from them.

Mr. Satyamurti.—Aden has gone out of our hands now. How does Italo-Abyssinian War come under D. 1 (5) ?

Sir A. Metcalfe.—Aden was mostly concerned in that war.

Mr. Satyamurti.—You kept the Chief Commissioner's post unfilled ? D. 1 (1).

Sir A. Metcalfe.—While he was on leave, his post was not filled.

Prof. Ranga.—Have we got anything in the shape of annual payment because Aden has been taken away from us ?

Chairman.—We used to pay £150,000 a year towards the administration of Aden, which has now ceased.

Prof. Ranga.—What about all the expenditure that we had incurred there ?

Chairman.—We went into that matter with great care and we came to the conclusion that it was not half a lakh either way.

Sir A. Metcalfe.—As far as I can remember, there are quite a number of Indians still employed there.

Prof. Ranga.—How do you look after their interests ?

Sir A. Metcalfe.—The Governor till recently was an officer of the Indian Political Service. We have also got an officer there who is employed as Civil Secretary. The educational officer is from the Punjab and there is also an I. M. S. officer.

Mr. Satyamurti.—Political, page 359. A.-5. Secret Expenditure. Is this not a lump sum grant ?

Mr. Sarma.—We usually make an allowance of Rs. 2,000 for each officer. It varies according to circumstances. This year an increase was necessary owing to disturbances and the extension of control.

Prof. Ranga.—At page 360. Why are these allowances withheld ?

Sir A. Metcalfe.—They are only withheld for particular offences. They are not to be restored until the Government decides to do so. I think in the case of the murder of Lt. Beatty they were fined a large amount of money.

Prof. Ranga.—The withholding of these allowances is done by you ?

Sir A. Metcalfe.—It all comes up to the Government of India.

Mr. Satyamurti.—What about the Persian Gulf business ?

Mr. Sarma.—The question is still under correspondence with His Majesty's Government.

Mr. Satyamurti.—Don't you think even the Government of India must consider the period of 8 years as rather too long to arrive at a decision ?

Sir A. Metcalfe.—We cannot force His Majesty's Government to come to a decision.

Mr. Satyamurti.—Then, let the Persian Gulf take care of itself.

Sir A. Metcalfe.—We have very important interests there which have to be looked after by us.

Prof. Ranga.—C.4 page 361. What is the explanation for this ?

Mr. Sarma.—It is given in the footnote. It is a very small excess.

Mr. Sarma.—We have to supply a car for the Resident and it has got to be maintained at Government expense. It is a mistake on the part of the Resident not to have made the provision for the upkeep of his car. He has admitted the mistake.

Prof. Ranga.—Page 361. Who appoints the diplomatic officers in Afghanistan ?

Sir A. Metcalfe.—His Majesty the King.

Mr. Satyamurti.—Page 362. Why do you pay subsidy for Muscat ?

Sir A. Metcalfe.—This is an old charge. Muscat used to have certain rights in Zanzibar which they gave up in return for a subsidy ?

Mr. Das.—Do you recover it from the Colonial Office ?

Sir A. Metcalfe.—It is a final charge. Since 1883, it has been wholly Indian charge.

Mr. Satyamurti.—Why do you give a subsidy to the Bhutan durbar ?

Mr. Sarma.—For the control of their foreign relations. This agreement was arrived at in 1865.

Mr. Satyamurti.—What are the other subsidies ?

Sir A. Metcalfe.—Payment to the Mehtar of Chitral, Sikkim Durbar and a few others.

Mr. Satyamurti.—G.-1. Why do you pay anything in connection with the late Amir of Afghanistan ?

Sir A. Metcalfe.—They are Political refugees being detained under Regulation III of 1818 and we have to pay them something.

Mr. Sarma.—We pay Rs. 100 a month to an officer of the provincial government to look after these people.

Mr. Satyamurti.—H. 2. Mainly cost of ammunition supplied to a foreign government.

Sir A. Metcalfe.—It is not supplied to them free, but payments are recovered in instalments.

Mr. Satyamurti.—Where is the recovery shown ?

Mr. Sarma.—It is credited to a special fund.

Mr. Badenoch.—You will find it on page 365.

Prof. Ranga.—In regard to the presents to Nepal, is there any chance of reducing the amount ?

Sir A. Metcalfe.—No. We have entered into a solemn engagement and we cannot go back upon it. It amounts to a treaty.

Mr. Satyamurti.—Page 365. What are the expenses of Sino-British Boundary Commission ?

Sir A. Metcalfe.—It was then the boundary of India and so we had to meet this expenditure.

Prof. Ranga.—16 lakhs : adjustment of certain expenditure in connection with expedition to Wa States ?

Chairman.—The Chinese invaded Burma. Instead of sending a military expedition, the Burma Government took on the job of repelling the invasion and they used the military police on the frontier for this purpose. When Burma claimed the expenses, the question was referred to the Auditor General for arbitration and according to his decision this expenditure was met by the Government of India.

Prof. Ranga.—When you settled accounts between Burma and India during the time of separation, could you not give credit for this also in the settlement ?

Chairman.—The Bill had not been presented. If it had been included within the scope of the settlement, the only difference would have been that instead of paying it off as a lump sum, we would have paid it off with interest in 45 years. Those were the terms of settlement. The legal opinion was that we were wrong in our contention not to pay the money to the Burma Government.

Mr. Satyamurti.—Burma instead of carrying on the war with China fought it with its military police force for which we have been making a contribution. The police charges are provincial charges even under the old Government of India Act and I say that the Government of India do not come into the picture at all, whatever the Auditor General might have said.

Mr. Sarma.—From the total cost, the police charges were deducted. Otherwise it must have been nearly 25 lakhs.

Sir A. Metcalfe.—They were only defending the frontiers of India. It was charged to Burma provincial revenues up to a certain point.

Mr. Satyamurti.—Note 7. Page 366. Transfer to the Fund for special frontier expenditure.

Mr. Sarma.—The account will be found on page 28.

Mr. Badenoch.—It was partly financed from the revenue surplus of 1934-35.

Sir A. Metcalfe.—It is a fund which gets an annual subvention.

Mr. Satyamurti.—What is it spent on ?

Sir A. Metcalfe.—On roads ; on economic development.

Mr. Satyamurti.—Note 8. What was the Lhasa mission for ?

Sir A. Metcalfe.—In order to consolidate our position there and to cultivate friendly relations with the Tibetan Government. It cost us nearly 1½ lakhs.

Mr. Satyamurti.—What is the expenditure spent upon ?

Mr. Sarma.—Pay of officers, entertainment charges and secret service, etc.

Mr. Satyamurti.—Page 367. There was a saving of eight lakhs in works expenditure.

Mr. Sarma.—It is over Rs. 8,000.

M. Satyamurti.—Irregularities—paragraph 2.

Mr. Sarma.—The irregularities relate mostly to the Provincial Government. They were responsible only for certain schemes of development pertaining to central revenues.

Mr. Satyamurti.—In paragraph 3 they say that a special committee investigated the matter and found the irregularities fully established. What is the present position.

Mr. Sarma.—We are not very much concerned with this case because the Directorate belongs to the provincial government and this paragraph refers not only to central transactions but also to the Provincial Government's transactions. They were so mixed up that we could not exactly say which irregularities related to the central revenues. We have unravelled them now.

Mr. Satyamurti.—It says that orders of Government are awaited regarding the measure of responsibility to be charged against the head of the office ?

Mr. Price.—Action has been taken against certain number of officers who were found directly responsible. Some of them were dismissed and the Directorate has now been abolished.

Prof. Ranga.—With regard to B. 2 (2) on page 370, I think it was decided last year that such changes in classification should be shown in the next budget.

Mr. Sarma.—The effect will be seen in the accounts for 1937-38.

Mr. Satyamurti.—Under C.-2 you spent about 3 lakhs odd more. Why ?

Mr. Sarma.—Under special circumstances which have been explained in paragraphs 2 and 3 of Important Comments, page 379.

Mr. Satyamurti.—Important Comments. Page 379. How does it happen that you spent more than the original appropriation ?

Mr. Sarma.—The full explanation is given in paragraphs 2 and 3.

Mr. Satyamurti.—Is this expenditure entirely on roads or does it include incidental expenses also ?

Mr. Sarma.—No, it is mostly on roads. There is a list on pages 377-78.

Mr. Satyamurti.—From paragraph 3 it appears that some new major works were carried out during the year. Were they provided for in the budget ?

Mr. Sarma.—Only one was provided ; the other two were not. Budget provision could not be made under certain special circumstances.

Mr. Satyamurti.—I should like to draw attention to the criticism in the last two lines of paragraph 8 on page 380. What has the department got to say to that ?

Mr. Rajagopalan.—It was my statement and it was accepted by the External Affairs Department as a fair statement and they had no alterations to suggest.

Mr. Sarma.—The criticism came to our notice only when the report in its final form was received. If we had seen it earlier we would have protested against it because it is unjustified. As a matter of fact the explanation in the first three lines disproves what is stated at the end.

Mr. Satyamurti.—Your original provision was 27 lakhs and you exceeded it by 6 lakhs, as is given on page 379.

Mr. Sarma.—About 3 lakhs odd was due to the Mir Ali Road which could not be foreseen. It was not included in the budget as it was incidental to the Waziristan operations. You will find on page 379 another item of 2½ lakhs for the Zhob bridge. Budget provision could not be made for it owing to certain special circumstances. That explains the excess of 6 lakhs. The list of works on pages 377—79 explains in each case how the original provision was modified and why.

Mr. Satyamurti.—This Vibro pile bridge was not due to the war ?

Mr. Sarma.—No. We had made provision for this bridge in the 1935-36 budget. We wanted to debit it to the special fund for roads but later on the Finance Department decided not to do so. When that decision was taken it was too late to make provision in the budget and the Finance Department then gave a grant of Rs. 2,23,600. For every item there has been a special reason why a modification was found necessary.

Monday the 25th July, 1938, at 11 a.m.

COMMERCE DEPARTMENT.

Mr. Satyamurti.—Creation of two posts of Additional Secretary and Attache during the year : what for ?

Mr. Slade.—Sir Thomas Stewart was put on special duty in connection with the Indo-Japanese negotiations—he was attending almost entirely to that. Mr. Dow who was then Joint Secretary was made additional Secretary so as to do all the ordinary work of the Secretary.

Mr. Satyamurti.—When was the scheme thought of by your department and sanctioned by the Finance Department ?

Mr. Slade.—The Attaché was not really part of a scheme. The Commerce Department decided that they ought to have an Under-Secretary and to have an Under-Secretary meant first of all to have a man under training.

Prof. Ranga.—But these negotiations were thought of before the budget was prepared ?

Chairman.—It was not then realised that they would continue for over six months.

Prof. Ranga.—Were these posts temporary or permanent ?

Mr. Slade.—Temporary. There is no Additional Secretary now since Sir Thomas Stewart went on leave.

Mr. Satyamurti.—As regards this special officer, was not this Insurance Bill contemplated at the time of the budget ?

Mr. Slade.—We knew that the insurance question was coming up but we did not realise that we would have to have an officer on special duty : he was actually serving in the Legislative Department—the budget provision was made through the Commerce Department.

Prof. Ranga.—C. Column 1. Did we pay for their travelling allowance and all that ?

Mr. Slade.—Yes : for the special committee held under the presidency of the Law Member to which we appointed a number of representatives of insurance interests from various parts of India. Government bore the expenses of their coming and going.

Ports and Pilotage.

Mr. Satyamurti.—There is a saving under A. 1 (2).

Mr. Sukthankar.—This is in connection with wireless operators : we were going to appoint them but the provision came later under the Ports budget.

Mr. Satyamurti.—Under A. 4 (1) there is a saving of nearly 3,000.

Mr. Sukthankar.—That was due to more pilots being on leave out of India. We do our best but if a person happens to go on leave rather suddenly we cannot help it.

Mr. Satyamurti.—What about A-4 (2) ?

Mr. Sukthankar.—It happened late in the year. It is almost unavoidable.

Mr. Satyamurti.—They are always paid their passages ?

Mr. Slade.—If they are entitled to passages they get them. These accounts are made up before the end of the year.

Mr. Satyamurti.—Who is this Nautical Adviser and what are his duties ?

Mr. Slade.—He is the general nautical adviser to the Government of India : he is attached to the Commerce Department and he advises on all these technical shipping questions. He goes to the ports mainly.

Prof. Ranga.—There is an observation with regard to this under B-3.

Mr. Sukthankar.—Yes : we are examining the adequacy of budget provision under this sub-head as it has been held that a check on touring should be applied on the basis of utility and not indirectly by the provision of limited funds.

Mr. Satyamurti.—Page 105 : C-3 (1) : Are they allowed to draw leave salary in advance—(Column 1) ?

Mr. Rajagopalan.—There is a special agreement with them.

Mr. Badenoch.—It is the same with the soldiers. I think these concessions are sanctioned by the Secretary of State and that there is a general provision under the Royal Warrant.

Mr. Satyamurti.—Page 106 : C-4 (1) : What is this privilege of an officer getting pay for March in the same month ?

Mr. Badenoch.—There are two cases in which a man may draw his pay for a broken part of the month : one is when he goes on transfer and the other when he goes on leave in the latter case for the remainder of that month if he is *ex-India* his leave salary is drawn through the High Commissioner in England or if he is in India from a treasury in another part of India.

Prof. Ranga.—In regard to this grant this is rather a general feature, I mean the advance of leave salary to an officer.

Mr. Badenoch.—You have R. I. N. officers serving as port officers in various ports.

Chairman.—Can you recover anything in case of accidents ?

Mr. Badenoch.—They may have to sign an agreement ; this is all under naval regulations. The Civil Government took over their services on terms of service admissible to them.

Prof. Ranga.—Page 111, Grants-in-aid to Vizagapatam port ?

Mr. Slade.—That has now gone to the Communications Department.

Mr. Satyamurti.—Now, please look at Notes sub-head (A) (1) (ii) you wanted Rs. 2,400 and you saved Rs. 110. It was unnecessary re-appropriation.

Mr. Badenoch.—They may have sanctioned some small extra staff and reduced other heads in order to put the provision under this head.

Prof. Ranga.—Under No. 2,—“The Controlling officer has however reported that more care”. This has appeared for the last 3 years, and I want to know if any results have appeared.

Chairman.—That is an item which is susceptible of treatment by the Finance Department on their own.

Mr. Satyamurti.—Commercial Accounts, page 107.

Mr. Slade.—There is an advisory committee which meets in Calcutta once a year at least, and it goes carefully into this position. On that Advisory Committee we have representatives of the pilots themselves and of the port Trust and the shipping interests as well. They keep a very keen eye on the receipts and expenditure.

Prof. Ranga.—It is a commercial concern, I think.

Mr. Slade.—Yes, it is a commercial concern, but it is intended not to make an actual profit ; it is really a public utility service.

Mr. Satyamurti.—Have you got a reserve fund ? At page 108, why do you have two reserves ? What do you mean by the depreciation reserve as opposed to heavy repairs reserve ? I find some of the departments are keeping more than one reserve.

Mr. Badenoch.—The depreciation contribution is really for writing down the value of the vessels as a whole. Periodically there are heavy repairs, and this heavy repairs reserve was devised in order to equalise the charge. Depreciation reserve is really for replacement, and the heavy repairs reserve is for the re-conditioning of the vessels which happens probably every 5 years. I am not sure whether shipping firms keep two reserves like this, but there is no doubt that you have these very heavy repairs bills, and repairs is a charge not against depreciation reserve but against revenue.

Chairman.—There is no doubt that repairs, whether heavy or not, have got to be charged to revenue. Mr. Satyamurti's point is, why have two reserves, why not have them rolled into one ?

Mr. Badenoch.—I think probably it is justified here. It is not quite the ordinary repairs or renewals. It is rather a separate revenue equalisation fund.

Chairman.—I think we should look into this.

Mr. Slade.—This really arises out of the special conditions which attach to the Bengal Pilot Service. They have got a big asset of two pilot vessels. These vessels normally require biggish repairs say once in 5 years.

Prof. Ranga.—How do you dispose of this surplus 1 lakh 60,000 ? At page 108, there is also a surplus here.

Mr. Badenoch.—This account is really *pro-forma*.

Mr. Satyamurti.—Page 107. “The financial year ending the 31st March may be considered very satisfactory”. Can you give any figures ? Have they been going up or going down ?

Mr. Slade.—Since then we have changed the scale of fees, and under the revised scale the figures are satisfactory.

Mr. Satyamurti.—Passage to superior officers Rs. 12,588 increased, why is that ?

Mr. Slade.—There must have been more senior pilots taking leave. These officers are entitled to passages.

Mr. Satyamurti.—Light-Houses and Light-House shipping department.

Mr. Slade.—We have practically decided to abolish one of these funds, but we are awaiting the advice of the Central Advisory Committee. We hope to be able to report to you next year.

Mr. Satyamurti.—Page 112, nett estimated expenditure through oversight.

Mr. Sukthankar.—We did not get certain bills for the Establishment Branch.

Mr. Satyamurti.—A-3, what about that ?

Mr. Sukthankar.—There the position is that the officers have to tour all over India. For instance, in Madras they have a workshop and they have to go about all over the place if any important repairs have to be carried out.

Mr. Satyamurti.—C-4, bottom page 113.

Mr. Sukthankar.—There again it is a fluctuating item. The contract rates for oil and coal have been going down.

Mr. Satyamurti.—Item D, Works, 114.

Mr. Sukthankar.—There was some misapprehension on the part of the local officers. Under B-3, Supplies and Services, there is a sub-head for maintenance and repairs of light-houses. The money was available there, but the fact that there was a separate head for Item D—Works was lost sight of.

Prof. Ranga.—E, English charges, what are these ?

Mr. Sukthankar.—That was a mistake.

Mr. Satyamurti.—Page 113, commercial appendix. Here again there are 3 reserve funds.

Mr. Sukthankar.—To the additions to replacement fund we put in 2 per cent. of the value of the assets in order to make up for the difference in the original and replacement cost of the assets. As explained by Mr. Raisman on a previous occasion, when we started the light-house fund we had to be very careful. We put the dues rather high, and we are now bringing them down.

Chairman.—Page 114, general reserve fund, depreciation reserve fund and replacement reserve fund, what is the difference between these three ?

Mr. Rajagöpalan.—The whole thing has been built up from light-house fees. If we built a light-house fund, probably all these funds would be merged into it.

Prof. Ranga.—Supposing we find that the reserves are too much, should not that money go to the general revenue ?

Mr. Rajagopalan.—No.

Mr. Satyamurti.—Under what contract, are we bound to pay to these gentlemen what has been earned as a surplus ?

Mr. Rajagopalan.—It is what has been contributed by the shipping interests.

Mr. Satyamurti.—Page 114, paragraphs 196-197. (Reads). I ask you whether these figures do not show that you are building up to large reserves.

Mr. Slade.—That certainly is the opinion of the Central Advisory Committee.

Mr. Satyamurti.—Serial No. 41 will stand over for your report next year. If we cannot get it back to the general revenues, I would rather not distribute it to the shipping lines.

Mr. Slade.—In regard to these funds, we have, so far as I know, not made any return of money. All we have done is to recalculate the dues and lower them gradually.

Prof. Ranga.—We would not like to lower the dues.

Mr. Satyamurti.—Page 172 of the Appropriation Accounts, Industries. The whole page is full of reappropriations and modifications.

Mr. Sukthankar.—We are only concerned with B, C and E.

Mr. Satyamurti.—What is this under B reserve for unforeseen developments not utilised ?

Mr. Sukthankar.—Some of the items of expenditure are unexpected, like grants to be made to All-India Exhibitions or All-India Handloom Weaving Competitions, and so on—the amounts to be paid cannot be calculated beforehand. Some of the minor administrations come up for grants. The scheme was started in 1934 and some of the provinces who think that they did not get the allotment which they should have come up for them. Some reserve has therefore to be kept in hand.

Chairman.—The point at issue is an accounting point purely and is not a question of policy. If you are supposed to provide in the budget no more than you expect to spend, and if you want to get round this and carry the balances forward you ought to do it by the device of providing five lakhs to be paid into a fund.

That applies to B. and C.

Mr. Rajagopalan.—E. and F. were provided under a misapprehension.

Mr. Satyamurti.—Has anything appreciable resulted to the woollen industry ?

Mr. Sukthankar.—Yes. A report on the grants made to the wool industry is included in the report of the annual Industries Conference.

Prof. Ranga.—We do not get that.

Mr. Sukthankar.—We will make a note of that.

Mr. Satyamurti.—Page 183 of the Accounts. Commercial Intelligence and Statistics. Are we getting any benefit out of these statistics ?

Mr. Sukthankar.—Yes, I think so.

Mr. Satyamurti.—Abandonment of proposed tours due to pressure of work at headquarters and certain anticipated tour charges not having arisen. There must be something wrong if you cannot in advance make plans for the work which you are expected to do during the year.

Chairman.—The answer to that is that the department was and is now, unless certain developments which I mentioned in the Assembly are undertaken, definitely inadequate for the statistical work of a big country, and until it is properly staffed the senior people will always find themselves having to abandon touring which they might otherwise want to do.

Mr. Satyamurti.—Joint Stock Companies, page 188. You keep your establishments under Provincial Governments.

Mr. Sukthankar.—Yes.

Mr. Satyamurti.—Why don't you run your own establishment ?

Mr. Sukthankar.—The existing arrangements are cheaper for us. We have got whole time Registrars in Bombay and Bengal.

Mr. Satyamurti.—Page 190, Controller of Patents and Designs. E. Actuary. Then there is the registration of accountants. You make some money out of it.

Mr. Sukthankar.—Yes.

Prof. Ranga.—You pay travelling allowance to the members of the Indian Accountancy Board ?

Mr. Sukthankar.—Yes.

Prof. Ranga.—They meet once or twice a year.

Mr. Sukthankar.—At least once a year.

Mr. Satyamurti.—Page 194, there is an audit comment. “ The working of the scheme has resulted in a net deficit of Rs. 24,482 since its commencement, as shown below . . . ”. Why not try to make it up by reducing your expenditure ?

Mr. Sukthankar.—When we started this we had a very highly paid Secretary. We have now a Secretary who is paid much less.

Mr. Satyamurti.—And equally competent ?

Mr. Sukthankar.—Yes.

Mr. Satyamurti.—J. 6, page 258.

Mr. Slade.—That is in connection with the trade negotiations.

Mr. Satyamurti.—Refunds, page 265—Lighthouses and lightships.

Mr. Slade.—The trouble is we cannot possibly foresee exactly. It is a legal claim and when a legal claim is made it has got to be paid.

Mr. Satyamurti.—Demand No. 95, page 409. Has this extension of the Madras Lighthouse workshop been completed ?

Mr. Sukthankar.—I think it has been completed but I am not sure.

Mr. Satyamurti.—Non-levy of customs duty on a new light vessel purchased for Rangoon district.

Mr. Sukthankar.—It was a matter of the application of the Customs Act whether a light vessel of this description should pay the duty or not.

Mr. Satyamurti.—It was held that this was not imported and you were saved that money.

Mr. Sukthankar.—Yes.

HOME DEPARTMENT.

Mr. Das.—Particularly arising out of the Home Department evidence, it was decided I think that senior officials should attend, but Home Department always sends new men.

Mr. Satyamurti.—All Departments send Secretaries : why is there an exception now ? A. (1), Pay. Explanation. Why is accurate budgeting not possible ?

Mr. Talukdar.—One Hon'ble Member took leave at the end of the year, and as regards allowances, that was due to tour expenses.

Mr. Satyamurti.—Are allowances included in tour expenses ?

Mr. Talukdar.—Certain expenses in connection with tours are paid out of this grant.

Mr. Satyamurti.—What is the position under A (2) ?

Mr. Rajagopalan.—Rs. 43,000 was the original appropriation and the amount was intended to cover the charges of the Honourable Member's travelling allowance. They get a free saloon but they also get actual expenses limited to a half fare.

Mr. Badenoch.—A (3) is haulage and that sort of thing.

Mr. Satyamurti.—B (1). Cabinet Secretary. Why was the change made

Chairman.—Sir Eric Mievile resigned and his duties were discharged by Mr. Spence and Mr. Williams in addition to their duties on a special additional pay of Rs. 300 a month.

Mr. Satyamurti.—There was a saving under B (2)—pay of establishment ?

Mr. Talukdar.—But there was a corresponding increase in the other head—pay of officers.

Mr. Satyamurti.—Why was it made in the course of the year ?

Chairman.—Having an officer doing it with an allowance threw more work on to the superintendent.

Mr. Satyamurti.—B. (4) : what is the idea ?

Mr. Talukdar.—This office was new so we did not know what would be the expenditure. This post of Cabinet Secretary was created for the first time, so we had no idea.

Prof. Ranga.—What is the total expenditure now of this Cabinet Secretary and his staff ?

Chairman.—The total budget estimate for the Cabinet Secretary in 1938-39 is under Rs. 20,000.

Mr. Satyamurti.—Note on the bottom ; total saving Rs. 40,000. What is the reason ?

Mr. Talukdar.—Due mainly to the post of Cabinet Secretary not being filled by a whole-time man.

Mr. Satyamurti.—Pages 83-85—A. (1). Pay of officer drawn in England. There is a steady habit on the part of Government servants of drawing part of their salaries in England to escape income-tax. In this case, part of the pay was drawn in England.

Mr. Talukdar.—This officer came out from England for a short while, Sir Maurice Gwyer.

Mr. Badenoch.—There were special arrangements made by him with the Government of India in the matter of drawing of his pay for work in connection with the institution of the Federal Court.

Mr. Satyamurti.—What is this continuance of temporary provision of superintendent ?

Mr. Talukdar.—One of the superintendents was put on a special job for writing a report on the moral and material progress of India, and the other was a special officer to advise on the re-organization of the Bureau of Public Information.

Mr. Satyamurti.—Why was it not provided for in the Budget ?

Mr. Talukdar.—It was decided in the middle of the year that Mr. Joyce should be brought out.

Mr. Badenoch.—In this case the Assembly made a supplementary grant and did not exercise its power of turning this down.

Mr. Satyamurti.—What are these unforeseen charges A (3) voted, etc. ?

Mr. Talukdar.—This was some time after the supplementary grant was passed. Two officers went on leave and they obtained passage advances under the rules.

Mr. Satyamurti.—Contingencies. What are the causes for this heavy expenditure ?

Mr. Talukdar.—Many telegrams had to be sent and several other things had to be done on account of the Accession.

Mr. Satyamurti.—What are the main heads on which you spend this contingency provision ?

Mr. Talukdar.—Telegram charges, mostly. We had to send telegrams to different Provincial Governments about the Accession, the Proclamation, etc.

Mr. Das.—B. Bureau of Public Information. There was no original grant for the pay of these officers ? It is increasing twofold and threefold although we expected that with provincial autonomy the bureau would be abolished ; instead, it is increasing ?

Chairman.—The Bureau is supposed to cover the whole of the activities of the Government of India and not merely those of the Home Department.

Mr. Das.—The Budget has been expanding ?

Mr. Talukdar.—The re-organization is practically complete.

Mr. Satyamurti.—B. (3) : what are the other charges ?

Mr. Talukdar.—Travelling allowances, etc.

Mr. Satyamurti.—C. (5) : Secret service, contingencies. Is it audited ?

Mr. Badenoch.—No, it is upon a declaration by the Secretary of the Home Department.

Mr. Satyamurti.—Who spends the fund ?

Mr. Talukdar.—The Director of the Intelligence Bureau.

Prof. Ranga.—They are always over-budgeting on this head. Why don't you put a lump sum cut here ?

Mr. Satyamurti.—I would say that the Committee notes that there is a consistent saving and recommends the Finance Department to put a lump sum cut here. Does the bureau function in the centrally-administered areas or in the provinces also ?

Mr. Talukdar.—We have got a central organization. There are certain local organisations also.

Mr. Satyamurti.—Under the new Act, does this Bureau function in the provinces also ?

Prof. Ranga.—I would like to know whether any part of this money is being spent in the various provinces ?

Chairman.—I have no doubt that officers of the Bureau are stationed in the various provinces, but it is a purely central organization.

Prof. Ranga.—Has the local Inspector General no control over them ?

Mr. Talukdar.—They are controlled from here. All this is financed by the Central Government.

Mr. Satyamurti.—What are these contingencies under D. (6) ?

Mr. Talukdar.—There was an increase of Rs. 33,000 due to disturbances in Waziristan. This intelligence organization is linked up with defence also.

Prof. Ranga.—Does this not operate as one of those hidden additional items of expenditure upon defence ? What is the position in England ?

Mr. Satyamurti.—Why does the Home Department bear the expenses on account of the disturbances in Waziristan ?

Mr. Talukdar.—It was necessary for us to obtain information for peace and order.

Chairman.—There was a good deal of activity in the administered areas as well as in the tribal areas.

Mr. Satyamurti.—There is a province there.

Chairman.—Presumably, they supply information to the provinces as well.

Mr. Satyamurti.—E.-1 : What is this post of an Additional Secretary which has remained in abeyance ?

Mr. Talukdar.—The officer went to England and did not come back.

Mr. Satyamurti.—Was there no acting arrangement made for all this period ?

Chairman.—When Sir James Dunnett retired just before the new Constitution came into operation there was only one post kept on instead of two.

Mr. Satyamurti.—Is it a permanent reduction ?

Mr. Talukdar.—Yes.

Mr. Satyamurti.—E.-2. The ministerial establishment was also abolished permanently ?

Mr. Talukdar.—Yes.

Mr. Satyamurti.—Who was on special duty to the India Office ?

Mr. Talukdar.—Mr. B. N. Rau was on deputation. It was in connection with adaptation orders.

Mr. Satyamurti.—Why was it unforeseen ?

Mr. Badenoch.—I think the India Office said that they could do the work better if an officer were deputed from here. There was a big Order in Council to be passed and the India Office suggested that Mr. Rau should go home.

Mr. Satyamurti.—What is this Additional Joint Secretary to the Indian States ? How does the Home Department come in here ?

Mr. Badenoch.—I think he toured as a member of the Reforms Department. The Reforms Office is charged to the Home Department.

Public Service Commission.

Mr. Satyamurti.—Who appoints the Public Service Commission ?

Mr. Talukdar.—The Governor General in his discretion.

Mr. Satyamurti.—Does this Commission control all examinations ?

Mr. Talukdar.—Yes ; but there are one or two departmental examinations, e.g., under the Posts and Telegraphs Department and some other Departments.

Mr. Satyamurti.—Why are they not brought under the Public Service Commission ?

Mr. Talukdar.—Because these examinations are held in local areas.

Administration of Justice.

Mr. Satyamurti.—Where do you administer justice ?

Mr. Talukdar.—We make certain grants to different provinces.

Mr. Satyamurti.—What is the system under which you obtain the services of law officers ?

Mr. Talukdar.—The system has been changed now, but previously it was the custom to make a grant, *e.g.*, to the Bengal Government for the services of the Advocate General and the services of the Legal Remembrancer.

Mr. Satyamurti.—For cases, in which the Government of India was interested ?

Mr. Talukdar.—Yes.

Mr. Satyamurti.—What is the system now ?

Mr. Talukdar.—We make a small grant to the Bengal Government because we still utilise the services of the Legal Remembrancer.

Police.

Mr. Satyamurti.—What is this police for ? Where do you come in ?

Mr. Talukdar.—We make certain grants to the Provincial Governments. For example, we pay for the police to guard the currency offices.

Mr. Satyamurti.—What is this Gujrat States Agency Police ?

Mr. Talukdar.—That is a different thing.

Mr. Satyamurti.—What do we pay them for ?

Mr. Talukdar.—We have, for example, railways there.

Mr. Das.—That is included under ' Political '.

Mr. Satyamurti.—What is this Police ? If you look at the Political Department, you will find there is police also there.

Mr. Badenoch.—As a matter of fact, this point was raised before. The question was why some of the police should go under the Home Department.

Mr. Satyamurti.—This thing ought to be cleared up.

Chairman.—You might get from the Home Department a little information as to what the Gujrat Agency State Police means : why are they there and what do they do ? Please let us have this information by Wednesday.

Mr. Satyamurti.—C.: Could you give any information from your files as to what are the heads under which we pay lump sum charges to Provincial Governments ?

Mr. Talukdar.—The main heads are given in the Demands for Grants.

Census.

Mr. Satyamurti.—We recommended last year that this grant should be amalgamated with the Miscellaneous.

Grant No. 76.

Mr. Satyamurti.—To whom do you subscribe this amount ?

Mr. Talukdar.—To Reuters generally.

Mr. Satyamurti.—What is the consideration which you get from them ?

Mr. Talukdar.—They supply us telegrams as soon as they receive them.

Mr. Satyamurti.—Are they worth Rs. 61,000 a year ?

Chairman.—The amount goes to Reuter, Indian News Agency and the Associated Press.

Mr. Satyamurti.—I am putting to the witness a question which perhaps he cannot answer, but I want the question to be recorded. Is this or is this not a subsidy to this News Agency in order that it may serve Governmental purposes ? The amount comes to over Rs. 5,000 a month.

Mr. Talukdar.—We get service out of them.

Mr. Satyamurti.—J. 7 : Why do you pay this money ?

Mr. Talukdar.—We decided that we should pay a part of the cost.

DELHI.

Mr. Das.—I have a general question to ask : Two years ago we asked the Delhi Administration to expedite its administration report but it was only published on the 20th of this month and I got a copy of it day before yesterday. Why is the Delhi Administration so late in publishing its administration report ?

Mr. Talukdar.—We are taking steps to expedite it.

Monday, the 25th July, 1938, 2-40 p.m.

LEGISLATIVE DEPARTMENT.

Mr. Satyamurti.—Page 80. Item B. Are these official Members whose allowances were non-voted ?

Mr. Spence.—Yes.

Mr. Satyamurti.—Do they get allowances as official Members ?

Mr. Spence.—Yes ; they get daily allowance and halting allowance when they come from the Provinces. If their salary is non-voted, then their allowances also are non-voted.

Mr. Badenoch.—The classification of allowances is non-voted when the officer is non-voted. It is a ruling given by the Secretary of State.

Mr. Satyamurti.—Page 258. How many delegations do you send every year ?

Mr. Spence.—We send annually one to the Assembly of the League. The normal strength of the delegation in recent years have been 3 or 4 and one substitute delegate.

Mr. Satyamurti.—Do you always send one delegate from the Indian State ?

Mr. Spence.—By convention one is always sent. They do not pay for the delegates.

Mr. Satyamurti.—The Indian States should foot the bill for their delegates ?

Mr. Spence.—We send a delegate from the States because the Member to be represented is India including the States. That is part of the financial arrangement between the Government of India and Indian States.

Mr. Satyamurti.—What are the considerations which the Government of India bring to bear in the selection of these delegates ?

Mr. Spence.—Whom they think will represent the Government of India properly.

Mr. Satyamurti.—Any terms of reference ?

Mr. Spence.—They get definite briefs on all matters. They are actually handed the briefs at the time by the India office.

Mr. Satyamurti.—What about these wireless bulletins ?

Mr. Spence.—There are certain wireless messages sent out by the League of Nations and on the basis that the telegraphs department is a commercial department, we pay it for the costs involved in respect of these messages. We have now discontinued the weekly transmission of news.

Mr. Satyamurti.—What money does the League spend in our country ?

Mr. Spence.—They keep a branch office of the Secretariat and also a branch office of the International Labour office. They pay for the establishment of these offices.

Mr. Satyamurti.—Do delegates report to you after each session of the Assembly ?

Mr. Spence.—Yes and a copy is sent to every Member.

FINANCE DEPARTMENT.

Mr. Satyamurti.—Page 536 : Finance and Revenue Accounts, 1936-37. Silver redemption reserve. You have got to pay the Reserve Bank in the form of bank notes or securities or gold ?

Chairman.—They can only insist on two-fifths of the total being in gold or sterling securities in certain contingencies. At present we pay them only in Treasury Bills.

Mr. Satyamurti.—You have now abolished the gold standard reserve and the paper currency reserve ?

Chairman.—Yes.

Mr. Satyamurti.—Pages 204 and 205 : There are two accounts. The new reserve called the silver redemption reserve and the surplus silver stock account are both kept for the same purpose.

Chairman.—Silver redemption reserve is merely on account of the securities. It is a balance sheet of the silver redemption reserve, that is, any income from the securities and any appreciation or depreciation in the capital value.

Mr. Satyamurti.—Is silver redemption reserve kept in sterling securities ?

Chairman.—Yes, to satisfy an obligation. It is intended to be 10 crores.

Mr. Satyamurti.—What is it now ?

Mr. Sanjiva Row.—It is approximately the same. It ought to be 7½ millions but on account of the depreciation in the market value, it is a little less than that.

Mr. Satyamurti.—What is this account, purchases and sales of silver ? You have got a balance of 39 crores.

Mr. Sanjiva Row.—It represents losses on sales of silver, since we began the sale of silver in 1927.

Chairman.—There was a difference between the value at which we held the silver in the currency reserve and the market value. We held in the currency reserve at face value.

Mr. Satyamurti.—What does this 39 crores represent ?

Chairman.—It means that, in respect of the silver we have sold since we resumed the sale of surplus silver in 1927, there was a loss on those particular transactions. It does not include any profit in respect of any earlier transactions and in respect of silver now under circulation.

Mr. Satyamurti.—This is then merely a book debt. Why not write it off ? What is the idea of keeping it ?

Mr. Sanjiva Row.—The idea why we kept it separate is this. We have a surplus stock of silver and when we sell it the sale proceeds are credited against this debt.

Mr. Satyamurti.—You are intercepting the profits of sales of silver going to general revenues ?

Chairman.—There is no revenue profit. It is a capital receipt. You have got a capital debt which is 1,200 crores and you hold against that certain assets. One of these assets is the stock of silver. If you sell silver and pay your debt, you are reducing your debt. This account relates to no identifiable part of the transaction. It is included in the total gross debt and when you appropriate to this the proceeds of sales of silver, actually you appropriate to the general debt account and reduce the capital of your debt.

Mr. Badenoch.—Actually I think we decided to keep this loss in suspense because we were going to credit to it the gain by the revaluation of certain securities.

Mr. Sanjiva Row.—That was the justification for our keeping this account separate before 1st April 1935. After 1st April 1935, we have kept it separate because we have got a stock of silver.

Chairman.—To all intents and purpose the position of the stock of silver is that given on pages 204 and 205 of the Appropriation Accounts.

Mr. Satyamurti.—Is this surplus stock of silver composed of bullion held at the mint ?

Mr. Sanjiva Row.—This is the stock of surplus silver that is available either for our coinage or for sale if it is finally proved to be surplus.

Mr. Satyamurti.—In 1936-37, the sale proceeds were 8 lakhs 99 thousand ?

Mr. Sanjiva Row.—Yes.

Mr. Satyamurti.—It has gone to reduce our debt ?

Mr. Sanjiva Row.—Yes.

Mr. Satyamurti.—May I take it that every pie that you make on the sale of silver automatically goes to the reduction of debt ?

Chairman.—If silver is sold the proceeds automatically go to the redemption of debt. They do not go into the budget at all.

Mr. Satyamurti.—Then there is no necessity for that account ?

Mr. Sanjiva Row.—You will require an annual account for showing the various items which are included in that account.

Mr. Satyamurti.—Is there a consolidated account which shows all the items taken to redemption of debt ?

Mr. Badenoch.—No. It will be a compilation of a number of items shown in different accounts.

Mr. Satyamurti.—We should like to have such a compilation.

Chairman.—We will consider that.

Mr. Badenoch.—With regard to the abolition of this account you might write off that big item which has been in suspense account for a number of years. But I think you still want an account for these items which are described at the end of page 538.

Chairman.—I think next year we might prepare a note about this, specifically applying our minds to the question, in consultation with the Auditor General, whether this account serves any useful purpose.

Mr. Badenoch.—The point is whether that one item of 39 crores should be written off or not.

Mr. Satyamurti.—I am quite sure that it must be written off. It is a fictitious account which serves no purpose.

Chairman.—We have promised to consider the question and put in a note next year.

Mr. Satyamurti.—That year, you sold 8 lakhs and 99 thousand worth of silver. What were the considerations on account of which you decided to sell it ?

Mr. Sanjiva Row.—It was a hang-over of old contracts.

Mr. Satyamurti.—I wish to understand one thing. Our note issue is 186 crores. Have you full security for that ?

Chairman.—Yes ; you must have. Your issue department must show a complete balance, and so far as the note issue is not backed by gold or sterling securities, it must be backed by rupees and rupee securities.

Mr. Satyamurti.—With reference to the surplus in the reserves (p. 536) am I right in saying that none of it was used for general purposes ?

Mr. Sanjiva Row.—It was utilised for reducing the debt.

Mr. Satyamurti.—How much did you spend for redemption of debt ?

Mr. Sanjiva Row.—You find that below,—2 crores and 95 lakhs.

Mr. Satyamurti.—While considering whether this thing should be written off, I want this point also to be considered that Government should have the right to use the proceeds of the sale of silver either for giving relief to the taxpayer or the reduction of debt.

Mr. Das.—In the Reserve Bank Bill select committee we discussed this threadbare and we said that the Government of India should keep this surplus silver as far as possible in their own hands to meet future emergencies and should not sell it. It should be used for the reduction of debt.

Mint.

Mr. Satyamurti.—Page 208—Appropriation Accounts. I think, Mr. Chairman, you and the Reserve Bank settle whatever currency is to be issued year after year, by convention ?

Chairman.—Yes, they supply the treasuries.

Mr. Satyamurti.—I think the Mint is managed by the Government of India ?

Chairman.—Yes, we measure the supply simply by the indent of the Reserve Bank.

Mr. Satyamurti.—And they decide it finally ?

Chairman.—Yes. They depend upon the indents which they receive from the various treasuries.

Mr. Satyamurti.—With regard to B-4, do you employ casual labour in the Refinery ?

Mr. Sanjiva Row.—Yes ; there are systems of check and all that.

Mr. Satyamurti.—Then kindly look at B.-10.

Mr. Badenoch.—I do not think I was responsible for the time when the adjustment was made : I was responsible for agreeing to the adjustment. The question of time is entirely a matter for the Government.

Mr. Sanjiva Row.—At page 207 it comes under purchases and sales of silver. It was wrongly debited to that head instead of being debited to this head : it was simply a transfer.

Prof. Ranga.—What is this refining of gold ? You do not mint gold sovereigns ?

Mr. Sanjiva Row.—This is actually gold refined for the public : the public bring us gold which is impure, we refine it and we charge them fees for it.

Prof. Ranga.—Have you come to any decision about these nickel four-anna coins ? There is such a lot of counterfeiting ?

Mr. Sanjiva Row.—We do not coin nickel four-anna pieces now : we coin only silver four-anna coins.

Mr. Satyamurti.—With regard to this review of the stores position, what are these other stores ? Are they metals ?

Mr. Sanjiva Row.—Yes. We have increased the stocks from three months to six months.

Mr. Satyamurti.—What about the audit comment at the bottom of page 211 ?

Mr. Sanjiva Row.—There is a difference between the two items. Certain items have no saleable value outside and they are required only occasionally, as a matter of fact I think they have been carried over from war time : we cannot dispose of them in the market. As regards the closing balance of Rs. 2 lakhs odd at page 212, it depends upon the amount of coinage. Now there is no coinage of rupees : if we resume coinage of rupees then all these stores will be consumed.

Chairman.—If you call in the Empress rupees, sooner or later you will have to start coining : the calling in of these rupees is being facilitated by the general demand for more notes.

Mr. Satyamurti.—Superannuation Allowances and Pensions : has there been any change in this grant ?

Mr. Sanjiva Row.—No.

Mr. Satyamurti.—What is the difference between superannuation allowance and pension ?

Mr. Badenoch.—As far as I can see, we apply the word pension to certain odd payments, and superannuation allowances are what are generally paid : this nomenclature has survived from Sir James Westland's time.

Mr. Satyamurti.—Both of them are charged to revenue ?

Mr. Sanjiva Row.—Yes.

Grant No. 74.

Mr. Satyamurti.—Page 239 : A : there is a saving of Rs. 1,64,837 ?

Mr. Sanjiva Row.—We transferred the staff of the Controller of Currency to the Reserve Bank and we credited to the bank their accrued pension contribution and provident fund contributions and so on on an actuarial valuation—it was a very ticklish and complicated job.

Mr. Satyamurti.—And the Postal Department ?

Mr. Badenoch.—The Postal Department meant a very much bigger figure—over Rs. 30 lakhs or 40 lakhs.

Mr. Satyamurti.—Look at C—Voted : there is a saving of Rs. 72,000 ?

Chairman.—The staff transferred to the Reserve Bank had earned certain pensions by way of service up to the date of transfer : the arrangement was that, when they finally retired from the Reserve Bank, the bank would pay their pensions in respect of their whole service, and we would pay them a lump sum of the accrued value of their pensions up to date. We did pay and we could not calculate the amount exactly when making the budget.

Mr. Satyamurti.—What about D ? Is it because you could not anticipate it correctly at the budget time ?

Mr. Badenoch.—It was proposed by the A. G. C. R. and cut out by Mr. Row.

Mr. Sanjiva Row.—This was the first year in which the change was made.

Mr. Satyamurti.—What about item I on page 240 ? Are all these financed from ordinary revenue ?

Mr. Sanjiva Row.—In the case of commuted value, we first debit it to capital and then it is transferred to revenue in 15 instalments.

Mr. Satyamurti.—These adjustments at page 412 were made at the end of the year and we cannot follow them.

Chairman.—Mr. Row, you had better look up what happened : it has obviously passed your memory and mine.

Mr. Satyamurti.—Item L. 3 : what is the saving due to ?

Mr. Sanjiva Row.—There is a gradual decrease under this head : we provided for a certain amount of decrease but the actual amount was less. The estimates are framed in December and January and you do not know how many are going to die in the year.

Mr. Badenoch.—The accounts on this page are very puzzling : there are a certain number of recoveries from other Governments and also adjustments of commuted value. When pensions are shared between one Government and another, the other Government very often pays the commuted value of their portion of the pension to the central Government and that becomes a credit in the central Government's accounts. That is why this head sometimes ends in a credit and not in a debit. The corresponding variations you will find in Grant 96.

Mr. Satyamurti.—Page 241 : Item L. 4. Do you scrutinise the High Commissioner's demands, or do you merely accept them ?

Mr. Sanjiva Row.—Not exactly : we do scrutinise them.

Mr. Satyamurti.—As regards item D. 2 (1) at page 256, how do you come into this ?

Mr. Sanjiva Row.—We are not responsible for it : it is the Home Department.

Chairman.—That Coal Mining Committee to the best of my belief was a consequence of that explosion in Bihar.

Mr. Satyamurti.—The Delhi Electricity Committee could have been foreseen.

Chairman.—I do not think so : to the best of my belief it arose in connection with the Delhi Improvement Trust. The suggestion emanated from the Finance Department first when the scheme came up for a joint water board and the corresponding question of a joint electricity authority arose and a committee was set up.

Mr. Satyamurti.—Item F. : if there was a change in the weather, more electricity would be used.

Chairman.—Was not that a very hot year ?

Mr. Sanjiva Row.—Yes.

Mr. Satyamurti.—Item G : To whom do you pay these grants ?

Mr. Sanjiva Row.—To the Postal Department. In the case of post offices which are not paying the local Government has to pay a guarantee to the postal department : these are in central areas and as the local Government, we have to pay.

Prof. Banga.—Master Security Printing Press, do they need cheque books, or do they supply them ?

Mr. Sanjiva Row.—Yes, they supply cheque books to the various Departments of the Government of India. We manufacture our own cheques.

Mr. Satyamurti.—What are these other charges under L. ?

Mr. Sanjiva Row.—These are mainly in Persia.

Mr. Sanjiva Row.—These relate to the Bombay Military Lands scheme, what are these ?

Mr. Sanjiva Row.—These relate to the Bombay Military Lands scheme

Mr. Satyamurti.—You budgeted for Rs. 80,000 and spent only Rs. 15,000.

Mr. Sanjiva Row.—At first the whole scheme was being managed by the Bombay Government, and then we transferred a part of it to the Central P. W. D. It was done as a matter of economy, because it was managed by the Bombay Government most expensively.

Mr. Satyamurti.—Note 4, page 260. Why do you pay to the Reserve Bank of India for the management of the Mysore Government loans ?

Mr. Sanjiva Row.—It is a reciprocal arrangement between the Mysore Government and the Government of India.

Mr. Satyamurti.—Why do you pay Rs. 22,000, charges in connection with the Orissa province ?

Mr. Sanjiva Row.—There again the Auditor General gave a ruling that it was central, and not provincial expenditure.

Prof. Ranga.—What is meant by item 5, at the bottom of page 260 ?

Mr. Sanjiva Row.—They were Burma expedition advances.

GRANT No. 76-A.

Mr. Satyamurti.—Page 261. Expenditure on retrenched personnel. What does it mean ?

Mr. Sanjiva Row.—During the retrenchment days we sent away a number of people, and we had to pay them leave charges. This relates mainly to leave salaries and repatriation charges.

GRANT No. 76-B.

Mr. Satyamurti.—Page 262, miscellaneous adjustments. I take it that after the Reforms these adjustments will disappear.

Mr. Sanjiva Row.—No. They will appear under separate heads.

Mr. Satyamurti.—What is this compensation to Burma for loss of match duty ?

Chairman.—Burma had a match duty, and we had to give it to her as before. We shall not give it hereafter. Henceforth they will collect their own excise.

Mr. Satyamurti.—Take serial No. 12.

Chairman.—Sir Ernest Burdon is examining that question now.

Mr. Satyamurti.—Our salaries cost 26 lakhs, and we are getting from His Majesty's Government 12 lakhs ?

Mr. Sanjiva Row.—This is under the old arrangement.

GRANT No. 86.

Mr. Satyamurti.—Item No. D.-1, Grants-in-aid towards the expenses of the Secretariat, which Secretariat is it ?

Mr. Sanjiva Row.—Secretariat of the League of Nations.

Mr. Satyamurti.—We then go to the Secretary of State's Accounts. Para. 2. When was the undertaking given by His Majesty's Government to pay the expenses of the India Office ?

Mr. Sanjiva Row.—It was fixed in 1921 when the new reforms were inaugurated, and then it was being revised from time to time with reference to the cost of living bonus, etc.

Mr. Satyamurti.—Was it agreed to between the Government of India and the Secretary of State or did they themselves fix it ?

Mr. Sanjiva Row.—Under the old Government of India Act the salaries of the Secretary of State and also of the Under Secretary of State had to be borne by His Majesty's Government.

Mr. Satyamurti.—Was there any revision of that ? Are they paying us anything more ?

Mr. Sanjiva Row.—Now we have to pay only for agency functions.

Mr. Satyamurti.—Once we define what the agency functions are, and transfer them to the High Commissioner, there will be no difficulty ?

Chairman.—We are arguing it.

Prof. Ranga.—Para. 4. The Secretary of State has exceeded his allotment by £1,257. Who authorises this ? Is his expenditure sanctioned by us ?

Mr. Sanjiva Row.—If it is voted. This is non-voted.

Mr. Satyamurti.—I think in India even for non-voted they come to you. What is the difficulty in these days of wireless and cables to come to you for sanction ?

Mr. Badenoch.—The Secretary of State cannot now sanction expenditure ; he has got to come to the Government of India for sanction under the new constitution.

GRANT No. 87.

Mr. Satyamurti.—Page 350. Is the High Commissioner's staff fixed by the Government of India or by himself ?

Chairman.—By the Government of India.

Mr. Satyamurti.—Then we should as a Committee recommend to the Finance Department that the adequacy or inadequacy of his staff should be carefully examined.

Mr. Satyamurti.—B.-3, Rs. 4,000 for contingencies. There is really something wrong here. What happened to the old car ? The new incumbent could have used the old car for a few months more.

Chairman.—Change of incumbency.

Mr. Satyamurti.—Are the officers at Milan. Hamburg and other places controlled by the High Commissioner ?

Mr. Sanjiva Row.—Yes.

Mr. Satyamurti.—Gross and net cost of the High Commissioner's establishment—paragraph 1 of his report. (Reads). We have dealt with that.

Non-voted appropriation—Territorial and Political Pensions.—What are these Carnatic stipends for ? Are they perpetual ?

Mr. Sanjiva Row.—To the Nawabs of the Carnatic. They are perpetual.

Mr. Satyamurti.—The Tanjore pensions are the same ?

Mr. Sanjiva Row.—Yes.

Mr. Satyamurti.—Pensions to Maharaja Aditya Narain Singh Bahadur of Benares.

Mr. Das.—He is a feudatory chief, and why should he get this pension ?

Mr. Sanjiva Row.—I think you raised this question with the Political Department last year.

Mr. Satyamurti.—Why don't you transfer them to the Political Department ?

Mr. Sanjiva Row.—They have already been transferred.

Mr. Satyamurti.—Page 395—Capital Outlay on Security Printing.

Mr. Sanjiva Row.—This is a capital head.

Mr. Badenoch.—This capital head is going to be abolished and the provision will come under the revenue head. This is only a token grant.

Mr. Satyamurti.—Currency—Capital Outlay—page 403.

Mr. Badenoch.—That also goes. It will be a separate section of the revenue grant.

Mr. Satyamurti.—In C, D, E, there have been considerable variations. No doubt, it is a vanishing account.

Prof. Ranga.—Is this scrap machinery ?

Chairman.—Sale of scrap.

Mr. Satyamurti.—We go to the Commuted value of Pensions—pages 411 and 412. There are a number of variations.

Mr. Rajagopalan.—It is connected with the other head as I told you.

Mr. Satyamurti.—The percentages of final savings in the voted and non-voted sections of the grant this year are 5.5 and 25.7 against 4.1 and .66 respectively in 1935-36.

Chairman.—There was the transfer to Posts and Telegraphs and the Reserve Bank.

Mr. Satyamurti.—Expenditure on retrenched personnel charged to Capital. No remarks. Interest Free Advances—pages 419-420. To whom are these given ?

Mr. Sanjiva Row.—These are mostly to Government servants. This 58 lakhs was for the provinces as well as for the centre till the end of 1936-37. We do not do it now.

Mr. Satyamurti.—Let us go to Loans and Advances bearing interest. Advances to the Provincial Loans Fund. That has gone.

Mr. Sanjiva Row.—Yes.

Mr. Satyamurti.—Advances to Provincial Governments. Will that go on ?

Chairman.—Before the end of 1936 or 1937 we wrote to the Provincial Governments telling them the conditions on which they would have to operate loans in future. We laid down the very salutary principle that they would have to go to the market and borrow on their own credit and we would not come in at all except in respect of past transactions.

Mr. Das.—You borrowed for the U. P. and Bombay ?

Chairman.—We did not in the least borrow for them. They borrowed themselves in the market.

Mr. Satyamurti.—A.4 (2). Who are these notabilities to whom you give money ?

Chairman.—It is merely a survival on a very small scale.

Mr. Satyamurti.—What are these loans to mufussil municipalities ?

Mr. Sanjiva Row.—Municipalities in central areas.

Mr. Satyamurti.—You provide 4 lakhs, you wanted a reappropriation of 50,000 and you spend one lakh.

Chairman.—That is the New Delhi Municipality—electricity scheme.

Mr. Satyamurti.—Miscellaneous loans and advances—A.4 (7). That is Quetta. Loans to Port Funds.

Chairman.—The Cochin Durbar wanted to complete the fourth stage of the Cochin Harbour Works, but instead of drawing the whole amount in that year they have only drawn half of it.

Mr. Satyamurti.—They asked you to provide so much and then they tell you, we shall not want the whole of it. Why don't you charge interest on the amounts that they have not drawn ?

Chairman.—I am quite content if they draw less money than is provided in the original agreement.

Mr. Satyamurti.—Loans to Government servants.

Mr. Badenoch.—Government have stopped from 1st April motor car and house building advances.

Mr. Satyamurti.—A.6. Loans to the Government of Coorg. An additional loan was sanctioned for advances to coffee planters.

Chairman.—This was lent to the Government of Coorg and the other to the cultivators.

Mr. Satyamurti.—What is the rate of interest you charge ?

Chairman.—This was lent to the Government of Coorg. I imagine we charge a little higher rate in order to compensate for the risk.

Prof. Ranga.—I hope you won't make a free gift of all these things to the Mysore Government when you transfer Coorg to them.

Mr. Satyamurti.—What is this reserve of 10 lakhs at page 423 ?

Mr. Sanjiva Row.—That is to meet some unforeseen demands.

Mr. Satyamurti.—After all, you have saved 2 crores and 15 lakhs and is it necessary for you to provide another 10 lakhs ? I would like the Finance Department to examine the point when savings have accrued year after year under this grant.

Tuesday, the 26th July, 1938, at 11 a.m.

THE POSTS AND TELEGRAPHS DEPARTMENT.

Mr. Satyamurti.—On page 1 of your annual report you have given the financial results of the working of the Indian Posts and Telegraphs Department. You know that both the telegraphs and radios sustained losses that year to the extent of 30 lakhs and 2½ lakhs respectively. We have discussed this matter more than once in this Committee but I should like to know how the position with regard to radios stands now? Is the revenue catching up the expenditure?

Mr. Bewoor.—On the radio, we expect this year (1937-38) to meet our expenditure, which is mainly due to the expansion of the work.

Mr. Satyamurti.—Therefore, it may be taken for granted that within a year or so it will become self-supporting?

Mr. Bewoor.—Yes.

Mr. Satyamurti.—With regard to telegraphs, the figures are still about 30 lakhs between revenue and expenditure. Is there any possibility of bridging the gulf at all?

Mr. Bewoor.—If the Committee will bear with me on this important question of the loss on telegraphs, I would like to explain the position at some length. The Public Accounts Committee had at its last meeting expressed its dismay at the continued loss occurring in connection with the Telegraph Branch and had asked the Department to do what it can. The question of the loss in the working of the Telegraph Branch has been under consideration for a considerably long time. As you are aware, the commercial system of accounting was started only in 1925-26, and in that year the loss was about 7 lakhs. This figure includes the loss on the Wireless Branch which has now been separated. At that time, it was not separated. The question of loss on the working of the Telegraph Branch was first examined by a Committee in 1924-25. It was then considered by the Posts and Telegraphs Sub-Committee of the Retrenchment Committee, by the Postal Accounts Inquiry Committee and by the Telegraph Establishments Inquiry Committee. That is to say, four Committees have during the period 1924 to 1936 gone into this question and made certain recommendations. All these recommendations have, in the main, been adopted and attempts have been made to bring down the loss on the working. If you please look at the statement, you will see that the loss in 1928-29 was 29.55 lakhs minus 5 lakhs which was for the Wireless. The loss then went up to 61 lakhs in 1930-31. What I wish to point out is that we have made an attempt to bring it down. The losses shown in 1932-33, 1933-34 and 1934-35 are rather exceptional because in the first year we had a 10 per cent. cut and in the next two years a 5 per cent. cut and further in 1934-35 we did not make the full contribution to the Depreciation Fund. The loss in 1936-37 came down to 30 lakhs and in 1937-38 the loss is expected to be 17.43 lakhs. This figure is, of course, provisional. The point that I wish to make out, therefore, is that the Department has made an effort and has brought down the loss. The measures which we have taken to do this may be summarised as follows :

Conversion of departmental telegraph offices into combined offices, which enables us to employ men on a lesser scale of pay. Stoppage of recruitment to the general service and its final abolition. The scale of pay for the general service is very high. Introduction of a Circle service with a lower scale of pay. Introduction of high speed machine telegraphy requiring the employment of a lesser number of signallers. Revision of the standard of outturn involving the employment of a lesser number of operators. Revision of the standards justifying the employment of a lesser number of supervisors and other higher officers.

The Chief reason why, in spite of all these efforts, we have not been able to catch up our expenditure is the fall in traffic. The number of paid telegrams which, in 1925-26, was in the neighbourhood of 19 millions rose to 20 millions in 1928-29, which was our highest point. Our receipts in that year were Rs. 2,94,91,000. At that time the telegraph rate was 12 annas for 12 words minimum. The number of paid telegrams fell steadily from that year to 15.50 millions in 1933-34 but in 1934-35 it rose to 17 millions. In this year we reduced our telegraph charges from 13 annas for 12 words to 9 annas for 8 words. The average receipt per telegram which was Rs. 1.6 in 1933-34 fell to Rs. 1.35 in 1936-37. That is the effect of the reduced rates. The principal reason for the loss on the Telegraph Branch is the want of sufficient traffic. Lines and offices have got to be maintained and the only saving that can be made is on staff. We have brought down the working expenses excluding interest and depreciation steadily from Rs. 2,51,00,000 in 1930-31 to Rs. 2,11,00,000 in 1937-38. That is a drop of 40 lakhs. Interest and depreciation form, however, a very substantial portion of the total expenditure and there is little possibility of reducing those charges materially. We have got to provide for depreciation and interest has got to be paid on the capital. Recent investigations seem to indicate that retrenchment and economy on the telegraph side have probably gone too far and have affected efficiency. I wish to emphasise this point that we have been perhaps making too much economies by cutting down the staff with a desire to bring expenditure and revenue together. A telegraph service must be a speedy and accurate service and if these essentials cannot be secured, the traffic itself must deteriorate. We may therefore have to face an increase in working expenses in order to improve the efficiency of the service so as to attract more traffic. I may mention to the Committee that we recently had an officer appointed to go into the question of the effect of the various orders passed by Government on the proposals of the various Committees which made recommendations to secure economy. This officer has submitted his report making certain suggestions which involve some additional cost. That matter is at present under consideration. The Committee is aware that the account of the working of the Telegraph Branch is a commercial account. Each Branch of the Posts and Telegraphs Department has its credits for services rendered and its debits for services which it receives. In making these credits and debits certain principles are observed. I would now mention the steps we are taking to improve the position of the Telegraph Branch. To avoid increasing capital expenditure too much, we are trying to increase circuits by installing carrier equipment about which a paragraph has appeared this morning in the papers. The idea is to get more work out of the existing telegraph lines without increasing the capital cost to the same extent as would happen if

new lines were constructed. The second point is about the rent of wires. All the lines belong to the Telegraph Branch and the Telephone Branch which uses these wires pays rent to the Telegraph Branch for the use of the wires. As it is, the Telephone Branch uses mostly copper wires and the rent we are charging for these wires should be higher than it is because copper is more expensive than iron. We have recently made separate calculation for copper wires and for iron wires and the rent should ordinarily be Rs. 19 for iron wire per mile per annum and Rs. 31 for copper wire per mile, whereas we are now charging Rs. 24 per mile for iron as well as copper wire.

Prof. Ranga.—What will be the effect on telephones ?

Mr. Bewoor.—The telephone will have to pay more out of its revenues for the use of the copper wires and the Telegraph Branch would receive a higher credit. There are about 51,000 miles of trunk line and if we charge Rs. 7 extra, it would mean 3½ lakhs extra to the Telephone Branch.

Another point is about the division of the total depreciation contribution. We are now making a contribution of 23½ lakhs per annum—it used to be 25 lakhs before the separation of Burma. This amount is divided between post office, telegraph and telephone. The first year we divided this amount between the different branches in the exact proportion of the capital of each Branch. Afterwards we discovered that the post office assets, had a much longer life than the assets of the telegraphs and the telephones branches and it was therefore not fair to charge to the post office branch its share of depreciation on the exact proportion of its capital. So, the amount that we have charged to the Postal Branch is less but so far, between Telegraphs and Telephones we have made no distinction. We have charged them according to the proportion of their capital. But telephone assets have a shorter life than telegraphs and it is now under consideration whether it is correct to divide the depreciation contribution between the two branches in proportion to their capital. The result may be that a little less would be charged to the Telegraph Branch and a little more to the Telephone Branch.

Then, there is another point which I wish to bring to the notice of the Committee. We have what we call 'multiple press telegrams'. If a person sends an identical telegram to four different addresses, say, Bombay, Madras, Calcutta and Karachi, he has to pay as for four telegrams. *i.e.*, four times the ordinary charge. But if one sends a press telegram similarly one pays only as for one telegram and a small fee for the remaining three addresses. On account of this we are put to a great loss. Now, the question is whether we should not take away this concession which has been in existence since 1905. We are considering this matter at the present moment. We expect a good deal of opposition from the press correspondents and the newspapers.

Mr. Satyamurti.—How much money you will get by this means ?

Mr. Bewoor.—It is difficult to say. May I also point out that the press traffic is a losing traffic. For every press message that we send we get less than our cost. Therefore, the less the traffic the less the loss.

Mr. Satyamurti.—If you were purely a commercial department you could do it. I have constantly told you that you are also a service department.

Mr. Bewoor.—Quite so and that is why I have said that the matter is under our consideration. We feel that we are losing about 2 to 3 lakhs on this special multiple concession.

Chairman.—What do you lose on the press traffic as a whole ?

Mr. Bewoor.—It used to be 15 lakhs : it is now 10 to 12 lakhs a year.

Chairman.—Your total loss is 17 lakhs. On that basis, the whole of your loss is practically covered by this press traffic.

Mr. Bewoor.—One may say so. Formerly the loss used to be 15 lakhs. The press is given a special concessional rate. It has been given for many years and it is given in every country of the world. We do not want to take it away but we must appreciate the position that there is this loss. When you ask us to reduce our losses, then you must remember that there are certain charges which are beyond our control.

Mr. Satyamurti.—I should like some figures put before the Committee to show that the loss on press traffic is 12 lakhs ?

Mr. Bewoor.—The loss is not the difference between what the charge on press traffic as it is and as it would have been at the ordinary rates. That would have been many more lakhs. The loss is taken to be as follows—If the press traffic disappears, what would we save. That is all.

Chairman.—I think that is the only possible method of calculation.

Mr. Satyamurti.—I still feel, unless I get more figures, that the loss of 12 lakhs on account of press traffic is too much.

Mr. Bewoor.—This calculation of 12½ lakhs has been made on the basis of the Postal Accounts Enquiry Committee.

This is one of the items which must go towards the loss in the telegraph department. We have tried to reduce this loss on press traffic by diverting it. We now hire out wires to certain news agencies who are prepared to pay for them. The result is that the press traffic which would otherwise go on our lines goes on their hired lines and to that extent our wires are relieved. So the press traffic is reduced. There is a saving to the department because due to so much less traffic on our lines, we can secure a reduction of staff. The staff which would otherwise signal, say, 5 million words between Bombay and Calcutta will not be required. This would be reflected in the statement of expenses in 1938-39. We have adopted the usual methods of publicity to make people send more telegrams. That can, however, have only a limited effect. I would now like to refer to the statement that owing to the development of trunk telephones, there is a loss in telegraph traffic. It has been the experience in most countries that the development of trunk telephone has given rise to increase in telegraph side also, by bringing about business which might otherwise not arise at all.

Mr. Satyamurti.—If you want to take them together, you must show a saving on the telegraph side. You go on increasing the telegraph staff even though traffic is diverted to telephones.

Mr. Bewoor.—I will give the Committee certain figures for Telegraph traffic :

			million	Income. lakhs.
1932-33	..	..	13.24	158
1933-34	..	..	13.26	157
1934-35	..	..	14.92	160
1935-36	..	..	14.99	158
1936-37	..	..	15.56	160

So far as the telegraph traffic is concerned in these five years, it has gone up from 13 odd millions to 15½ millions and the income from 158 lakhs to 160 lakhs.

On the other side the trunk calls revenue went up from 15.74 lakhs in 1932-33 to 32.30 lakhs in 1936-37. Our experience shows that on the whole the development of trunk telephones does not necessarily mean a sacrifice of telegraph traffic. The volume of telegraph traffic depends greatly on trade activity. The majority of our telegrams are business telegrams. I do not want the Committee to carry away the impression that the development of trunk telephones has caused loss to the telegraph side. We are doing every thing possible to attract more traffic. The fact of the matter is that only five telegraph offices in the whole of India handle 20 per cent. of the telegrams and the rest of the 3,995 offices handle 80 per cent. of the traffic. In no country in the world except in Australia is there a surplus in the telegraph branch ? But in Australia in preparing the commercial accounts of the Telegraph Branch no deduction has been made on account of depreciation contribution and it is therefore, doubtful whether even in Australia, the Telegraph Branch works without loss. The number of telegrams per head of the population per annum in Australia is 2.3 messages, whereas in India the average is .05 per capita per annum. The telegraph service is an essential service which has got to be maintained. Telephones will be developed side by side and efforts will be made to see that the working of the two branches together involves no loss. In 1936-37, the telegraphs worked at a loss of 30 lakhs and the telephones at a profit of 19 lakhs, and thus the loss on the working of the two branches together was 11 lakhs. In 1937-38 the loss on telegraphs is estimated to be 17.43 lakhs and the profit on the telephones to be 28.79 and taking the two together there would be a surplus. on telegraphs is estimated to be 17.43 lakhs and the profit on the telephone, there will be no deficit in future years.

Mr. Satyamurti.—With regard to the staff I am somewhat disappointed at your threat that instead of reducing the staff you will have to increase it.

Mr. Bewoor.—We may have to increase the staff because the staff now engaged is considered insufficient to deal with the telegraph traffic with speed and efficiency.

Mr. Satyamurti.—Have you had any complaints from the public ?

Mr. Bewoor.—Yes. We have had. For the last seven years we have not recruited any telegraph staff at all. We have learnt by experience that that the number of men whom we employ today for signalling is insufficient to get through the traffic without delay.

Mr. Ramsay Scott.—When you talk of efficiency does that mean that you employ more men in India? Does it affect the price paid here as against the price paid elsewhere?

Mr. Bewoor.—I cannot tell you how the staff employed in other countries is computed but my general impression, by visiting the British Post and Telegraph Offices and cable and wireless offices is that they employ far more men. Also, the paying capacity of the people is higher and traffic is more, and so you can give a first-class service.

Mr. Satyamurti.—As regards the scales of pay and allowances, how does your telegraph compare with the postal department?

Mr. Bewoor.—The new scales of pay are practically the same.

Mr. Satyamurti.—But slightly more favourable to the telegraphs?

Mr. Bewoor.—Not really favourable because telegraphists have got a bigger transfer circle than the postal clerk; and to cover this extra bit there is a difference of Rs. 5.

Mr. Satyamurti.—Why do you insist on a bigger circle for the telegraphist?

Mr. Bewoor.—Because there are fewer offices and you must have one cadre for the whole circle.

Bhai Parma Nand.—Does this concession given to press messages result in an increase of ordinary messages?

Mr. Bewoor.—I do not think so, except to the extent that market rates which are sent by telegram at press rates and published in the newspapers might give rise to some business.

Mr. Satyamurti.—With reference to page 3 of your Annual Report which deals with measures to stop leakages of revenue, how much have you got by way of effectiveness of these measures?

Mr. Bewoor.—I cannot attribute any particular revenue to each head. You have to take the revenue as a whole, which has increased.

Mr. Satyamurti.—Carrying of letters from one place to another by buses is an offence. What steps do you take against it?

Mr. Bewoor.—We have our inspectors. They warn the offender and if he persists they go to the police. They themselves travel on these buses during the course of their tours. We have had some prosecutions in recent years in Ahmedabad and Surat.

Mr. Satyamurti.—With regard to that first paragraph on page 3, what are the net losses still on which you are paying interest?

Mr. Bewoor.—I will give you the figures. At the end of 1934-35 the accumulated interest-bearing loss was Rs. 70,92,000; by the end of 1935-36 it had become Rs. 54,97,000. On this amount we paid interest in 1936-37, the year whose accounts are now under examination. At the end of 1936-37 the accumulated loss will be Rs. 1,24,000 and at the end of 1937-38

there will be no loss. That is the interest bearing loss. There is also non-interest bearing loss which at the end of 1934-35 was 1 crore and 79 lakhs due to press rate concession. I have explained to the Committee that the loss due to press concession, about 12 lakhs a year, is taken out from the accounts and put into a different account which is the loss due to press telegrams on which we were not paying any interest but only accumulating the losses, which were to be paid back after the interest bearing losses had been first repaid.

Mr. Satyamurti.—Is there any idea of paying it back ?

Mr. Bewoor.—In fact, it has been paid back. The accumulated press telegram losses since 1925-26 were 2 crores and 4 lakhs by the end of 1937-38 ; in 1937-38 we have borne the losses ourselves and will do so in future.

Mr. Satyamurti.—That is, you will put the loss to the revenue of the year and not accumulate it.

Mr. Bewoor.—Yes. The Finance Department considered that the old arrangement was not a fair one.

Chairman.—The arrangement was that during the period when losses were made by the department as a whole they took money from us to meet those losses and there was a sort of accumulated debt to us, but only that part of the debt which was not represented by press traffic bore interest. In other words the general exchequer was subsidising press traffic. They simply had an advance on which they did not pay interest, and so a new arrangement was made with effect from the beginning of the current year.

Mr. Satyamurti.—Were you borrowing year after year to meet your losses ?

Mr. Badenoch.—General revenues actually supplied the amount.

Mr. Bewoor.—Our expenditure was in excess of our receipts and somebody must have paid the balance to meet the expense.

Mr. Satyamurti.—If you had losses why did you restore the salary cuts ? As a commercial concern how can you do that ?

Mr. Bewoor.—When the cut was actually restored the department was not making any serious losses ; besides this Department could not be treated differently from other Government Departments.

As I was saying, we had a loss on the department as a whole. Then Government said that a certain amount was the loss due to press concessions and also a certain amount to wireless, and they gave us a concession that we were not to pay interest on the loss due to the press and the radio, but the balance was our loss on which we would have to pay interest and of course repay all the losses. What happened was that year after year our losses went on increasing and so both the interest bearing loss as well as the non-interest bearing loss went on accumulating. When things improved and we got a surplus we utilised that surplus first to pay the interest bearing losses. That surplus was calculated by putting aside the press loss and the wireless loss. So by 1934-35 our interest bearing loss was, as I said, Rs. 79,37,000. Next year our interest bearing loss was Rs. 54,97,000 ; that is to say, the surplus we got on the 1934-35 working

we utilised to pay the interest bearing loss. Meantime the non-interest bearing loss of the Telegraph Branch had gone up to a crore and 91 lakhs and that of the wireless branch had increased from 58 lakhs to 62 lakhs. In 1936-37 we utilised our surplus again first to pay the interest bearing loss which came down to 1 lakh and 24 thousand, the non-interest bearing loss at the same time increased to 2 crores and 4 lakhs on the telegraph side and to 64 lakhs and 57 thousand on the wireless side. During 1937-38 we took up the question of what to do, now that the post office had almost paid up its interest bearing loss and what was to be done about future surpluses. The Finance Department said we should first pay the non-interest bearing losses instead of accumulating any surpluses. We had a discussion about this and we arrived at a decision. The total accumulated interest bearing loss at the end of 1936-37 is 1 lakh and 24 thousand. The non-interest bearing telegraph loss is 204 lakhs and that of the wireless branch 64½ lakhs. That is, about 270 lakhs we are liable to pay. Now the decision is that out of the surplus resulting on the working for 1937-38, we should first pay the interest bearing loss and wipe off this 1 lakh and 24 thousand. The accumulated wireless branch loss the Finance Department has agreed to write off. That leaves 204 lakhs of non-interest bearing loss. We take 102 lakhs from the renewals and replacements fund accumulations to pay this off partially. There are 3 crores and 6 lakhs in the R. & R. fund from which it would be quite safe to take out 102 lakhs. That leaves us with 102 lakhs to pay. For that we will first utilise the surplus of this year, 1937-38 and pay off part of that loss.

Prof. Ranga.—How much do you expect there ?

Mr. Bewoor.—About 55 or 56 lakhs. That leaves about 46 lakhs. We have arranged to pay this off by an annual instalment of 8½ lakhs so that in 5 years we will be clear of all losses of the past.

Mr. Satyamurti.—Then you mortgage the profits of the next five years ?

Mr. Bewoor.—No ; the 8½ lakhs instalment is provided as part of the regular expenditure. It is not a mortgage at all.

Mr. Satyamurti.—From your point of view do you think this is a fair arrangement for your department ?

Mr. Bewoor.—The arrangement is not an unfair one because if over a period of years the department should pay its way, it ought to pay back the losses which it made in the lean years.

Chairman.—It was fortunate for the department that they were advanced money free of interest. If they had to pay interest the debt would have been very much higher.

Mr. Bewoor.—You may be interested in this point. The commercial accounts started at a time when we were on the downward curve. We struck this economic blizzard in about 1927-28 and we went on steadily losing for about 5 years. Now we have been gaining for about 3 or 4 years. In my opinion we must start clean. It is no use saying that we should wipe it off. The time has come when we should accumulate a reserve, as a commercial department ought to do.

Mr. Satyamurti.—I do not see, of course, why in times of prosperity you should not build up your own reserve.

Chairman.—That is a question which, if the department runs into a period of surpluses, will have to be faced. There is a great deal to be said from that point of view ; the other view is whether the post office, should not make some fixed annual payment to the exchequer for the monopoly conferred upon it by the State.

Mr. Bewoor.—Our idea is that the first thing to do is to accumulate a fund which will ensure the payment to Central Finances of the interest due and to our department the payment of our due contribution to R. & R. Fund so that we should not have to rush into closing offices, cutting down pay, dismissing people and so on, if we do happen to enter a series of lean years.

Prof. Ranga.—P. 5. Miscellaneous operations of the Department : realization for the customs department of import duties. Do you get yourselves paid ?

Mr. Bewoor.—Yes.

Prof. Ranga.—P. 3. Non-commercial activities of the Radio Branch. What is this ?

Mr. Bewoor.—Management of the wireless installation for aviation purposes. We get paid for it all.

Mr. Satyamurti.—Para. 6. Contract with the P. and O. Is that the most advantageous condition ?

Mr. Bewoor.—Yes.

Mr. Satyamurti.—Did you call for tenders ?

Mr. Bewoor.—No.

Mr. Satyamurti.—How did you decide that this company was the most economical for the carrying of our ocean mails between England and India ?

Mr. Bewoor.—The P. and O. contract has been in existence for 60 or 70 years. It is the most economical arrangement.

Chairman.—The value of the Indian mail sent by the P. and O. steamers, if they were paid at the rates prescribed by the universal postal convention, is about £53,000 a year ; in point of fact they are actually paid something of the order of £28,000 a year.

Mr. Satyamurti.—Did you consult anybody else ?

Mr. Bewoor.—We have nothing to do with the company but only with the British post office which has established the service. We cannot send mails direct in arrangement with Lloyd Trestino, we can only arrange with the Italian post office ; that company is under a contract with the Italian Post Office.

Mr. Satyamurti.—Did you try any other alternative ?

Mr. Bewoor.—No.

Mr. Satyamurti.—Your contract is with the British Post Office.

Mr. Bewoor.—Yes.

Mr. Satyamurti.—I want to be satisfied that this £28,000 is not an overpayment and that we could not have this service on equally efficient terms with any other company.

Mr. Bewoor.—I told you that it is the most economical arrangement possible to-day.

Chairman.—The bulk of your external traffic is not with the continent of Europe but with England ?

Mr. Bewoor.—Yes. Under the international regulations every country is entitled to utilise for the conveyance of its mails the mail services established by any other country. Great Britain has established a service from Tilbury to Sydney. It brings in mails and hands them over to us in Bombay. In the reverse direction we have got the right to use that service by paying the international charges. We use the P. & O. because it is a weekly service. If we had paid Great Britain under the international regulations, we would have to pay about £53,000. The agreement which we have with the British Post Office is that we will share in this contract on a favourable basis though they are entitled to charge us at the international rate. They agreed that we would both share in the favourable rate provided under the contract with the P. and O.

Mr. Satyamurti.—Have you applied your mind to evolving a service of our own ?

Mr. Bewoor.—Perhaps that would cost a million pounds. If the Government of India wishes to develop Indian shipping and gives a subsidy and establishes a weekly service, then I should say certainly.

Mr. Satyamurti.—Para. 10 (b) : what is the present rate of interest now ?

Mr. Bewoor.—Two per cent.

Mr. Satyamurti.—The reduction of interest has not affected the deposits ?

Mr. Bewoor.—No.

Mr. Satyamurti.—On the whole of the Savings Banks transactions you make some profit, don't you ?

Mr. Bewoor.—The P. & T. Department make no profit at all ; we are paid the cost of management.

Mr. Satyamurti.—How is it calculated ?

Mr. Bewoor.—We have made an actual investigation into the cost of the staff and the supervisory staff employed on savings bank, work, etc.

Mr. Satyamurti.—What is the total volume of your cash certificates issued now ?

Mr. Ghulam Mohammed.—You will find the information at page 36—Appendix III.

Prof. Ranga.—How do you calculate your cost ?

Mr. Bewoor.—On the actual cost. We took the statistics of the actual men employed whole time on savings bank work in post offices, etc., also of the men employed part of the time ; then we estimated the cost of the supervisory staff and so on.

Mr. Satyamurti.—Imperial Air Mail. Do you make a contribution ?

Mr. Bewoor.—So far as 1936-37 is concerned, we paid to the Imperial Airways certain amounts calculated at a poundage rate on the actual weight carried. Now we are paying an annual lump sum to His Majesty's Government as partners in the new service.

Chairman.—Does your contract payment go up with the quantity of mails at any stage ?

Mr. Bewoor.—Not for fifteen years. Taking the annual contribution we make as partners in this big contract, our payments are really an average of Rs. 12,56,000 over the fifteen years ; only they have been fixed on a sliding scale.

Mr. Satyamurti.—What relation does it bear to the actual cost of carrying the mails ?

Mr. Bewoor.—You should ask the Civil Aviation Department for that.

Mr. Ghulam Mohammed.—We are paying 15 lakhs, which is much more, to another company for the carriage of mails from Karachi to Madras.

Mr. Bewoor.—The whole thing was placed before the Standing Finance Committee in a memorandum in February 1937 in which all the facts were brought out. That scheme was passed by a majority.

Mr. Satyamurti.—What are the considerations on which you came to the conclusion that this arrangement with the Imperial Airways for the carriage of mails was the most advantageous from your point of view ?

Mr. Bewoor.—Because we get the conveyance of mails for a sum for which we could not have got it from any other company,—and our Director of Civil Aviation is our expert adviser. The mail payments have been calculated on the basis of weight of mails from and to England. The subsidy portion is based on a variety of factors. The total payment has been reduced after prolonged negotiations and represents a favourable rate. It amounts to about Rs. 3-6-0 per pound on the mails from India to England or Rs. 1-4-0 per ton mile compared with Rs. 4 per ton mile which was paid formerly. We have secured under this contract for fifteen years a rate of Rs. 1-4-0 per ton mile—one of the cheapest rates in the world. The rates we are paying are less than what the British Post Office is paying in the reverse direction.

Mr. Satyamurti.—Feeder services. How much are you spending inside the country ?

Mr. Bewoor.—In the first year we are now paying about Rs. 13½ lakhs. The Tata service is jointly with Ceylon and ourselves.

Prof. Ranga.—Did you call for tenders ?

Mr. Ghulam Mohammed.—We got into touch with all the companies concerned.

Mr. Bewoor.—Everyone of these steps has been taken with the concurrence and sanction of the Finance Department.

Mr. Satyamurti.—Is there any provision for the training of Indians in connection with the empire mail service ?

Mr. Bewoor.—That question should be put to the Civil Aviation Department.

Mr. Das.—With the development of Tatas, the railways will be paid less eventually ?

Mr. Bewoor.—The railway companies are not paid by weight. On the Imperial Indian Mail train, which used to travel from Bombay to Calcutta on which we used to have three bogey carriages to convey mails, we now use only two bogeys. There is a saving of Rs. 80,000 a year,—also a saving on sorting, etc. There is no saving on the railway payments elsewhere. The sorting staff at Ballard Pier has been reduced. Sorting is now on an entirely different basis.

Prof. Ranga.—What is the present position about these rural post offices ?

Mr. Bewoor.—At the end of 1936-37, the numbers were 19,060 permanent and 509 experimental. At the end of 1937-38 the figures are 19,688 permanent and 1,060 experimental—roughly an increase of 1,200.

Prof. Ranga.—Somewhere you say that you have spent Rs. 2 lakhs. I thought Sir James Grigg gave you Rs. 5 lakhs per annum ?

Mr. Bewoor.—There is no 'per annum'. You cannot go on increasing every year without limit : you must reach the point of saturation some time.

Prof. Ranga.—Until you provide a post office for every village ?

Mr. Bewoor.—No, no. You cannot have a post office unless you have a letter to post or deliver. We have a certain amount set aside for increasing postal facilities in rural and urban areas : the Finance Department gives nothing. We spend the money we earn.

Mr. Satyamurti.—This Rs. 75 crores in the Savings Bank is part of the ways and means of the Government ?

Mr. Badeonch.—Yes.

Mr. Bewoor.—We make no profit on the management of the savings bank.

Mr. Satyamurti.—As regards this postal life insurance, to whom does it extend besides Government employees ?

Mr. Bewoor.—To all Government servants and railway employees and reserve bank employees also to local fund employees and municipal and district board employees also : but there is a maximum limit of Rs. 20,000 per life or endowment insurance.

Prof. Ranga.—Your premia are lower than the premia of other insurance companies ?

Mr. Bewoor.—I think we gave a reply to that in the Assembly. The Finance Department pays us just as it pays for the savings bank side—the actual cost of management.

Mr. Satyamurti.—What becomes of this money—Rs. 77 lakhs odd ?

Chairman.—It is also part of our ways and means : we pay interest on it.

Prof. Ranga.—How does the cost compare with that of the companies ?

Mr. Ghulam Mohammed.—If you turn to page 56 you will notice that the cost is given there : under life insurance account and other charges Rs. 59,563 and under endowment insurance you will find a figure of Rs. 3 lakhs odd and another small figure of 77—the whole thing works up to below Rs. 4 lakhs for a business which runs into several crores. Unlike private insurance companies, we do not have to pay any advertisement charges or commissions to agents for procuring business. To that extent our cost is lower.

Prof. Ranga.—Then why cannot you extend it to the general public—to the smaller people with a limit of Rs. 500 or Rs. 1,000 ?

Mr. Badenoch.—If you extend it beyond Government servants the mortality tables are quite different and you could not quote the same premia : both management expenses and mortality figures will be different.

Mr. Satyamurti.—Page 17 : does Burma pay anything for this ?

Mr. Bewoor.—Burma has taken over its share—whatever was in Burma.

Mr. Satyamurti.—Regarding Broadcasting (page 19) do you permit trunk telephones for relaying ?

Mr. Bewoor.—The Broadcast people ask us if they want the use of certain wires and we give it to them and charge them just as we charge for trunk telephone conversation.

Mr. Satyamurti.—You have nothing to do with the selection of item ?

Mr. Bewoor.—No.

Prof. Ranga.—Page 18 : Item C of para. 40 : what is the result of this reduction in charges ?

Mr. Bewoor.—I am sorry the reduction has not brought in any more calls.

Mr. Satyamurti.—Para. 43 : shall we make any recommendation on these losses ?

Chairman.—We got down to the position where the main bulk of the loss was on press traffic.

Mr. Satyamurti.—Are you satisfied, Mr. Chairman, that these are fairly accurate figures—12 lakhs odd ?

Mr. Ghulam Mohammed.—These figures are calculated in accordance with Government's accepted policy on the recommendations of the Cowasji Jehangir Committee. I think they are fairly correct.

Mr. Bewoor.—Whether these calculations are right or wrong, they are actual figures and we have paid them back : you may disagree whether it should be 12 or 15 lakhs but we have paid them back.

Chairman.—You might between now and next year look at the basis of these figures and see if it is right.

Mr. Satyamurti.—There is a feeling in the country that we are losing too much on these telegraphs and it might take away a lot of criticism if it is found that the bulk of it is on press traffic.

Chairman.—We might publish in the report that the figures given by the Director General seem to indicate that for some years now the loss has been reduced to small proportions and that the great bulk of the loss is due to the loss on press traffic, and as this is obviously a matter of importance in relation to public opinion on the Telegraph Department, there should be a re-examination of the report of the committee.

Prof. Ranga.—Abolition of trunk call deposits : what is your experience so far ?

Mr. Bewoor.—We have not lost anything.

Mr. Satyamurti.—Page 24—para. 55 : Are you paid by the Defence Department for the stock of stores you maintain for them ?

Mr. Bewoor.—Yes : it belongs to them : they pay us maintenance charges.

Prof. Ranga.—As regards these departmental telegraph offices kept solely for their own purposes, would it not be possible to allow the public to use them also to send their telegrams ?

Mr. Bewoor.—They are open for public traffic at railway stations : they are all open to the public.

Mr. Satyamurti.—You manufacture practically all your requirements in India except a few things ?

Mr. Bewoor.—We manufacture most of our stuff : we have been trying recently to make telephones even : we have got a few samples but we have still to buy a certain amount.

Mr. Satyamurti.—Para. 66 : You are satisfied that the working of the rule in this para. has not resulted in any reduction of efficiency ?

Mr. Bewoor.—No, because whatever community the candidate may belong to, we insist upon a minimum qualification : we do not take a man simply because he belongs to a particular community, unless he has that minimum qualification.

Tuesday, 26th July 1938, at 2-30 p.m.

Mr. Satyamurti.—We shall take the Appropriation Accounts, page 1. You give the entire revenue and working expenses, but you don't put the depreciation fund anywhere else ?

Mr. Bewoor.—Contributions to renewals reserve fund is now the depreciation fund ; the name has been changed. We are paying 25 lakhs lump sum contribution under this agreement. This 25 lakhs is for India including Burma and Aden. The amount has gone down ; it will be less next year.

Mr. Satyamurti.—In the next para. you give the results. Between the various Departments how do you allocate this revenue and expenditure ?

Mr. Bewoor.—We explained this to the P. A. C. in a conspectus which we placed before the Committee, about 3 years ago.

Mr. Satyamurti.—From the audit point of view it is fairly correct ?

Mr. Badenoch.—It was worked out originally by myself about 12 years ago. Mr. Varma and I worked it out originally and it has been simplified very much during the last 2 or 3 years.

Mr. Satyamurti.—Under item 2 (i) you referred to it this morning also. First of all, the renewals reserve fund is an arbitrary figure ?

Mr. Bewoor.—But based upon past experience ; we took into consideration the expenditure incurred every year towards renewals and replacement. There was a very big explanatory note put up about it.

Mr. Satyamurti.—Taking the year under review, what did you spend on renewals and replacements, page 7 ?

Mr. Ghulam Mohammed.—Renewals 13 lakhs, in all it comes to 21.88 lakhs.

Mr. Bewoor.—You will notice that while we contributed 25 lakhs we actually spent 21, so that there is a net addition to our renewals reserve fund. It must go on accumulating, and we are earning interest on it, and that goes to the various branches according to the amount in credit. What I explained this morning was that the amount which has been distributed, namely 25 lakhs, is not distributed now in strict conformity with the capital, but a certain weightage is allowed.

Mr. Satyamurti.—With regard to actual working expenses and interest, you don't pay anything by way of interest just now ?

Mr. Bewoor.—Of course, we pay ; it is shown, *vide* item (v) which is the interest charges for the different branches, total 78.81.

Mr. Satyamurti.—In para. 5, what is the large arrear claimed ?

Mr. Bewoor.—In the old days we used to have postage stamps which were also used for revenue purposes, and a certain amount was paid to the provinces as their share of the sales for revenue purposes ; this was calculated on an empirical basis. About 3 or 4 years ago we gave up combined postage and revenue stamps and we told the provinces that they

should make their own separate revenue stamps. Certain provinces complained that the share which we had been giving to them in the past was inadequate. To that we said we would see the experience of the next 2 or 3 years watch the position and adjust the differences if any; certain provinces said that they would consider the past as a wash out, while certain provinces agreed to take the risk involved in an adjustment. So we adjusted past payments and now the whole matter is closed.

Mr. Satyamurti.—Para. 6. Can you give this Committee some idea of the extra expenditure under the several heads you mention here, second sentence, that is the increased cost of annual increments.....' ?

Mr. Bewoor.—I think we have these figures in the different extracts,—9 to 10 lakhs is for the staff, rural post offices about 3 lakhs, extra establishment about 2 or 3 lakhs, it is mostly on telephones.

Prof. Ranga.—In regard to additional establishment, I don't find anywhere comparative statistics in regard to the total number of the various grades of employees ?

Mr. Bewoor.—Please see appendix XXI of the Annual Report. The figures are given there.

Mr. Satyamurti.—What is the latest position with regard to the claim of railways for enhanced haulage charges ?

Mr. Bewoor.—The latest position is that the railways claim certain charges based on certain statistics, and we don't agree. At present the matter is under examination jointly by F. O. Communications, and the Financial Commissioner, Railways. The two have been constituted more or less as arbitrators in the sense that they are neither railway people nor post office people. They have been asked to examine all the figures and then come to a decision. I understand they have arrived at a decision, but it has not been announced.

Mr. Satyamurti.—Have both the Railway and Postal Department, agreed to accept their decision as final ?

Mr. Ghulam Mohammed.—The Member for Communications and the Finance Department asked us both to adjudicate in this matter. The Railways and Telegraphs are now both under the same Honourable Member.

Mr. Satyamurti.—For how long has this been pending ?

Mr. Ghulam Mohammed.—This case has been going on for about 10 years. There have been various conferences between the departments concerned. The Member for Communications requested the Financial Commissioner and myself to go into the claims of both departments and to advise him.

Mr. Satyamurti.—We suggest to the Government of India that 10 years is long enough to sit on this question, and that they should settle it this year.

Prof. Ranga.—Mention is made here of additional establishment to handle increased volume of traffic. Only this morning a doubt was expressed whether the staff is sufficient, and it may be necessary for the department to come forward with a demand for additional staff. So to

keep pace with these things, I suggest there should be an additional table in this annual report giving us information about the total number of employees.

Mr. Bewoor.—It is given in Appendix 21, page 62. The staff of the department is fixed according to certain recognised standards approved by Government.

Mr. Satyamurti.—Page 3, of the Appropriation Report. Here it is said "A sum of 24 lakhs representing the capitalised value of the pensionary charges....."?

Mr. Bewoor.—It is computed that about Rs. 3 lakhs of pensions per annum which the post office pays to its employes should have been a liability on the Burma Government. The Burma Government pays a certain amount to the Central Government, and we could have asked the Central Government to pay 3 lakhs a year to us. Instead of that, we said the best thing would be to capitalise the whole amount and reduce our capital. Burma is now paying her full quota to the Central Government to the extent of the settlement provided for.

Mr. Satyamurti.—Para. 8. You give two figures for the expenditure and new assets and the amount withdrawn from R. and R. fund ; where do you find the other part from ?

Mr. Bewoor.—Capital outlay ; that is found from the Central Government.

Mr. Satyamurti.—You add to your capital ?

Mr. Bewoor.—Only the 50 lakhs, and not the whole of it.

Mr. Satyamurti.—Do you think all that expenditure comes under this telegraph supplies and so on ?

Mr. Bewoor.—They are both really the same thing.

Mr. Satyamurti.—Telegraphs is a losing concern, is it not ?

Mr. Bewoor.—Certain lines and buildings shown under telegraphs are not for telegraph purposes, very few of them are for telegraph purposes. When we put up trunk lines from one place to another, they are telegraph lines. All these lines are remunerative. All these items are submitted either to the F. O. C. or to the Finance Department and we work out a profit and loss account.

Mr. Satyamurti.—Page 6, item 5. If you omit those 2 items provision for depreciation of wasting assets, does it present a correct picture ?

Mr. Bewoor.—We do not agree with the remark in the Report.

Mr. Badenoch.—I have my own hesitations about it. I was asking Mr. Rau whether he had excluded from both sides of the account the value of the services rendered for doing agency work.

Mr. Bewoor.—He only excludes provision for depreciation of wasting assets.

Mr. Satyamurti.—What is the purpose of this paragraph ?

Mr. Badenoch.—Mr. Rau's purpose was to show the increase in the net loss caused by depreciation and interest charges. He had the same purpose as Mr. Bewoor.

Mr. Satyamurti.—Page 7, item (vi). “It will be seen that the debits in each case are less than one percent. of the total progressive capital outlay on fixed assets.” What is the idea of that observation?

Mr. Badenoch.—As a matter of interest, it is quite a low percentage.

Mr. Satyamurti.—There is a striking variation in the financing of abandoned assets.

Mr. Ghulam Mohammed.—1935-36 was Quetta buildings mostly.

Mr. Satyamurti.—What about 8,80 in 1936-37?

Mr. Bewoor.—That is due to telegraph apparatus which has run out its life. It consists of a large number of small items. Let me read out some of the items.

Mr. Satyamurti.—Was it due to Burma this year?

Mr. Ghulam Mohammed.—It contains certain lines in Burma.

Chairman.—In 1933-34 it was low.

Mr. Bewoor.—In those days we were carrying on with old stuff.

Chairman.—You have now expanded it.

Mr. Bewoor.—Yes. We cannot carry on for ever with life expired apparatus if we want to have efficiency.

Mr. Ghulam Mohammed.—During the last 15 or 20 years the department has been investing most of its money on telephones, and assets on the telephone side have very much shorter lives than assets on the telegraph side. Therefore the expenditure from renewals reserve fund is bound to increase as the life of a telephone asset matures much more quickly.

Prof. Ranga.—As regards this 8,80 was the sale of scrap credited?

Mr. Bewoor.—Yes. This is a net figure.

Mr. Satyamurti.—We go to the next page and we have got our old friends—Grants 23 and 91. We shall deal with them when we come to those Grants. We note on page 9 under Grant 23 that the large savings under Grant No. 23 were the effect of variations between grant and expenditure under almost all the sub-heads. Also under Grant No. 91.

Mr. Badenoch.—As a matter of fact, there is a very great improvement.

Mr. Ghulam Mohammed.—This supplementary grant was necessitated by the fact of the purchase by the Reserve Bank of the telegraph office in Bombay falling through. Therefore certain adjustments could not be carried out. Certain credits were not realised and so we had to have more money to carry out the works. The actual expenditure on works compares very favourably with the previous year.

Mr. Satyamurti.—There was a large saving of 6,04 under 18—Capital outlay charged to Revenue mainly due to postponement of building projects.

Mr. Bewoor.—Quetta again. The Quetta project itself was postponed.

Mr. Ghulam Mohammed.—Also we did not want to build quarters for all the staff. A committee was appointed by the Government to go into the question of quarters.

Mr. Satyamurti.—“Overestimate of requirements for pay and allowances under sub-head K-Telegraph Traffic contributed to a saving of over 2 lakhs....”

Mr. Bewoor.—The P. A. C. recommended a simplification of the budget and this is the result. If they show a decrease on one side they will show an increase on the other.

Mr. Satyamurti.—“Under Grant No. 91, there was a net excess of 4,52 of which 3,71 is on account of increase in stock balances”.

Mr. Ghulam Mohammed.—What happened was that there were some stores in the hands of engineers which we mentioned to the Committee and which we brought on to the capital account instead of to the revenue. That feature has now more or less disappeared.

Mr. Satyamurti.—Grant No. 23, page 10. I want the Finance Member and the Auditor General to look at it. These gentlemen seem to think that they can do anything they like with Grant No. 23.

Mr. Badenoch.—I think the results are very good. In 1933-34 the savings were .7, in 1934-35 it was .9, and in 1936-37 it is 1.9.

Mr. Bewoor.—Our expenditure is scattered all over India. It is not as if it is in one office or in 3 or 4 other offices.

Mr. Satyamurti.—As a contrast to this optimism let us turn to Grant No. 91. Even the most optimistic heart must quail before that.

Mr. Badenoch.—It is really one of the best results on a works grant that we have yet had.

Mr. Satyamurti.—The point is this that 4.7 per cent. is very impressive, but when we come to the demands I will show that this is the result of several minuses and pluses, and therefore unless it is a kind of trading account where you give them so much money and they can do as they like so long as they do not exceed by a certain percentage....

Mr. Ghulam Mohammed.—The nature of the programmes of the department is such that it depends on the civil aviation, railways, canals, etc., and various private agencies. Whenever any remunerative prospect comes up we have to take it up. Demands are made in the course of the year and naturally our programme gets upset. Therefore, variation under detailed heads do occur. At the same time all the year round there is a very careful watch by the Finance Department and so you will find, as compared with the final grant the actual expenditure does not even under those detailed heads vary very much.

Mr. Satyamurti.—Let us come to para. 7. “Original budgeting was upset by the decision taken.....”. Is this new decision financially more sound?

Chairman.—It minimises over-capitalisation. It represents a much sounder position.

Mr. Satyamurti.—“Other credits for the sale of assets were as usual underestimated”.

Mr. Sadasivam.—That is how the A. G. has put it. Because the P. A. C. has recognised that these credits always upset the estimate, they suggested that the demand should be put for gross expenditure.

Mr. Bewoor.—It is impossible to estimate them accurately.

Mr. Satyamurti.—Changes in the programme of works and postponement of works also continued to be disturbing factors. Do they still continue and must they continue ?

Mr. Sadasivam.—They are bound to continue.

Chairman.—Take, for example, the year following 1936-37 when copper prices rushed up ; the post office and the Finance Department together reviewed all the sanctioned new works and when it appeared that they ceased to be remunerative at the new level of prices, they were suspended. In another case we definitely held off the market in order not to buy copper wire at a very high price. It came down in a short time and it proved that we were wise in keeping away from the market for the time being. In view of the dissatisfaction with which the Committee regarded any underspending or variations in plan, the P. and T. Department have been allowed by the Assembly to adopt a rather less strait waistcoat and they have got a programme for five years instead of for one year.

Mr. Satyamurti.—Since when ?

Mr. Bewoor.—Since this year, 1938-39. We have got a grant of 2½ crores for telephones. It is only in regard to telephones.

Mr. Satyamurti.—Except to that extent, these variations must continue.

Mr. Bewoor.—Because we are not responsible.

Mr. Ghulam Mohammed.—Telephones were one, but the items which disturbed us mainly were the works which we carried out for other departments of Government such as, civil aviation, railways, canals, etc. Suppose the railway people want wires to be put up between Lucknow and Moradabad, we have to provide it. For the Haveli project the Punjab Government wanted certain wires as they wanted to push through the project. We had to provide the same.

Mr. Bewoor.—This is because all telephones in India are the monopolies of the P. and T. We do not recover the cost of the project from the other Governments. We charge rent. It is our property.

Mr. Satyamurti.—All these works referred to in this are financed out of capital and not out of revenue ?

Mr. Bewoor.—Yes.

Prof. Banga.—Who provides that capital ?

Chairman.—We provide. The amount of extra capital that the post office want is not going to affect our borrowing programme by more than half a crore.

Mr. Bewoor.—Incidentally we have told the railways that unless they make a firm demand for a particular work by a given date we will not be able to undertake it.

Mr. Satyamurti.—Have you told everybody else ?

Mr. Bewoor.—Yes. But still we have demands sometimes.

Prof. Ranga.—P. 20 of this annual report. The receipts went up by only two lakhs but the expenditure went down by one lakh. How is that ?

Mr. Bewoor.—When we made our budget estimate we went on the figures of 1935-36 and the indications towards the end of the year 1936.

Prof. Ranga.—What was the position in 1934-35 ?

Mr. Bewoor.—In 1935-36 the receipts were 2.67 lakhs, in 1934-35, 2.71 lakhs and in 1936-37, 2.69 lakhs. There was an increase.

Prof. Ranga.—But you have overestimated your expenditure ?

Mr. Sadasivam.—What about the annual increments.

Mr. Bewoor.—Actually, the increase in telegraphic traffic did not come up to the extent anticipated.

Prof. Ranga.—What about the telegraph engineering staff ?

Mr. Sadasivam.—The lines staff were found to be inadequate for the purpose of the maintenance of the lines and provision was made for an increase in the lines staff. Statistics had to be called for from all divisions and that took time for orders to be passed.

Mr. Badenoch.—A saving of 5½ lakhs in telegraph traffic upon a total figure of 1½ crores does not give a percentage which is very great.

Mr. Satyamurti.—Para. 10. There are a number of examples of unnecessary supplementary grants, injudicious re-appropriations, non-surrender of savings, defective budgeting, etc. ?

Mr. Badenoch.—Some of them are not very important.

Mr. Sadasivam.—In 1934-35, there were 100 items of this nature ; in 1935-36, 75 ; in 1936-37, 66 ; out of the 66 for 1936-37, sixteen were within limits of variation approved by the P. A. C. last year and should not have been mentioned at all. Five are due to mis-classification in audit. Five are due to delay in receipt of information furnished by the High Commissioner for English expenditure. Then four are due to new classification introduced during the year ;—one due to estimates furnished by the Controller of Printing and Stationery, three due to the fault of the P. W. D. and the Railways, three due to defective procedure since remedied. There was a new stores organisation that upset our final grant, etc., etc. So these items would not have been quite so many otherwise.

Prof. Ranga.—What about the Railways—non-surrender of funds ?

Mr. Sadasivam.—We have told them that unless a firm demand is received by the 20th November, we won't make any provision.

Mr. Satyamurti.—Page 15. From the statement in paragraph 12 it would appear that the bulk of these frauds is ultimately traceable to the extra departmental agents ; what are the steps you are taking to minimise them ? Why not recruit a better class of men ?

Mr. Bewoor.—These small post offices in various villages are opened in order to give facilities to the public. The amount of traffic is so small that we cannot justify a full-time employee. Some 17,000 or 18,000 of these extra-departmental agents are working without any immediate

supervision and we are entirely dependent upon the returns and inspections. Therefore it is inevitable that there must be some defalcations in some post offices. We have about 12,000 savings bank offices. Of these, about six thousand are run by extra-departmental agents. We are now taking steps to see that better men are engaged, or the power is withdrawn. Our extra-departmental men are in the same position as the agents of a bank. They have the sole authority and no immediate supervision. No amount of increase in their pay or security is going to stop them from committing frauds if they like. We have recently examined the point whether we should not put two men on special duty to examine whether the procedure cannot be revised. Another difficulty is that the people are ignorant and illiterate and will not observe simple instructions and precautions. It should be noted that the loss we incur is very small in proportion to the business we are doing. The net losses due to savings bank fraud in this year were Rs. 8,299. The total savings bank deposits and withdrawals were 92 crores.

Mr. Satyamurti.—You say there is to be a review of such offices once in five years : why not do it oftener ?

Mr. Bewoor.—This point is under examination. There are 17,000 offices and if the review is to be made more often the amount of work and its cost will increase.

Mr. Satyamurti.—What is this Central Circle, at page 17.

Mr. Bewoor.—The Central Circle with Head quarters at Nagpur includes the C. P., Berar, Central India and Rajputana.

Mr. Satyamurti.—What is the reason for this variation between circles ?

Mr. Bewoor.—The statement is in connection with compensation paid for the loss of insured articles due partly to frauds and partly to robberies. Bengal has a big sum because there were a few big dacoities there.

Prof. Ranga.—Several of your rural postmen are not delivering newspapers in villages ? Why should they not deliver newspapers ?

Mr. Bewoor.—If you bring it to my notice, I shall do what I can.

Mr. Satyamurti.—We now come to this case of compromise. What is the exact position ?

Sir John Nixon.—The two Departments asked the Finance Department to assume the role of arbitrator. The formula I devised was that the Posts and Telegraphs Department should take over at the price they were valued at in the Railway Board. The point at issue was whether the railways were entitled to run their own wireless system. We were in the role of arbitrator and this was my judgment at the time.

Mr. Bewoor.—We and the railways could not agree and they said that we might refer it to Finance Department. The only question is whether we paid a little more or whether the railways should not have been debited with this amount.

GRANT No. 23.

Mr. Satyamurti.—This is a small sum, but are we bound to have these changes ?

Mr. Bewoor.—These are non-voted.

Mr. Satyamurti.—But what are the requirements for these changes ? Are they unforeseen ?

Mr. Bewoor.—We do not know in the beginning of the year as to which officer is going to be appointed and whether he is going to be voted or non-voted.

Mr. Satyamurti.—Page 26 : D. II. What is the explanation there ?

Mr. Bewoor.—This is the Accountant General's own grant.

Mr. Badenoch.—The engineering branch of the Telegraph Department looks after our buildings. The amount is put here because we classify it as an audit charge. We make the estimates of expenditure and the provision and then we transfer the money to the engineering branch to carry out the actual repairs.

Mr. Satyamurti.—Why not put it in the spending department ?

Mr. Ghulam Mohammed.—That is what we are doing now. As a matter of fact, in the new estimates for the current year there is a new head called 'repairs and maintenance'. It will go under that.

Mr. Satyamurti.—Page 28. E. II. (3). Why is there a difference of 13,000 ?

Mr. Bewoor.—The accounting machines were urgently required and were bought in the previous year.

Mr. Satyamurti.—Page 31. F. II 5. I suppose the explanation is the same. In that case, Mr. Auditor General you must change this.

Mr. Ghulam Mohammed.—All this has been changed.

Mr. Satyamurti.—F. III. 2. There is a difference of 1,37,000. What is that due to ?

Mr. Bewoor.—We had provided certain sum of money to revise the line staff. We had arrived at certain standards according to which the strength of line staff should be fixed ; but the calculations took a little longer time than we had expected. Some staff is employed on a temporary basis pending the settlement. It is a mistake of audit.

Mr. Satyamurti.—F. IV. What is the explanation of that ?

Mr. Sadasivam.—This is only an account of writing off unserviceable stores. We found that as many as we had expected did not prove serviceable.

Mr. Satyamurti.—F. V. 2 : How do you explain this ?

Mr. Ghulam Mohammed.—I would like to say something about it, as I have been concerned with this. What it really means is this : After charging certain things to new works, other things go to revenue and only recoveries are made from capital works.

Mr. Badenoch.—This is rather a complicated system for which, I am afraid, I am myself responsible.

Mr. Satyamurti.—Page 38 : H. I. : Joint charges : You cut it down by 1,08,000 ?

Mr. Bewoor.—This, again, refers to the printing charges on stamps and postcards.

Mr. Satyamurti.—Why did you over-estimate like this ?

Mr. Bewoor.—We could not possibly give the forecast of the rebate.

Mr. Satyamurti.—So far as the first item is concerned, how is it explained ? You reduced it by 2,000 and spent 30,000 more. At the time of re-appropriation you are supposed to be nearer the figure.

Mr. Bewoor.—We anticipated the rebate but it did not come off.

Mr. Sadasivam.—The rebate is given for six months. So, we get the rebate for the first half year and we have the estimate of the rebate for the second half year. Then the higher rates continued for three months. On the basis of that we estimated that rebate. Unfortunately, it so happened that the rebate did not come off, although in the next year for the first six months they gave a rebate.

Mr. Satyamurti.—Sub-head I : Why did you want 2,77,000 more ?

Mr. Sadasivam.—In this case, we depend on the estimates, and the mistake was made by the Controller of Printing and Stationery.

Mr. Satyamurti.—Why don't you come down upon him ?

Mr. Bewoor.—We told him this : we wrote to him and so on.

Mr. Satyamurti.—J. II. 2 : Pay of Permanent Establishment : Why did you not anticipate this ?

Mr. Badenoch.—On a grant of 4 crores odd, there is a re-appropriation of 2 lakhs. The deviation is not very great.

Mr. Satyamurti.—But this is in the case of the permanent establishment ?

Mr. Bewoor.—Permanent establishment means not only the establishment which was permanent in the previous year but also new posts sanctioned on a permanent basis.

Mr. Satyamurti.—Do you sanction the posts in the course of the year ?

Mr. Bewoor.—Of course, we do. If the increase in work is of a permanent nature, we do sanction permanent posts during the course of the year.

Mr. Satyamurti.—If the work had been increasing for some months, then put it in the budget ? You cannot judge whether the increase is permanent or not on a few months experience ?

Mr. Bewoor.—Whenever we fix our establishment, we take the traffic of the previous 12 months into account.

Mr. Badenoch.—Apart from that, you have always got casualties, leave vacancies and so on.

Mr. Ghulam Mohammed.—If the permanent man goes on leave, we employ a temporary man in his place.

Mr. Badenoch.—Then you have got promotions when lower paid men hold higher posts. There are dozens of things which complicate this.

Mr. Satyamurti.—Did you promote any of your temporary men ?

Mr. Bewoor.—Certain posts were made permanent. We always try to anticipate the increase in the permanent establishment. Actually, we have increased the amount only by about 2 lakhs. In a budget of 4 crores odd, that is not bad work.

Mr. Satyamurti.—Then, all these mistakes are thoroughly justified and they must go on !

Chairman.—A good deal of the trouble and the difficulties of control are due to the incredible complexity of this grant and there should be a good deal of improvement with the new form of grant. If it is not improved, then you really will have an occasion to censure the Department.

Mr. Satyamurti.—J. V. 4 : What are these recoveries from other Departments ? Whose territory is this ?

Mr. Bewoor.—It is French territory. For the post offices which we have in the French Pondicherry settlement we have to pay Rs. 50,000, but that is not debited to us. We receive it from the Political Department. This amount is paid merely to continue our post offices in that area.

Mr. Satyamurti.—Page 50. Pay of permanent establishment 82 lakhs.

Mr. Bewoor.—It was mainly due to retirement of senior Telegraph Masters. Once they have done 30 years, they can retire.

Mr. Satyamurti.—Item K-4.

Mr. Bewoor.—This is purely an accounts adjustment.

Mr. Sadasivam.—This has been abolished. That will not come in the future appropriation accounts.

Mr. Satyamurti.—For surrenders and withdrawals, you provide six lakhs odd ?

Mr. Badenoch.—It is purely an adjusting entry.

Mr. Satyamurti.—Page 56. Audit comments : “ There was some improvement in budgeting compared with the previous year but control deteriorated due mainly to the uncertainty of the credits for recovered stores ”.

Chairman.—Right. What do we understand by control ?

Mr. Badenoch.—I think control is the approximation of final expenditure to the final grant, that is to say the adjustment of the final grant through reappropriation supplementary grant or other methods to the final expenditure, that is what we mean by control.

Chairman.—We have to fix the principles that should be aimed at in this business of estimating. There is one very clear principle, that is it is a great crime to exceed your grant as a whole without the deliberate sanction of the Finance Department and of the legislature. The second main principle is that you should not overbudget and therefore if you have year after year large surrenders, that is bad. Apart from these two principles if your sub-heads bear no resemblance to the final result that shows a certain carelessness in allocation.

Mr. Satyamurti.—If money is spent on staff and establishment after providing for it under supplies and services by constant reappropriation or surrenders and getting the sanction of the Finance Department that is also against public policy.

Chairman.—This is covered by my second point, if there are a large number of variations inside the grant which is to be met by reappropriation, that shows carelessness.

Mr. Satyamurti.—There may be a deeper design to underestimate under services and to overestimate under supplies and services and then get reappropriations made in order to spend more on the staff than the legislature voted.

Mr. Badenoch.—Really the audit of the Auditor General on behalf of the legislature and the Public Accounts Committee is against the grant. It is admitted that the audit against sub-heads is really on behalf of the Finance Department. They are the final executive controlling authority.

Mr. Satyamurti.—Page 58. Item O-II : Negotiations for the sale of the Central Telegraph building in Bombay to the Reserve Bank ?

Mr. Bewoor.—The Reserve Bank wanted a portion of the telegraph buildings in Bombay. After a good deal of discussion we agreed. Then they said that they wanted a little more space. Afterwards they said it was too expensive and then they gave it up.

Mr. Satyamurti.—Item O-4. Telephones original 2,87,000 and reappropriation 79,000. The reason is due to larger capital outlay.

Mr. Bewoor.—It is only an inter-branch adjustment.

Mr. Badenoch.—You have an establishment which does both revenue and capital work and you distribute the cost between revenue and capital on a certain basis.

Mr. Satyamurti.—Page 63. What is the reason for the variations on this page ?

Chairman.—Every department is extremely cautious in the way they indent on post offices. When they change their plans they do not tell the post office in time. That sort of thing makes it nearly impossible for the post office to budget accurately.

Prof. Ranga.—You might remember that the P. W. D. also was making the same complaint. Can you not devise some method by which this trouble may be eliminated or minimised ?

Chairman.—That is a general question, whether it is possible to introduce quicker co-ordination between the indenting departments and the supply department, which will have to be considered.

Mr. Satyamurti.—Page 67. “ The Budget estimates were upset to the extent of 3,71 on account of larger manufacture of stores in the telegraph workshop and smaller issues. The total excess of 17,80 over the budget was reduced to 4,52 by unanticipated credits for disposal of assets (5,49) and savings on account of the change in the programme of works, postponement of works and change in the allocation.” I think taking all of them together, it is a very big item.

Chairman.—One of these unanticipated credits for disposal of assets is that of surplus stores.

Mr. Bewoor.—When a new work is constructed you get old stores returned. We can only make an estimate of the value of such stores. The value of such stores is deducted from the capital grant for the work. In future they will be taken as receipts and the cost of works will remain exactly as it is. Then you will not see these big variations. This trouble about the value of returned stores and their ultimate price when they are valued in the stores—exactly how much is serviceable and so on—has always been an upsetting factor. Originally they had one stores depot in Calcutta. Various telegraph divisions had certain stores which they got from works. They were not part of the stores balance. We said that this arrangement was wrong, that we will constitute at each divisional headquarters a stores depot which will be sub-depot to the Calcutta depot, so that we keep control over all the stores in the various divisions. Originally we had no idea how much they had.

Mr. Satyamurti.—Page 76. Item 4. For some works you made provision of Rs. 30,000 but spent only Rs. 399 ?

Mr. Bewoor.—We wanted a piece of land from the military and they did not give it in time. That is how there was no expenditure. We have got the land this year.

Mr. Satyamurti.—If these things cannot be done for years and years, why should money be tied up like this ?

Chairman.—Is not this covered by your new capital grant ?

Mr. Bewoor.—That is for telephones ; not for buildings. Our building works are carried out by the local P. W. D.

Mr. Satyamurti.—Is all this expenditure debited to revenue ?

Mr. Bewoor.—It is all capital.

Mr. Badenoch.—“ A ” is revenue.

Mr. Bewoor.—The post office buildings are to the extent of 9 lakhs only.

Mr. Satyamurti.—Of which you spend only 3 lakhs and save 6 lakhs.

Mr. Bewoor.—It is Quetta works ; not our fault.

Mr. Satyamurti.—But it is unfair to the legislature to put 9 lakhs into the budget and spend 3 lakhs only. When you frame the annual budget, specially out of revenues, you owe it to yourself and the legislature to examine it most carefully.

Chairman.—I entirely agree, and it should be the endeavour of the Finance Department to stop overbudgeting.

Mr. Satyamurti.—On page 83, you find several items requiring explanation. You budget for 60 lakhs and spend 45 lakhs. That shows you have more staff than is necessary.

Mr. Bewoor.—We have no separate constructional staff. This is staff which carries out all supervision and maintenance. For the P. W. D. work we ask the Provincial Governments for our building work to be carried out. For our own Apparatus and Plant and Line work, our regular staff looks after maintenance and also construction work, and the bigger construction work is carried out by contractors.

But the whole of this capital grant is being dealt with in a quite different way from this year onwards.

Mr. Satyamurti.—It is said that, “35 major works including those in progress not specifically provided in the original estimates were also carried out.”

Mr. Sadasivam.—This is not quite correct.

Mr. Badenoch.—These are canal works and railway works which Provincial Governments and railways ask for in the course of the year. This was discussed before.

Mr. Satyamurti.—The total cost was 3.32 lakhs.

Mr. Badenoch.—You cannot avoid that as a commercial department.

Chairman.—For a capital grant you are trying to exact an almost impossible standard of accounting.

Mr. Satyamurti.—They should have put in the budget only what was possible. Otherwise they were fooling themselves and fooling us.

Mr. Bewoor.—We have shown the unavoidable factors.

Chairman.—The legislature will in future, as regards capital works approve each single work but not attempt to regulate the precise number of months in which that work is to be carried out. When the money voted is exhausted they will come again for a grant and also submit a list of schemes for definite approval, and once the total sum and the list of schemes are approved, you do not tie them down to the execution of individual schemes except in so far as it is within the total amount of money.

Mr. Satyamurti.—But suppose when you vote them 2½ crores to be spent in 5 years, they do nothing for the first 4 years.

Chairman.—The answer to that is that the whole sum of 2½ crores is to be spread over 5 years,—50 lakhs at a time. But if they spend none of those sums, there is no doubt that it is a fraud on the legislature.

Mr. Satyamurti.—Therefore you must have a device to see that Government departments do not go to sleep, and if they cannot spend it they should ask you to take back the grant.

Mr. Bewoor.—Our new expenditure depends on the trade and on our traffic.

Mr. Satyamurti.—They must not treat it as a block grant to be spent as and when they choose, but they must keep to the programme unless something happens by way of declining trade or adverse conditions.

Chairman.—I have suggested an administrative ban if they cannot spend the money. But if they can spend later on remunerative projects the ban will be lifted.

Mr. Ghulam Mohammed.—The Finance Department has taken up the point with the Director General.

Mr. Satyamurti.—On page 84, have you any explanations to offer on the latter part of the second paragraph ?

Mr. Sadasivam.—That is hardly correct. The expenditure was not incurred during the latter parts of the year, but it was adjusted in the closing months of the year. And the expenditure was not properly allocated every month as there was no classification. That has since been abolished.

Mr. Satyamurti.—The point of our criticism only is that if you rush expenditure in the last two months there is a chance of defective control.

Mr. Bewoor.—There is also another point to be remembered, that hardly any works can be carried out during the monsoon and our real busy season is from November to June.

Wednesday, 27th July 1938, at 11-a.m.

HOME DEPARTMENT.

Mr. B. Das.—Before we come to the grant proper, I wish to raise a question: the Delhi administration is under the direct management of the Home Department and it always publishes its report very late. This time it has published its report on the 20th July 1938—a week ago. I think the report ought to be produced sooner.

Chairman.—We will see what can be done.

Mr. Thorne.—I will take that up. The Ajmer-Merwara report is an extremely detailed one: the Delhi one is not so detailed, and the Chief Commissioner recently suggested that it should be even less detailed.

Chairman.—Is there going to be a separate report on the Improvement Trust ?

Mr. Thorne.—I should think there would be.

Mr. Satyamurti.—Besides these reports being expedited. I suggest that copies may be sent to the Auditor General and the Public Accounts Committee as soon as they are ready.

Chairman.—All right.

Mr. Satyamurti.—The saving in the total is Rs. 11 lakhs—a somewhat striking figure ?

Mr. Rajagopalan.—It has already been explained by Sir Girja Shankar Bajpai as being due to the public health scheme.

Chairman.—Eleven lakhs is explained in Account VIII-F. and accounts for practically the whole lot.

Mr. Satyamurti.—Was this Improvement Trust idea started in the middle of the year ?

Mr. Talukdar.—It was started in October.

Mr. Satyamurti.—What is this transfer under A-1 (3) ? Is it reappropriation ?

Mr. Talukdar.—Under the order of the Accountant General it was transferred to A-4—this was for a market.

Mr. Badenoch.—It is really for works. The transfer was within the sub-head, so that it does not really affect the total of the sub-head. We thought there was no harm in doing that during the year.

Mr. Satyamurti.—Page 289 : E-1, Rs. 20,000 : How did you provide this amount at all ?

Chairman.—Was not that an allocation from the Fund for the Economic Development and Improvement of Rural Areas ? I think Delhi's share was a lakh and a half and they provided the scheme covered by half a lakh and appropriated the money from the fund.

Prof. Ranga.—Even out of that half a lakh they spent only 20,000.

Mr. Talukdar.—In that year.

Mr. Satyamurti.—What are these recurring grants at page 293 ?

Mr. Talukdar.—Grants in aid for secondary education in the Delhi area. The University grant is given by the Delhi administration but we are not responsible for that side of the administration at all. The E., H. and L. Department are responsible for administering the university.

Mr. Satyamurti.—Under the Hospital and Dispensaries why are these violent changes there ?

Mr. Talukdar.—I think this was due to the fact that the grant for the Irwin Hospital was distributed under these headings.

Mr. Satyamurti.—I think this is not a fair way of budgeting.

Mr. Badenoch.—I think they made this lump sum provision for grants-in-aid and then allocated to the proper heads afterwards. Probably it was the first year of the hospital when it happened,—when the hospital was opened. In future the provision will come under the ordinary detailed heads.

Mr. Satyamurti.—When you put in the grant-in-aid (B-6) did it originally include the pay of officers, etc. ?

Mr. Talukdar.—It is all given in the demand : they did not know how exactly the maintenance of the Irwin Hospital was to be made : they provided a lump sum and later on when the hospital started working they knew how much would go for establishment and so on.....

Mr. Satyamurti.—You are responsible for all this reappropriation in the wrong direction—page 299, Account II subhead D-2 and Account VIII Sub-head A-2.

Mr. Talukdar.—That is because sub-head D-2 is operated on by two officers, one the Deputy Commissioner and the other the Land and Development Officer. One wanted an extra grant and the other did not.

Mr. Satyamurti.—Is there no co-ordination between them ?

Chairman.—The reappropriation of Rs. 1,000 is almost derisory—about 2/3rd of one per cent. ; you cannot get as close as that.

Mr. Satyamurti.—Page 291, A-4 : you surrendered 4,000 and spent 13,000 extra ?

Mr. Talukdar.—That was a defect.

Mr. Badenoch.—That was apparently an adjustment at the end of the year made by the A. G. C. R.

Mr. Talukdar.—There was also a defect in procedure : instructions have been issued to avoid this in future.

Mr. Satyamurti.—What is this secret service expenditure ? Does it include informers also ?

Mr. Thorne.—Yes : it is paid through the channel of the police : it is all under police.

Mr. B. Das.—In the administration report, I find that the total income is 34 lakhs and the expenditure 56 lakhs, while in the previous year the receipts were 38 lakhs : there is a drop of 4 lakhs in receipts. Audit has made no comment on this.

Mr. Badenoch.—That is not our business, we do not comment on receipts.

Mr. Thorne.—I think you will find the main item is land revenue—less receipts on account of premium on building sites.

Mr. Satyamurti.—Is it impossible to find out approximately the receipts and expenditure of a province like Delhi ?

Mr. Thorne.—I think the difference between these items in the administration report and the items there are explained by their covering rather different ground.

Mr. Satyamurti.—I suggest that Finance Department should examine that question: there should be a budget which can be examined by the Auditor General later on.

Mr. B. Das.—About cocaine smuggling (paragraph 245), the consumption seems to have increased and the police have been doubled but the revenue realised has not increased. My specific suggestion is that Government should tighten their control over cocaine.

Mr. Thorne.—The Chief Commissioner is conscious of it. My impression is that one of his objects in obtaining the extension of the Goonda Act to the City of Delhi was to have some tighter control over the cocaine smugglers, and I think I am right in saying that he has externed some of the Goondas from Delhi.

Mr. Satyamurti.—Ajmer-Merwara.

Mr. Thorne.—May I explain here that although we are answerable now, the Home Department had nothing to do with the administration of Ajmer-Merwara in 1936-37, because we took over the subject only on the 1st April 1937. Before that, the F. & P. Department used to administer this.

Mr. Satyamurti.—Do you still run the Ecclesiastical Department there ? Why is it kept there ?

Mr. Thorne.—Yes. It is kept for the civilian population. There is a large railway population there.

ANDAMAN AND NICOBAR ISLANDS.

Mr. Satyamurti.—Marine Supplies.

Mr. Thorne.—The trouble here was that the Chief Commissioner did not foresee some items which, I think, he could have foreseen. For instance, there is the big item of a water boat. It had to be built because its predecessor had become unserviceable, but the trouble was the Chief Commissioner had not foreseen it. There was a supplementary grant asked for in November and it was refused. Some excesses were due to supplementary grants not having been passed, finally, and the failure to reappropriate was due to his sending a telegram late on 30th March.

Mr. Satyamurti.—Does it apply to D. 4 (i) ?

Mr. Thorne.—He was not wrong in writing off. The trouble was he had not provided for it, and he had to cover it by a supplementary grant which was refused.

Mr. Satyamurti.—C-5, at page 313—Other supplies. You saved Rs. 10,000, and you collected more from policemen than you actually expected to collect ?

Mr. Thorne.—It is a bit complicated, and is connected with E. 4 (5). In the course of the year, early in the year 1936-37, the Defence people discovered that they had been supplying the Andamans with stores from their Calcutta stores at free issue rates, while it should have been done at payment issue rates. By free issue rates, I think, they mean at pure cost, but such rates are to be made only to defence services. Most of the staff for the Andamans was not for defence services ; it was mostly for the military police, Commissariat, bakery and so on, and they suddenly said that they will issue goods at payment issue rates. We had a discussion about it, but in the end we got them to postpone making charges at payment issue rates until the following year. Meanwhile, the administration seems to have made calculations as if the payment issue rates had come into force in 1936-37 as the military accounts people suggested.

Mr. Satyamurti.—What is this D-5, Marine Stores Suspense ?

Mr. Rajagopalan.—It had been discussed for years past. We had to make a beginning some time or other on a proper accounting basis, and the year 1936-37 was selected. The thing was going from bad to worse from year to year, and after discussion between the Accountant General and probably the Finance Department too, it was decided to introduce it in 1936-37. Now it is a normal account, and wherever work is undertaken on behalf of private parties we have to go through certain rules as regards accounting. That applies to E also.

Prof. Ranga.—Is there a proper check kept on the total stores ?

Mr. Rajagopalan.—Yes.

Mr. Satyamurti.—Page 317. What is this subsistence money at the bottom ?

Mr. Thorne.—It is money paid to convicts—not to the terrorist convicts, but to the free convicts. We had only about 300 terrorist prisoners there, and most of the cost for them was met by the Provincial Governments.

Mr. Satyamurti.—On this “ Maharaja ” chartered steamer, we are losing. Can you give later figures than those given here ?

Mr. Thorne.—They will never be very much better than that.

Prof. Ranga.—How often does this ship run ?

Mr. Thorne.—I think it reaches Port Blair about once every three weeks.

Mr. Satyamurti.—From the remarks at page 121, it is possible you may get increased freight if the rates on timber could be raised ?

Mr. Thorne.—I think we charge at the rate of Rs. 10 a ton. Occasionally a steamer comes to the Islands and takes timber, but I gather there is practically a monopoly by one particular line in the Andamans, and I think they are now charging as much as Rs. 17 a ton. The matter is under discussion between the Home Department, the Finance Department and the E., H. & L. Department, but I do not myself think it would be fair to raise the “ Maharaja ” rates to the monopoly rates enforced by the other

companies. For one thing, the voyages of the "Maharaja" are regulated, and by no means to suit the timber trade. The complaint of the Forest Department is that if they could regulate the voyages of the "Maharaja" and decide to what markets they should take the timber, their profits will be more, but for reasons of general administration the steamer has to go to Calcutta on certain dates, to Madras on certain dates, and Rangoon on certain dates, and therefore it is not possible for us to adopt a programme for this steamer to suit entirely the needs of the Forest Department.

Mr. Satyamurti.—But we must get something out of the timber trade carried by others ?

Mr. Thorne.—Yes, it is a matter which will be borne in mind.

Mr. Satyamurti.—The Marine Department of the Andamans, there is also a net deficiency on the working of the department. Have you any later figures than that ?

Mr. Thorne.—I have not myself seen the figures for the subsequent year.

Mr. Satyamurti.—Page 139. Why was the milk sold to the troops below cost, may I know ?

Mr. Thorne.—I suppose the rest of the Settlement decided that they might meet that difference themselves.

Mr. Satyamurti.—This is a commercial concern, is it not ?

Mr. Thorne.—It is a commercial concern in the sense that we are anxious that none of these should show a loss ; on the other hand, I don't think we should expect them to produce a substantial profit.

Mr. Satyamurti.—What is the financial propriety of your selling any stuff below cost ? Almost everything else is sold at cost price, and butter in the Andamans must be a luxury ?

Mr. Thorne.—I shall look into it.

Mr. Satyamurti.—I am simply commending to the Department that they should examine why things are sold there at less than cost price.

Mr. Satyamurti.—The Auditor General told me about the Gujarat Police.

Mr. Badenoch.—Police in the Gujarat States are actually run by the Political Department but paid for by the Home Department grant. They have now gone to the Crown Department head. The charges were classified here, because nowhere else could they be conveniently classified.

Mr. Satyamurti.—Now, about this Intelligence Bureau, you have got your representatives in the province, is it not ?

Mr. Thorne.—We have Central Intelligence Officers.

Mr. Satyamurti.—Under whom do they work ?

Mr. Thorne.—They work under the Director here.

Mr. Satyamurti.—What is their relation with the Provincial Governments in which they work ?

Mr. Thorne.—It is rather difficult to define. They are supposed to assist the local police and serve as a *liaison* between the police of various Provinces.

Mr. Satyamurti.—Do they act under the orders of the Government of India or of the Provincial Government ?

Mr. Thorne.—They work under the orders of the Government of India.

Mr. Satyamurti.—After the 1st April 1937, what is the constitutional position of the Government of India men working in the provinces without reference to the Provincial Governments ? That is to say the Government of India does exercise some power, but beyond that the Provincial Governments are supreme, but how does the Government come in with regard to its Intelligence Bureau exercising its functions.

Mr. Thorne.—I think it comes in in two ways ; the Governor General is responsible for the peace of British India, and therefore he can claim to be kept informed of things in the provinces. There is also another consideration, that although the Government of India is separate in the sense that Provincial Governments have autonomy, it functions throughout the whole of India, and therefore it is very desirable that the Governor General in Council should have a fairly steady supply of information from the provinces for the use of the Central Government. The information comes to the Central Government.

Prof. Ranga.—What is the position of the Governor there, has he any control over these officers there ?

Mr. Thorne.—No. We don't use them as police officers, but for Intelligence. They have no responsibility whatever for the public order of the province.

Prof. Ranga.—Has any attempt been made to ascertain the views of the journalists with a view to improvement in the activities of the Public Information Bureau—not by the Director of the Public Information himself, but by you ?

Mr. Thorne.—The Home Department is distinct from the Information Bureau.

Prof. Ranga.—But they work under you.

Mr. Thorne.—I have not myself met the journalists to have their suggestions, but I am in pretty constant touch with the Director who I think is in very close touch with the journalists. He quite often comes to me and if there is any complaint he would certainly let me know about it. I do recognise that the Information Bureau is largely for the benefit of the journalists and therefore that we should so far as possible consult their wishes. That I believe is being done.

Prof. Ranga.—In an informal manner if you send for a few from time to time and get yourself into touch with their views, it may be useful and there may be less of what you call misunderstanding or misapprehension even on our part.

Mr. Thorne.—I should say that the present relations between the Bureau and the journalists are very good.

LEGISLATIVE ASSEMBLY DEPARTMENT.

Mr. Satyamurti.—Page 81. But before I go to that page, I want to put a general question. Your staff is determined on the same basis as to numbers and qualifications as the other departments of the Government of India ?

Mr. Rafi.—The staff of every department of the Government of India is, of course, determined according to the requirements of the department.

Mr. Satyamurti.—Is the staff in your department just adequate and no more than adequate for the purposes of your Assembly considering that we sit only for five months in the year and that the Assembly is not in session for seven months ?

Mr. Rafi.—It is just sufficient for our present requirements. I may explain it a little. During the Assembly session we do not ordinarily give leave to any member of our staff unless he produces a medical certificate. In all other departments, if a member of the staff has leave to his credit, he can ordinarily take leave at any time. In all other departments of the Government of India there is what is called a leave reserve. In the Legislative Assembly Department we have no leave reserve.

Mr. Satyamurti.—Please excuse my interrupting you. What is the leave reserve in each department ?

Mr. Badenoch.—12½ per cent.

Sir John Nixon.—We do not have a leave reserve even in the Secretariat for third division clerks.

Mr. Rafi.—We did not have any third division clerks before I became Secretary. In fact, I started third division clerks, and now we have 3 or 4. Previously we had only the first division and the second division.

Mr. Satyamurti.—What is the total strength of your staff in the first and second divisions ?

Mr. Rafi.—18 in the first division and 21 in the second division.

Mr. Satyamurti.—You are about five short, 12½ per cent. being the leave reserve.

Mr. Rafi.—Yes, that would be the figure.

Mr. Satyamurti.—But during the seven months they can take leave.

Mr. Rafi.—That was what I was just going to explain. Ordinarily we do not give leave to these men during session and you yourself know how strenuous is the work of the staff then. It is only during the recess period that we ordinarily give them leave. During the recess when any assistant or any member of our staff goes on leave, officiating promotions are made in the ordinary course if the leave is for a period longer than fifteen days or so, but at the bottom of the chain no man is appointed and that place remains vacant during the recess. If the leave extends, say, beyond the recess or beyond fifteen days before the commencement of the session that vacancy is filled temporarily.

Mr. Satyamurti.—Ordinarily, what is the saving in rupees, annas and pies by your not appointing men to the last job ?

Mr. Rafi.—I cannot say without checking the figures.

Mr. Satyamurti.—Considering that for seven months you have practically no work, why should not your department be organised as a vacation department as they do in the case of courts and so on, and why not have a minimum staff which might be increased during the session ?

Mr. Rafi.—That point, Sir John Nixon will remember, was considered by the Retrenchment Committee and the point of view of the department was placed before them. After considering all the *pros* and *cons* they came to the conclusion that it was not possible for us to work with a nucleus permanent staff and to complete our sessional requirements by employing absolutely new men each time. It was a big question of principle and was thrashed out in detail by the Retrenchment Committee.

Mr. Satyamurti.—When was this ?

Mr. Rafi.—In 1931-32.

Mr. Satyamurti.—There are some of us now who have got fresh ideas of economy and retrenchment.

Mr. Rafi.—The principle underlying the question, however, remains the same.

Mr. Satyamurti.—You have been here for some years now. When were you appointed ?

Mr. Rafi.—In 1931.

Mr. Satyamurti.—From your experience of seven years can you tell the Committee that it is absolutely impossible to save on your staff during seven months of the year when there is practically no work ?

Mr. Rafi.—That is another impression which is not correct so far as the staff is concerned. Our staff, as I have said is to some extent depleted during the recess.

Mr. Satyamurti.—How many of them go on leave ?

Mr. Rafi.—I cannot say. If I had notice of these questions, I would have worked out the figures and given them to you. The rest of the staff has got plenty of work to do during the recess. There is, for instance, consolidation of the whole of the work which has been done during a session.

Mr. Satyamurti.—What do you mean by consolidation ?

Mr. Rafi.—Take one instance. The preparation of the index for debates. It entails very heavy work. The proceedings of the Delhi session alone run into five or six volumes.

Mr. Satyamurti.—How many of the staff are employed ?

Mr. Rafi.—We have to distribute this work throughout the various branches of the department. The printing branch alone cannot cope with it.

Mr. Satyamurti.—How many members has that branch got ?

Mr. Rafi.—The printing branch has got I think six men altogether. Then, for our own purpose a summary of the work which is done by the Assembly in a session is prepared. This is prepared in the Assembly branch.

Mr. Satyamurti.—Summary of the proceedings ?

Mr. Rafi.—Summary of the work done by the Assembly during a particular session. This contains statistics, etc.

Prof. Ranga.—What statistics ?

Mr. Rafi.—This summary contains a summary of the work done during a session and contains also statistics regarding questions, resolutions, bills, etc. This is prepared for departmental purposes only. Again, the rulings which are given by the Chair during the session are all collected together.....

Prof. Ranga.—But not given to the members.

Mr. Rafi.—No. This is done for departmental use. We printed some of these rulings for the use of members and others in book form some time ago ; but a large number of copies remained unsold with the result that Government had to bear a good deal of loss.

Mr. Satyamurti.—You print them even now ?

Mr. Rafi.—That is done sometimes after five or six years.

Mr. Satyamurti.—For that you do not want a regular staff.

Mr. Rafi.—But rulings have to be collected in a handy form for the use of the President and the Department after every session. Then there are inter-departmental files which are received from time to time during the recess.

Prof. Ranga.—The Select Committee on the Motor Vehicles Bill recently complained of want of co-operation from your department.

Mr. Rafi.—They did ; but there was no question of want of co-operation in that case. May I ask the Chairman whether this question is relevant to the matter which the P. A. C. has to consider ?

Chairman.—Honestly I do not think it is.

Mr. Satyamurti.—Among these various kinds of work which you do during the off season, you do not do select committee work. Your staff is not employed in connection with the select committee work on bills before the Assembly.

Mr. Rafi.—One or two members of our staff are kept there. Whenever any help is needed and we are able to give it, we give them.

Mr. Satyamurti.—In the Madras Provincial Assembly I know the Secretary of the Assembly is the Secretary of all select committees. He attends the select committee meetings, takes down notes of the proceedings. You, as Secretary of the Assembly, have nothing to do with.....

Mr. Rafi.—I won't say that.

Mr. Satyamurti.—...practically nothing to do with the select committees except that the department has one or two men to sit there.

Mr. Rafi.—After the Chairman of a select committee has fixed the date of the meeting we issue all the notices to members of the committee. We circulate notices of amendments.

Mr. Satyamurti.—Notices of amendments and so on you circulate ?

Mr. Rafi.—Yes. Just as we do during the Assembly session after members have given notices of amendments. We get them typed and circulate them to members of the committee.

Mr. Satyamurti.—To select committee members you circulate.

Mr. Rafi.—Yes. For the preparation of the report of a select committee the Legislative Department lends the assistance of their Draftsman. That is the only work which we do not do. The rest of the work is done by us.

Prof. Ranga.—What was the work that this Select Committee asked our department to do ?

Mr. Rafi.—Preparation of a precis of the opinions on the Bill which had been circulated by executive order.

Mr. Satyamurti.—I have been on two big select committees. The Legislative Department had the notices of amendments which I gave, printed and circulated. The Government of India Secretariat officers are in attendance at the select committee meetings, follow the discussions, take notes, prepare the report and get them printed.

Mr. Rafi.—The report is printed by us.

Mr. Satyamurti.—They prepare the report.

Mr. Rafi.—Yes. After it is laid on the table it is printed by us.

Mr. Satyamurti.—From the time the Bill leaves the Assembly up to the time it goes back to it for report by the select committee, you do not follow the proceedings or take any interest in it.

Mr. Rafi.—As I have said before, so far as the preparation of the report is concerned, only that work is not done by us.

Mr. Satyamurti.—And following the proceedings of the Select Committee also.

Mr. Rafi.—No.

Mr. Scott.—Your reporters are used by the select committees.

Mr. Rafi.—Yes.

Mr. Satyamurti.—Let me explain what happens. The Chairman wants a few decisions to be recorded in actual words in the select committee so that members may not make a complaint afterwards. Then he sends for a reporter occasionally to work for five or ten minutes just to take down the decisions. But there is no such thing as reporting the proceedings of the select committees ; that is confidential.

Mr. Rafi.—Yes. The departments of the Government of India ask us for the services of our reporters for their departmental conferences during the recess and they are always lent to them. Similarly, if a select committee wants our reporters they are there to take down anything.

Mr. Satyamurti.—I am merely saying whether there is not a *prima facie* case for examining the question of the staffing of this department in view of the fact that they work for five months.

Mr. Rafi.—I have been answering all these questions up till now because I did not want to keep back anything about which I could give information. But may I ask the Chairman again whether this is really a matter for the P. A. C. ? I can understand the S. F. C. putting such questions, but in the case of the P. A. C. I do not know whether all this is relevant.

Chairman.—It is not within the strict terms of the standing orders, but by convention or practice the Committee has in fact dealt with this class of questions.

Mr. Rafi.—I wish the Committee had informed me beforehand, in which case I would have given them full information. It is not because I am trying to hide anything, but I would have come prepared with facts and figures and would have been able to give them full information. I did not know that this would be the trend of the examination.

Mr. Satyamurti.—I quite realise that. Mr. Chairman. I would like the Finance Department to look into this question.

Prof. Ranga.—What is the relationship between the Finance Department and the Legislative Assembly Department?

Mr. Rafi.—Same as they have with the other departments of the Government of India.

Mr. Satyamurti.—So far as you are concerned, your department is under the Assembly President. He is your departmental head.

Mr. Rafi.—Technically speaking, it is the Governor General who is the head. The Legislative Assembly Department is in his portfolio.

Mr. Satyamurti.—What about the President ?

Mr. Rafi.—He carries on the day to day administration.

Mr. Satyamurti.—He is responsible to the Governor General.

Mr. Rafi.—Yes. The orders of the Governor General are obtained, for instance, in the case of the appointment of officers. When leave is granted to officers and officiating arrangements are made, then also the orders of the Governor General have to be taken. . . .

Mr. Satyamurti.— . . . except in respect of finance where the Finance Department decides all questions of finance just as they do in the case of other departments.

Mr. Rafi.—Yes.

Mr. Satyamurti.—Does the President come into it, or do you and the Finance Department do it ?

Mr. Rafi.—If there is any recommendation with regard to the staff or anything else which would increase the financial burden of the Government of India, the orders of the President have to be obtained first, and if he agrees the proposal is sent up to the Finance Department.

Mr. Satyamurti.—Even if the President recommends, does the Finance Department exercise the same control over the President's recommendations as it does over other departments' recommendations ?

Mr. Rafi.—Yes.

Prof. Ranga.—Let me understand. Has it occurred more than once or as often as it happens in other departments, when a recommendation has been made by the President of the Assembly and the Finance Department comes down and says, you shall not have this provision and so on ?

Mr. Rafi.—There may have been modifications. Sometimes the Finance Department suggests modification, and if, after discussion, the President finds that there is room for modification, he accepts the suggestion.

Chairman.—The Finance Department and the Legislative Assembly Department will, between them, have a note prepared setting out the position in regard to the expenditure on the Legislative Assembly Department, and in what respects, if any, the control differs from that over the other departments.

Mr. Satyamurti.—Now, let us come to the accounts. B.-1, pay of Officers, at page 81. What is this Rs. 6,000 extra re-appropriation for ?

Mr. Rafi.—The Assistant Secretary went on leave—I think it was four months' leave—and in his place officiating promotions had to be made, and the Superintendent, Khan Sahib Hasnain, was promoted, and also two Assistants were promoted in that chain, with the result that more amount had to be spent on account of leave salary than had been budgeted for.

Mr. Satyamurti.—I think you told the Committee some time ago in connection with the composition of your staff that when people go on leave you don't fill up the last place ?

Mr. Rafi.—This does not relate to the last place. This relates to promotions at the top.

Mr. Satyamurti.—There is this Rs. 6,700 extra because one man went on leave ?

Mr. Rafi.—This is the only occasion when members of the staff, who have worked diligently, can be rewarded for their work by being given promotion.

Mr. Satyamurti.—Then going on leave costs more money to us ?

Mr. Rafi.—I may also mention that that was the year when I also took about five or six weeks' leave and officiating promotions had to be given.

Mr. Satyamurti.—What are these surrenders—Rs. 25,000 ?

Mr. Rafi.—This is part of Rs. 30,000 under A. That was surrendered.

Mr. Das.—Why is the pay of a President who is an elected M. L. A. non-voted ?

Chairman.—That is under the Act. The Auditor General satisfies himself that the sums are brought correctly to account.

Thank you, Mr. Rafi.