



Report of the
Public Accounts Committee
on the
Accounts of 1939-40.

VOLUME II—EVIDENCE.

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CONTENTS.

	Page.
Note	ii
Education, Health and Lands Department	1—24
Finance Department	25—44
Central Board of Revenue	45—66
Communications Department	67—69
Labour Department	70—80
Home Department	91—105
External Affairs Department	106—114
Posts and Telegraphs Department	115—140
Legislative Department	141—147
Legislative Assembly Department	148—151
Defence Department	152—154
Secretary to the Governor General (Defence Co-ordination)	155—157
Secretary to the Governor General (Public)	158
Commerce Department	159—168
Supply Department	169—171
Railway Department	172—212

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.

First Meeting, Monday, the 18th August 1941.

EDUCATION, HEALTH AND LANDS DEPARTMENT.

Chairman : For the benefit of those Hon. Members who are new to the Committee, I would like to point out that during the war it is not possible either for myself or the officers of the Dept. or the witnesses to sit the whole day and therefore the Committee only sits in the mornings, so as to enable us to get on with our urgent work during the rest of the day. It means that we have to try and get through the work a little more quickly than we used to do in the past. We managed it last year and I hope we will manage it this year too.

GRANT No. 8. FORESTS.—PAGES 57-58 OF THE REPORT.

Mr. Scott : C. I presume the plant has arrived and is now doing good work ?

Mr. Bozman : Yes.

Mr. Azhar Ali : I believe in the United Provinces timbers are found which are good for matches but the name of only one timber is mentioned. Are the sticks of other timbers not quite satisfactory ?

Mr. Bozman : Most of the wood for matches comes from the Andamans.

Mr. Azhar Ali : Is there any likelihood of improving other woods ?

Mr. Bozman : It is doubtful whether we would get matchwood in India to compete with the Andamans wood.

Mr. Azhar Ali : Has that particular wood of the U. P. been sent to the Forest Research Institute ?

Mr. Bozman : The Institute will do any work on that, but it is for the United Provinces Govt. to exploit it.

Mr. Maitra : What are the particular types of timber which have been found so far to be suitable for the matches ?

Mr. Bozman : I am afraid I cannot give that information now.

Mr. Maitra : Is that information given in any annual report of the Institute ?

Mr. Bozman : Yes.

Mr. Maitra : Do you know that there are certain timbers in Bengal, which will yield excellent results ? Have they been experimented with in Bengal ?

Mr. Bozman : Anybody who is interested in the manufacture of matches will get full information from the Dehra Dun Institute. They are always ready to give all the information they can.

Mr. Maitra : C. 3 (2) : ' Unexpected increase in the carriage charges of timber '. What are these charges ?

Mr. Bozman : I am afraid the freight charges went up after the war.

Mr. Maitra : C. 3 (3) : What is the main source of the coal supply ?

Mr. Bozman : I imagine from Bengal and Bihar. I suppose they are their-nearest supply.

Mr. Maitra : What about the raw materials and chemicals ?

Mr. Bozman : They are purchased in India. Everything that can be purchased in India is purchased in India.

Mr. Maitra : Could you not give us some idea of the heavy chemicals that are purchased in India ?

Chairman : The Forest Research Institute produces a certain amount of paper. If you go to Dehra Dun you will see a small paper making establishment. It is not on a commercial scale. It is merely a small sort of pioneer plant to show how the thing can be done and to show to the industrialists the processes which are involved in the making of paper.

Mr. Maitra : My point of inquiry is whether the Research Institute has satisfied itself that for the manufacture of paper in this country, the chemicals that are available in India are sufficient and the apparatus that is manufactured in India is also sufficient ?

Chairman : If you go to the Institute you will find that there is one room in which they exhibit in a very prominent and interesting way all the products of India which are available for these various purposes. But there are certain chemicals which have to be obtained from elsewhere. But the chemicals purchased out of this amount must have been purchased in India.

Mr. Maitra : May I know whether the Institute has got any machinery for giving information to the public at large, so that people may know that researches have shown that paper can be manufactured in India and that certain chemicals are available in India ? This sort of information will give a real impetus to the Indian industries.

Mr. Bozman : Such machinery has already been set up. We have an Advisory Board on Forest Utilisation. It is not purely a non-official body because it must have forest representatives from the various provinces, but a number of non-officials are serving on it. One of the sub-committees of the Board is a Publicity Committee and they are already making recommendations as to better propaganda for the results of the researches which the Institute has done.

GRANT No. 17. DEPT. OF EDUCATION, HEALTH AND LANDS. PAGES 79—80.

Mr. Scott : I am glad to see that you have got new vacuum cleaners. They would take dust out of the records !

Chairman : There is nothing for comment in this grant. The result seems to be extraordinarily satisfactory. I think there must be a certain element of luck in that.

Mr. Maitra : What is meant by the head ' E.-Contingencies ' ?

Mr. Tyson : This head relates to stationery, posts and telegraph charges and occasionally a certain amount of furniture. Also some books are purchased from this money, chiefly works of reference. Some of the menials are paid out of this head.

Mr. Maitra : Apparently it is an omnibus head. Is it not possible to give some indication of the major heads of this item ?

Sir C. Badenoch : There are no major heads under Contingencies ?

Mr. Maitra : There are several heads of ' Contingencies ' under one Dept. and the amounts vary from Rs. 13,000 under one head to Rs. 45,000 under another, and I think some details ought to be given.

Chairman : If you want details you must consult the book of Demands for Grants.

Sir C. Badenoch : The whole tendency of the Public Accounts Committee has been to lessen details and not to increase details.

Chairman : If you increase the details, it is impossible to exercise control. For instance, postage and telegram charges were budgeted at Rs. 18,000 and the hill journey and other contingent charges were budgeted at Rs. 22,000 in this year. This does not split up any further than that.

Mr. Maitra : I want some indication of the way in which this money under the head of Contingencies is spent.

Chairman : Do you want to be satisfied that there is proper control over it or do you actually want the details to be exhibited to this Committee ?

Mr. Maitra : I want to be satisfied that effective control has been exercised.

Sir C. Badenoch : Contingent expenditure is drawn on bills of one kind or another and the bills are passed by the controlling officer. It is the duty of the controlling officer to examine all the details of the particular bills passed. From the point of view of the detailed accounts, there is a certain classification under detailed conditions, *e.g.*, rates and taxes and postage and telegram charges. These details are required both from the point of view of control and for budget estimating. But it has never been considered the duty of the Public Accounts Committee to go so far down into detailed control as to examine the detailed heads under the sub-head " Contingencies ". But we can assure the Member that contingencies is a head that is controlled by the officer of the particular Dept. on whose responsibility the payment is made. Every item of contingent expenditure is passed by a responsible officer. All the bills that are so passed come to the Accountant General and they are scrutinised by his Audit section. Anything that the section thinks is improper is submitted to the officer and then an objection is issued to the particular Dept. All that expenditure comes under very minutely detailed control.

Mr. Tyson : Besides, certain items cannot be obtained from this contingent head without the sanction of the Govt. For instance, even if I happen to have the funds available in the contingent account, I cannot without special orders purchase a typewriter.

Sir Raza Ali : What about F. 4 ? There is an increase of Rs. 3,020.

Mr. Tyson : It came under three heads really. We shifted some military records from the Secretariat Record Office, Bombay, to the Imperial Record Department, Delhi, and we purchased vacuum cleaners and, on the advice of the Archaeological Chemist, we acquired three hydrographs for the collection of figures of humidity.

Maulvi Abdul Ghani : What I would like to know is why there should not be only one head of Contingencies in the whole Dept. because all these offices are under the same Dept. ?

Sir C. Badenoch : It depends on control. For instance, 'E. Contingencies' are controlled by the Dept. of Education, Health and Lands, and the Contingencies for the office of the Keeper of Records are controlled by that officer. If you roll up the whole contingencies under one head, it will be impossible to control them. There are a great number of controlling officers and one of the principles of our classification is to classify expenditure according to control.

Mr. Tyson : Besides, the various offices may not be located at the same place. If we in E., H. and L. Dept. had controlled the contingencies of the Keeper of the Records while he was still in Calcutta, he would not have been able to buy a bottle of ink without reference to us in Delhi.

Moulvi Abdul Ghani : H. 1—Voted : There is a saving of Rs. 1,000. May I know whether it was modified by the Finance Department or what ?

Mr. Jones : That is a reappropriation within the grant.

Mr. Tyson : It was actually a surrender. It was not reappropriated to any other head. The High Commissioner said that Rs. 12,000 would do for him and so we surrendered a thousand.

GRANT No. 30. SURVEY OF INDIA. PAGES 114 TO 122.

Mr. Scott : Note 2 on page 118. The Public Accounts Committee, in para. 2 of the proceedings in their Report on the Accounts of 1937-38, desired that every effort should be made to clear all liabilities within the year. Can you tell us what has been done to carry this out ?

Mr. Tyson : It is almost impossible to do it. We have examined the position in the light of this note. The thing is that the Surveyor General puts in his estimate of requirement about August and the High Commissioner, having been unable to deliver all the goods ordered during the previous year, always has a carry-over, which he adds to the Surveyor General's estimate ; the expended figure is sent out to us here, but we cannot say whether all the stores estimated for, are going to be forthcoming within the Budget year. We therefore have to accept the High Commissioner's addition and the Finance Dept. do the same. The grant each year is, therefore, in excess of what the Surveyor General actually estimated nine months before by the amount carried forward from the previous year. We have been looking to see whether we could remedy this recurring saving each year by persuading the High Commissioner not to add anything on account of stores carried forward from the last year on the ground that each year we find that the year's orders are not supplied within the year

and there is a carry-forward. We have examined the possibility of just budgeting each year for what the Surveyor General proposes to order, and banking on the High Commissioner being able to meet the carry-forward from the previous year from what we find to be an inevitable saving in the current year. We have examined the feasibility of doing this, but we have come to the conclusion that in war time it is quite impossible. We have the greatest difficulty in getting the stores out within the financial year. Even in peace time we did not find that the carry-forward was constant. I am not sure, therefore, that any easy remedy suggests itself. I find that except in the earliest year cited, 1936-37, what was paid for within the year, approximates very closely to what the Surveyor General asked for. But I would not like to say that the payments are in respect of the same things.

Chairman : There is one danger. If you press that the liabilities should be cleared within a year, you will get indiscriminating payments. It is better to allow these things to take their natural course. If you press that everything ordered within a year should be paid in that year, it will have undesirable results.

Sir C. Badenoch : The best thing is to make as close an estimate as possible of the stores that are going to come and surrender the amount of grant that cannot be utilised as is the case in the P. W. D. They ask for re-grant of the lapsed provision.

Chairman : I imagine that the war would interfere with the expectation of deliveries too. It might have been a better year but for the war.

Mr. Tyson : I might perhaps say for the information of the Committee that the Mathematical Instruments Office, the fortunes of which have been a source of interest to this Committee for many years, has been taken off our hands altogether by the Supply Dept., at any rate, for the duration of the war, since the 1st of April this year.

Chairman : It is now making a much wider range of instruments for various purposes.

Mr. Azhar Ali : May I ask if under the rules excess can be converted into savings ?

Chairman : You mean to say whether savings can be utilised to meet excesses. Well, a reappropriation within the grant is subject to certain limitations.

Sir C. Badenoch : There was a great deal of discussion about the utilisation of unanticipated savings. The recommendation of this Committee which was accepted by the Govt. is that any proposal to utilise unanticipated savings should be placed before the Standing Finance Committee. Even the Finance Dept. cannot use unexpected credits without the sanction of the Standing Finance Committee.

Mr. Tyson : Sub-head C. 5. Under this head, which is under the Mathematical Instruments Office, we spent more than half a lakh more than was budgeted for. This excess was on raw materials. We got back as a result Rs. 86,000 more than we had budgeted for. The Defence Dept. alone paid us over Rs. 40,000 more than they did in the previous year.

Chairman : You did business both on the receipt and the expenditure side.

Mr. Maitra : Is it permissible under the rules ?

Mr. Tyson : The Mathematical Instruments Office is allowed to do that.

Mr. Maitra : But I heard just now that in such cases you have to go to the Standing Finance Committee for approval ?

Mr. Tyson : We do go to the Standing Finance Committee for such additional expenditure.

Mr. Azhar Ali : We find in this grant that under every head there is expenditure for more extensive tours.

Mr. Tyson : We had our Surveyor General in Calcutta at the beginning of the war. His headquarters were moved to Delhi only during the war. Our Mathematical Instruments Office and some of our map offices were in Calcutta and after the war had been going on for some time, these offices had to come up and get into touch with the Defence Department people who have an Instruments Office, I think, in Rawalpindi, or some other place in the north-west of India. We had therefore to bring up the head of our Mathematical Instruments Office fairly frequently either to Delhi or to Lahore for liaison purposes with the Military, and the Surveyor General also had extensive tours.

Mr. Azhar Ali : Could you not get a refund from the Military Dept. for this expenditure ?

Chairman : It is not possible that every rupee of extra expenditure due to the war should be debited to the Defence Dept. The war causes additional expenditure in all kinds of departments.

Mr. Tyson : We might have gained from this liaison if they had not taken over the Mathematical Instruments Office. It was our departmental business as well as theirs. It has led to larger recoveries from the Defence Department.

GRANT No. 33. BOTANICAL SURVEY.—PAGE 126.

Chairman : This is a small grant. There was a large saving of 20·47 per cent. as against 22·76 per cent. in the previous year.

Mr. Bozman : As you will see under B. 5, there was a saving of practically the whole of the grant with the stoppage of quinine from cinchona bark. The Bengal Govt. used to do extraction work from bark for us, and in the course of the year they said they regretted they could not do any extraction at all because their hands were full with their own extraction. At the same time, under B. 4, you will find we made a saving due to curtailment in the distribution of quinine under orders of the Government. We found our stock was down to a hundred thousand pounds. So we decided to keep it intact and not to distribute anything to the provinces, as the Bengal Govt. said they could not do any extraction work for us.

Mr. Maitra : Because the Bengal Govt. did not extract quinine from bark for you, you kept your hundred thousand pounds of quinine in

reserve, and you did not distribute anything to the provinces so that you may not run short ?

Chairman : We did in the following year make very extensive arrangements to supplement the quinine available both for our own purposes and also for the provinces.

Mr. Bozman : From this year we have no responsibility to distribute quinine to the provinces at all. They get their quinine from Bengal and Madras.

Mr. Maitra : It was stated by the Public Health Commissioner that up to 1937 quinine was supplied by the Govt. of India. Is that so ?

Mr. Bozman : We did that as a matter of grace, and by doing it we reduced our reserves somewhat against the Public Health Commissioner's advice. We did that in order to help the provinces, but after 1937 we had no responsibility towards the provinces.

Mr. Maitra : Is it not a fact that it is the policy of the Govt. of India in the Public Health Department to distribute quinine to the provinces ?

Mr. Bozman : I cannot say that.

Mr. Maitra : You say that from last year at any rate you are not distributing any quinine to the provinces ; is that so ?

Mr. Bozman : We are not distributing quinine because we are not getting any quinine ourselves.

Dr. Dalal : Do you keep quinine for a long time ? Does it not deteriorate ?

Mr. Bozman : We keep it properly sealed and tinned.

Col. Rahman : Have the Govt. of India got any factory to make quinine ?

Mr. Bozman : No, we get it done by Bengal.

Chairman : Is it not a fact that the provinces were not even willing to commit themselves with a regular demand ?

Mr. Bozman : They could make a regular demand, but the trouble was about the price.

Mr. Maitra : The Govt. of India demanded a particular price which the Provinces refused to pay, because in their opinion the cost of production of quinine was much lower than the charge made by the Govt. of India which was much higher.

Mr. Bozman : That was not so. We offered to sell them quinine many years ago at Rs. 12 a pound.

Mr. Maitra : Later on you demanded Rs. 18 ?

Mr. Bozman : That became the level price, charged by ourselves, Bengal and Madras.

Dr. Dalal : What is the price now ?

Mr. Bozman : The market price is now anything between Rs. 35 and 40 a pound, I believe.

Mr. Ramsay Scott : Is not the price controlled by Java ?

Mr. Bozman : They have virtual monopoly. We did at one time buy from Java, because we could not get enough from our plantations in Burma.

Col. Rahman : Do you mean to suggest that you have no other source for getting quinine ?

Chairman : In the following year we saw there was a danger of shortage. So we collected together the demands both of our own and of the Defence Dept. and also of all Provincial Govts. who wanted to enter into this business and placed a very big order with Java at very advantageous rates. A very large sum was involved, and we put this before the Standing Finance Committee. Can you remember what rate we got ?

Mr. Bozman : We purchased it at Rs. 24 a pound and with overhead charges we are selling it at Rs. 25 a pound. The market price, i.e., the Java price was Rs. 22-12-0 a pound before the war. At the time of our purchase the market price was Rs. 30 or over.

Mr. Maitra : May I know if you have got a sufficient stock of quinine in reserve ?

Mr. Bozman : We have a 150,000 pounds for civil emergency purposes.

Col. Rahman : You have nothing to do with the army supply, I suppose ?

Mr. Bozman : No.

Chairman : Any other remarks ?

Maulvi Abdul Ghani : At page 129 at bottom there is a remark which says that " no agency was employed for the verification of the stock ". What does this mean ?

Mr. Bozman : It was done by the Quinologist.

Chairman : Has Audit any comments to make on it ?

Mr. Bozman : He is an officer of the Govt. of Bengal and we employed him. He is Mr. Sen.

Mr. Azhar Ali : I find from the Forest Report that very little botanical survey has been done in the U. P. Is it not possible to do something in this direction ?

Mr. Bozman : There is no botanical survey done in the whole of India in the sense of new explorations and so on. That has been abandoned for some time. It has been held in suspense because of the cost.

Mr. Maitra : In the survey itself referred to by Mr. Abdul Ghani, it is stated that the Quinologist to the Govt. of Bengal says that as far as practicable without actual weighing he found the stock correct. What is the other method employed for this purpose ?

Mr. Scott : You could measure it by cubic measurement.

Mr. Maitra : Did he measure one particular lot and test by guess work, and that having proved correct, the remainder was weighed or tested in the

same way? Don't you think that some regular agency should be employed for checking these stocks?

Mr. Scott : The cost would be too expensive.

Mr. Maitra : Though it is cinchona bark, it is a very expensive thing, and since it has to be carefully checked, I fail to understand why the cost should be considered?

Mr. P. M. Rao : There is a heap or bulk which is tested, and if that is found correct, then the same method is employed for testing the remainder. That gives a good idea by bulk or measurement.

Maulvi Abdul Ghani : If there is substitution by some other thing, what is the remedy?

Col. Rahman : There are experts there.

Chairman : You cannot do a hundred per cent. check of all kinds of stores. Even money in the Treasury is not always counted a hundred per cent.

Mr. Maitra : Some precaution should be taken to ensure that the weight is correct and that there is no substitution.

Mr. Scott : We do the same thing with coals.

Mr. Maitra : May I request the Public Health Deptt. which is represented by Mr. Tyson to see to it that these medicinal herbs and plants are not subjected to the same treatment as coal as suggested by Mr. Ramsay Scott.

Sir C. Badenoch : One suggestion is that a check should be taken over so many years to see that there has been no substitution.

Chairman : Will the Deptt. examine the possibility of that? You want a qualitative as well as a quantitative test.

Sir C. Badenoch : I think there ought to be a test check of the quality over a number of years.

Mr. Maitra : Several lots might be selected and subjected to tests.

Chairman : I think you might examine the suggestion just made. Now, we will go on to the next Grant No. 34, Zoological Survey, page 131, I don't think there is anything much in this.

Maulvi Abdul Ghani : In 1937 a number of Resolutions were passed at Delhi for the improvement of the Zoological museums. May I know whether effect has been given to all the Resolutions that were passed?

Mr. Bozman : We have one Zoological museum in Calcutta. We have definitely improved the show cases and galleries.

Mr. Maitra : Surrenders or withdrawal within grant. What portion was surrendered and what portion was withdrawn, can you throw any light?

Chairman : Is this in the nature of a lump sum?

Mr. Bozman : It is merely the summary.

Chairman : The whole of that was surrendered—Rs. 18,700 out of a total saving of Rs. 26,600. Then we go on to Archaeology, Grant No. 35, page-132.

Mr. Azhar Ali : This Woolley Report is now out of date, because it has not been considered by the Govt. of India. A note on that has been submitted by the Deptt.

Col. Rahman : I would like to know here whether there is any real danger to the Taj Mahal.

Mr. Bozman : We had two or three interim reports from the P. W. D. They suggest that there is no serious danger, but that it is desirable that repairs should be taken in hand. We are at the moment awaiting a further report from them. Mr. Malik is examining the best method of carrying out the repairs without either damaging the dome or causing any danger to it by imposing extra weight on the dome. The report says that there is no defect in the foundations. The trouble is that certain of the old iron clamps inside the dome, which is very thick, have become rusty and have developed certain chemical reactions on the brick and masonry work.

Sir Raza Ali : Page 132 E. Conservation of Ancient monuments. I find that the grant of 4,86,000 was reduced by 11,757. What was the justification for surrendering it, because I know that some of these monuments stand badly in need of repairs. Take Delhi itself. There you require to spend a large sum. The same is the case with Sikandra Fort. I happened to be at Agra recently and there I found they had scaffolding round the whole dome for 8 months. It gives the whole thing a very ugly appearance. So I don't think there is any justification for giving up or surrendering about Rs. 12,000.

Mr. Bozman : The saving of Rs. 11,757 is due mainly to two things. There was a certain amount of work which was put in hand for the repair of the Central Asian Antiquity Museum in Delhi, and that was not carried out by the end of the year. There was also certain work handed over to the provincial P. W. D. I am afraid I could not give you the exact places,—and there also the work was not carried out.

Sir Raza Ali : How much for the Antiquity Museum and how much by provinces ?

Mr. Bozman : I think it is about half and half.

Mr. Maitra : Could you mention some of the important items of repairs to archaeological monuments ?

Mr. Bozman : This grant of Rs. 4,86,000 is for the maintenance, upkeep and special repairs of all the monuments all over India.

Mr. Maitra : All the monuments receive their due share of attention, I suppose ?

Mr. Bozman : Yes.

Mr. Maitra : With regard to the note at page 132 bottom, column 4—Due to non-materialisation of the anticipated payments of grants-in-aid to certain States for the preservation of important monuments within

their boundaries. Savings not surrendered by the Department through a misapprehension. Can you explain it ?

Mr. Bozman : I can only explain it by saying that when I saw these accounts I at once wrote to the Director General about it.

Mr. Maitra : I am interested to know what are the particular States which receive grants-in-aid ?

Mr. Bozman : We make a rough lump sum, and any State can apply to us for assistance. If they have not enough funds for undertaking certain repairs, they come to us. We then inspect the monument, and if in our view it is of sufficient all-India importance to justify a grant, we make a grant from this lump sum provision.

Chairman : I suppose it is only in the case of small States.

Mr. Maitra : Do you invite applications ?

Mr. Bozman : No, they all know it. They ask us if we can help them as they have not enough money. If we think it is of sufficient importance, we agree to give it to them. There was one small application somewhere.

Mr. Azhar Ali : The word ' non-materialisation ' is ambiguous.

Chairman : Payments were anticipated, but nobody applied. I suppose this provision is based on past experience. They do actually get applications.

Maulvi Abdul Ghani : G. 4. Contingencies—note 2 at page 134. A certain amount was paid to members of the exploration party. What was this for ?

Chairman : That is the case where an officer, Mr. Muzumdar, was killed by dacoits.

Maulvi Abdul Ghani : What was the justification for making good the loss of a private person ?

Chairman : He lost his life while discharging his duty as a public servant.

Mr. Maitra : I feel that Govt. should have done a little more than what they had done. That was a tragedy.

Maulvi Abdul Ghani : May I know if the dacoits were arrested ?

Mr. Bozman : I don't think they were. It was rather a wild part in Sind.

Mr. Scott : What is the position in regard to excavations in Mohenjodaro ?

Mr. Bozman : There is no new excavation being done. We are now concentrating at one centre, Ramnagar.

Mr. Scott : Is there any likelihood of flooding at Mohenjodaro ?

Mr. Bozman : No.

Mr. Maitra : No further exploration or reclamation is made ?

Mr. Bozman : No, there is preservation work.

Sir Raza Ali : May I know what is the procedure adopted by the Director of Conservation in framing his budget. I suppose the total estimates come to something like 8 lakhs in a particular year. How do you handle it ?

Mr. Bozman : It is a hypothetical question.

Chairman : Do you mean that if the dangers of monuments crumbling were greater in any particular year, how they would be able to deal with that special case ? If that is so ; then they will have to come to the Finance Department and explain the circumstances and get some more money. We have to measure these requests against ten thousand requests, and we have to try and cut our coat according to the cloth available. If you are suggesting that there is a general demand that more money should be spent on the Archæological Department, then that is a question which you could discuss in the Assembly at budget time.

Sir Raza Ali : Won't this head Central Archæological Museum be covered by not spending the grant in connection with the Central Asian Antiquity Museum in Delhi ?

Mr. Bozman : It would have, but this amount was not surrendered through an oversight.

Col. Rahman : Where is the office of Mr. Dikshit ? Is it in Calcutta or Delhi ?

Mr. Bozman : It has been very difficult to find him a place. Last year he was in the Central Asian Antiquity Museum. Up till then he had been in the Secretariat. Where I am going to accommodate him next year I cannot say.

Chairman : We will now go on to the next grant, Grant No. 37, Other Scientific Departments, page 137.

Mr. Azhar Ali : Has any reply been received from the Municipality ?

Mr. Bozman : I wrote a letter.

Chairman : It is in the statement itself, item 6.

Mr. Bozman : We find it very difficult to get a reply from the Calcutta Corporation, but I have reminded them again last month.

Maulvi Abdul Ghani : Page 138. What about this case ? It has been disposed of by the High Court ? Has there been any further correspondence for the remittance of the municipal tax ?

Mr. Bozman : I said just now that we are trying to get an answer from the Calcutta Corporation ; we have failed to get any so far.

Chairman : Do you know what happened to the appeal ?

Mr. Bozman : No, I do not know.

Chairman : Grant No. 38, Education, page 139.

Sir Raza Ali : I believe these grants are meant for all the three universities, I mean Aligarh, Benares and Delhi ?

Mr. Tysen : No, not Delhi. We give 3 lakhs each to Aligarh and Benares. The rest, Rs. 13,000, was given to the Calcutta University for

the Minto Professorship of Economics, but this has now been discontinued, because it is a provincial matter. The Delhi University grant does not come in here ; it comes in the Delhi budget.

Mr. Maitra : But this Chair was created by H. E. the Governor-General ?

Chairman : Is there any danger that this Chair will cease to exist ?

Mr. Tyson : No, I don't think so.

Mr. Maitra : I don't think you are justified in withholding this particular grant.

Chairman : It is a question between us and the Bengal Government.

Mr. Maitra : I think they held a meeting at the Senate some time ago, and they propose to address another communication to the Govt. of India not to go back on its own grant because it is an All-India Chair. The Chair was filled by Sir Manohar Lal, the present Finance Minister of the Punjab, and this Chair really focuses the studies of Indian economics.

Chairman : Would you say it does more than the Chair of Economics in Bombay or of any other province ?

Mr. Maitra : I don't want to draw any comparison. All I say is that the Government of India should not grudge this small amount of Rs. 13,000. It is not a new grant. It is a continuance of the old grant already established.

Chairman : I don't understand how after the provincial autonomy this grant came to be paid at all.

Mr. Tyson : When the matter came to light, it was discontinued.

Chairman : You must remember that Bengal has got a large share of the jute export duty and various other things.

Mr. Maitra : It is equally true that 73 per cent. of the total revenues come from Bengal to the centre.

Chairman : I don't know about that.

Mr. Maitra : Legitimately speaking that province should have the whole of the amount. I don't think it is a question of grace ; it is a question of equity and good conscience and ordinary fairness.

Chairman : This is a matter really between the Central and the Provincial Government, and it is being discussed with them and argued out on the basis of the constitution itself. The argument is not yet finished. I certainly will not be prepared to admit here that we are not justified in attempting to get the Provincial Government to accept this charge. At any rate, in this year the grant was paid.

Mr. Maitra : B and C. These are for the centrally administered areas.

Mr. Tyson : Yes. " B " is within India—and covers some Delhi-Simla schools : these schools come to Simla for part of the year and so cannot be paid for from the Delhi Province Budget.

Sir Raza Ali : What sort of scholars come under this F. 1 (2) ?

Mr. Tyson : We have one Central Government scholarship, part of the cost of which comes under C. 2—the cost of getting him to the port and of his passage to England. I think this Rs. 11,000 must be for the fees of the scholar we send,—for the two or three who at any one time are at home—these scholarships run for three or four years.

Sir Raza Ali : I would like to know something about the nature of these “allowances and fees to scholars”.

Mr. Tyson : I could not say how much they actually get, but I could find out. The provision is to cover the charges due to the holders of the Central State scholarships.

Mr. P. M. Rao : And college fees also.

Sir Raza Ali : As regards these foreign scholarships, who selects them and on what basis ?

Mr. Tyson : I do not know but I can let you know.

GRANT No. 39 : MEDICAL SERVICES.

Col. Rahman : What about the laboratory for drugs ?

Mr. Tyson : We are still using the Drugs Standardisation Laboratory. We have provided for the Laboratory under the new Act in the budget, but we have not got replies from all the Provincial Governments as to the date when they will bring the Act into force : we want to get one date for all the provinces.

Dr. Dalal : What are these grants for—p. 142, E—Grants for Medical Purposes ?

Mr. Tyson : It is mainly for the Dufferin Fund and for the Indian Medical Council.

Dr. Dalal : It has been alleged that there is racialism in this Fund—that Europeans are encouraged and Indians are discouraged. Personally I think there is no truth in this allegation, but it is necessary to disabuse the minds of those who have this impression. Can the Fund put up a note of some kind ?

Mr. Tyson : The department has received no complaint of this kind at all.

Dr. Dalal : I have heard of it.

Sir C. Badenoch : As Chairman of the Fund, I may say that we had one representation on this subject and it was very carefully considered by the Executive Committee and it was found that the complaint was entirely without justification. This is the grant for the Women's Medical Service, and by force of circumstances this service is being Indianised more and more every day. The only reason why the complaint was made was that a large number of the Europeans recruited early in the history of the service are now coming up to the top and the Indians are more junior ; there is a larger proportion of Europeans in the upper grades than in the lower grades ; and from that probably people deduce that there must be a certain amount of favouritism. It is merely the operation of seniority.

Dr. Dalal : Can you tell us something about the progress of the Pharmacy Bill ?

Mr. Tyson : A scheme has been drawn up, but I am not quite sure whether it has been sent to the Provincial Governments yet. The Bill is not coming before the Assembly this autumn session—it cannot.

Maulvi Abdul Ghani : Page 142 : Item C. 1 (3). What is this allowance ?

Chairman : This is a general financial matter. This allowance was withdrawn from certain officers by an order which was held to be *ultra vires* ; and therefore when it was restored, it had to be given retrospective effect : certain allowances were withdrawn from certain Secretary of State's officers and as they could not be withdrawn except by the Secretary of State, and the Secretary of State did not agree, they had to be restored.

Mr. Azhar Ali : What is this item— C. 3 (1) ?

Mr. Tyson : The elections to the Indian Medical Council as conducted by the Bombay Government in Bombay, cost more than we expected, and we had to provide extra money. I do not know why they exceeded their estimate. We have to meet all the election expenses of the provinces for this Council : they exceeded their own estimate on the basis of which we had made budget provision.

Col. Rahman : Item C. 2 : Have you any Central Government employees in Bombay and Poona ?

Sir C. Badenoch : A great many : I have an office of somewhere about 500 clerks.

Mr. Tyson : The head meteorological office is in Poona.

Chairman : Then there is the customs house and we have a big income-tax department there.

Col. Rahman : What about Calcutta ?

Chairman : We have some kind of reciprocal arrangement with Bengal whereby we find it unnecessary for any money to change hands, but in the case of Bombay we have to make our own arrangements.

Maulvi Abdul Ghani : What are these institutions—D. 4, page 142 ?

Mr. Tyson : The Lady Reading Hospital here, in Simla, for women and children gets Rs. 10,000 ; the Ripon hospital gets Rs. 7,550 ; the Walker Hospital gets Rs. 6,000. They are all Simla hospitals : the Delhi institutions come under the Delhi budget.

Mr. Azhar Ali : Are there no indigenous hospitals ?

Mr. Tyson : No.

GRANT No. 40 : PUBLIC HEALTH.

Dr. Dalal : The expenditure on this Institute of Hygiene and Public Health has risen gradually from 1½ to 2½ lakhs in the course of these five years. Why is this so ?

Mr. Tyson : I suppose it is due to the development of the Institute. I could not say off-hand under what heads the increase has occurred, as the previous accounts are not here but it could be ascertained by reference to old Appropriation Accounts. It is financed entirely by the Central Government : it is a Central Government institution : we could have it

located in Delhi, but it happens to be located in Calcutta : there are advantages in having it in a big seaport like Calcutta.

Dr. Dalal : Advantage of this institute is taken mainly by Bengal and the bulk of the students come from Bengal.

Mr. Maitra : It is open for all.

Dr. Dalal : I understand 110 came from Bengal alone ; some from the United Provinces and some from the Punjab but very few from Bombay.

Col. Rahman : What is the advantage in having it in Calcutta ?

Mr. Tyson : There is more scope for varied instruction in a big sea port and city : the institute is primarily an instructional centre.

Chairman : Item C. 5 : there is a big saving under reorganisation proposals : they have now been completed ?

Mr. Tyson : The saving was because we did not pay the salary of the present director : we put the whole sum thus saved into the Budget for development but the development did not come as quickly as we had expected and we propose in future only to ask for what we can see our way to spending within the year and not to put the whole sum in.

Mr. Azhar Ali : Page 146 : Item D. 5. Are there so many flying boats requiring inspection ?

Chairman : These are the Imperial Airways flying boats.

Mr. Tyson : We have to be very careful as passengers coming by the flying boats do not have the same opportunity of passing through an incubation period as those coming by ships and there is more risk of infectious diseases being developed after they have arrived in India, and especially of yellow fever coming in. As soon as the flying boat comes in, a doctor goes on board. We have to be very strict about it.

Chairman : The point is that these boats may arrive at night and the officer has to turn out then and there and may have to be paid overtime fees.

Sir Raza Ali : Page 144 : Item C. I find there is a very large saving under this head. What was the nature of the reorganisation proposals ?

Mr. Tyson : The reference to reorganisation proposals relates only to C. 5 : the savings under C. 1, 2, etc., have nothing to do with the reorganisation. But they all relate to the same institution. Certain posts were vacant or filled late in the year and the full staff in the sanitary engineering section was not entertained.

Col. Rahman : What is this item under E. 7 at page 148 ?

Mr. Tyson : It was a passage contribution for a leave reserve officer who officiated as Assistant Director, Kasauli, for two months or so. They should have provided for the whole amount, but did not.

Maulvi Abdul Ghani : Under head F. 1 (2) who are ' Others ' ?

Mr. Tyson : I could not say offhand, but I could let you know.

Chairman : It may be that this 500 was cut during the period of economy and had to be restored later.

Mr. P. M. Rao : This is to the St. John's Ambulance Association;

Dr. Dalal : Reverting to the All-India Institute of Hygiene, do students coming from Indian States contribute anything ?

Mr. Tyson : They must : they must pay at the same rate as students from any of the provinces.

Chairman : I suppose there is a capitation fee of some kind.

(*Mr. Azhar Ali* raised a point about more time being allotted for examination of witnesses.)

Chairman : If members pay attention to the notes on the grant, instead of merely reading through the report, their attention will be directed to the points of real importance. The notes on page 158 will be found to be interesting.

GRANT No. 41 : AGRICULTURE.

Chairman : Page 158 : para. 2 of Note 4 : in previous years the provinces had not been spending the amounts put at their disposal : in this year a good deal of the carry-over was cleared off.

Mr. Scott : The statement at the bottom of this page does not seem to be very clear.

Sir C. Badenoch : Perhaps *Mr. Ramsay Scott* remembers that two years ago the confusion between the *pro forma* accounts and the actual fund was taken up and it was decided this year to clarify the whole thing by putting everything through the Fund and this confusion will not happen in future. We have been watching the *pro forma* account carefully to see that all the amount that should have been carried to the fund has been carried and I think the next accounts will be quite clear : Everything will go through the Fund and not through the *pro forma* account.

Mr. Azhar Ali : What about the Imperial Dairy Institute at Bangalore ? Cannot the Wellington Dairy money, which has now been abolished, be granted to this institute and give additional teaching and living accommodation to this institute ?

Chairman : The Wellington farm was never self-supporting.

Mr. Bozman : It could never be self-supporting because we could only charge the army rates : that is one reason why we had to discontinue it.

Mr. Jones : But it has been practically self-supporting ?

Mr. Bozman : It is closed of course now.

Chairman : The thing was intended to pay its own way. There is nothing saved to government except some losses : there is therefore really no money to be transferred to any other institution.

Mr. Azhar Ali : Is it possible for the government to ask provincial governments to contribute towards this residential accommodation at Bangalore in this institute ?

Mr. Bozman : No ; it is a central institute of research.

Dr. Dalal : Is the Karnal Institute self-supporting ? Does it still run at a loss ?

Mr. Bozman : It is not, as far as I remember, self-supporting. But my recollection is that the loss was a great deal less than in previous years.

Dr. Dalal : Have we got many other institutes besides Karnal ?

Mr. Bozman : The main one is at Delhi. Karnal is a sub-station. There is a small sub-station at Pusa which is really part of the main institute.

Dr. Dalal : Would it not be wise to concentrate all these activities at one centre ?

Mr. Bozman : Definitely not, for purely climatic and scientific reasons. For instance, there is the sugar sub-station at Coimbatore, which is very well established there and has proved of enormous benefit : similarly the botanical station at Pusa has done a good deal of work on wheat and crops of various kinds : it is simply for climatic and similar reasons that we keep these sub-stations. There is no overlapping.

Maulvi Abdul Ghani : What about these discrepancies at page 159— para. 2 ?

Chairman : The discrepancies are on the right side. The customers ought to have objected.

Mr. Bozman : It is the institute itself that is the customer.

Maulvi Abdul Ghani : Para. 2 at page 159 ?

Sir C. Badenoch : It is wrong that large excesses should be found when taking stock.

Mr. Scott : It makes your stores extra by 4 tons of coal. Are these things revalued ?

Sir C. Badenoch : If there is no great disparity in the market rates, we do not insist on revaluation.

Col. Rahman : What about the bulls ? Under what heading do they appear ?

Mr. Bozman : Some under Agriculture and some under Veterinary Services.

Chairman : There is an important comment at page 163 regarding the Government Creamery at Anand.

Mr. Maitra : Page 163. Why is this Government research creamery at Anand still shown here ? Was it found unprofitable or unworkable ?

Mr. Bozman : We are keeping on the buildings because they might be useful for further special research in dairy matters. The question really is whether we require that particular building at Anand or we do not. At the moment we are negotiating with the Bombay Government as to whether we should not be able to get rid of the thing altogether. Those negotiations are by no means complete.

Mr. Azhar Ali : When there are assets and when it was working satisfactorily, why has it been closed down ?

Mr. Maitra : Do I understand that the creamery section alone is unworkable or unprofitable ?

Mr. Bozman : It was unprofitable. It is a creamery, not a section. The buildings and the machinery and the farm area, these have been maintained by us, so that if we require their use, we can do so. We have been considering whether we could use them for other purposes, but we have not yet come to any decision.

Mr. Maitra : Were the buildings erected at the cost of the Government of India ?

Sir C. Badenoch : They were purchased from the Defence Department.

Mr. Scott : You have placed the buildings under a caretaker so that they may not depreciate ?

Mr. Bozman : Yes.

Mr. Maitra : How long were the buildings kept in disuse ?

Mr. Bozman : The creamery was closed down in 1932 and no use has been found for them since then.

Maulvi Abdul Ghani : Page 164. May I know whether the sum of five lakhs which used to be given by the Government to the Imperial Council of Agricultural Research is still given now that they have got their own funds ?

Mr. Bozman : That is being discontinued.

Chairman : They are getting an agricultural cess.

GRANT No. 43. PAGE 165.

Maulvi Abdul Ghani : Item E : I want to know whether the sum of Rs. 1,67,000 is being met out of the agricultural cess ?

Mr. Bozman : This is a diminishing grant given for provincial purposes.

Chairman : This is not to be met from the proceeds of the cess, but it is the provincial portion of the scheme.

Mr. Bozman : This is a grant made by the Government of India to assist the provinces in starting their actual marketing schemes.

Mr. Maitra : Is this an initial grant made for the provinces to start their respective marketing organisations ?

Mr. Bozman : It is a recurring grant, but a diminishing grant.

Chairman : This is the liability of the provinces. We started them off with a grant in the hope that they would build up their marketing organisations. We have been continuing this, but we hope it will gradually diminish and that the provinces themselves will take up the schemes.

Mr. Maitra : Are the Government of India selecting for the provincial governments ?

Mr. Bozman : The provinces are making their own selections entirely.

Mr. Maitra : What is the control that the Government of India exercise in the spending of this grant by the provinces ?

Mr. Bosman : This is shared by all the provinces who wish to get assistance.

Mr. Maitra : What particular kind of check do the Government of India exercise then to see that the money is really spent for the purpose for which it is given ?

Mr. Bosman : The work is done according to the directions of the I. C. A. R. and the Marketing Adviser of the Government of India. The provinces have to work under our central machinery.

Mr. Maitra : Do I understand that the provincial governments make provisional schemes for their marketing organisations and they send them to the Government of India and that the I. C. A. R. approves the schemes and then makes over the money to the provinces ?

Mr. Sahai : On the lines laid down by the I. C. A. R., the provincial governments check up their work and ask for advice from the I. C. A. R. There are several experts under the I. C. A. R. who give the advice sought for. The provinces themselves carry out the work under the supervision of the I. C. A. R.

Mr. Maitra : There is a great deal of difference between what I asked and what you said. What you say is this. You indicate the lines along which the money is to be spent. You pass the money on to the provinces and leave the provinces to work out the scheme.....

Sir C. Badenoch : I can explain this. The Provincial Accountants General see that the money which has been paid out from the grants of the Government of India is utilised for the purpose for which it was granted. Actually this is put into a separate fund. My officers in the provinces watch the expenditure against those funds and give a certificate every year that the money has been expended from the grant on the purpose for which the grant was provided.

Mr. Maitra : So the provincial Accountants General exercise control ?

Sir C. Badenoch : They audit all expenditure against this grant and after auditing they satisfy themselves that the money has been spent on the lines indicated by the Central Government.

Mr. Maitra : They then issue a certificate and on the strength of this certificate you pay the amount ?

Sir C. Badenoch : No, it is a post audit. If the money provided for a certain purpose was diverted to another purpose, the Accountant General would say that so much of the grant provided for such and such a purpose had been spent on something else.

Chairman : Have you any reason to suspect that the marketing grant is not being spent properly ?

Mr. Maitra : We do not see much evidence of their activities at any rate in my province, that is the trouble. They may exist somewhere in the secretariat or in official documents, but I do not see their physical presence in any part.

Chairman : We cannot discuss here the shortcomings of provincial governments.

Mr. Maitra : We are discussing the question of their check so that incidentally they come up.

GRANT No. 44. PAGE 167.

Mr. Maitra : I do not understand Item A-4. "Owing to war conditions, the contractors were unable to execute the orders placed with them by the Indian Stores Department and the position became known too late for surrender of the saving".

Mr. Bozman : The note refers to the sum of Rs. 6,391 which should have been either surrendered or reappropriated. It means that orders were placed for certain stores through I. S. D., and the Imperial Institute of Sugar Technology was expecting to receive these stores before 31st March, the last day of the financial year, but that the stores did not actually come. The stores were ordered, but they are not paid for until they actually arrive. They kept this money to pay for stores which they thought would be delivered before 31st March, but unfortunately they were not delivered.

Mr. Scott : Item B-1. "Orders for additional plant could not be placed, the Professor of Sugar Engineering having been busy with the seasonal running of the factory and studying the requirements of researches suitable to the Indian conditions of factories". Does that mean that the conditions were all right before he ordered further machinery ?

Mr. Bozman : There was a new Professor appointed in that year. We had made provision for the purchase of this plant, but when he was appointed he wanted to satisfy himself that it would be required. The provision was made by the department on the advice of his predecessor.

GRANT No. 45. PAGE 170.

Maulvi Abdul Ghani : What is this item L—grants in aid contributions etc., on page 171 ?

Mr. P. M. Rao : It is passage contribution.

Mr. Maitra : Item P., the explanation to col. 1 is "Installation of the gas plant and equipment of the Animal nutrition and poultry research section laboratories not provided for in the original budget as they were expected to be completed in 1938-39". Was this amount sanctioned with the approval of the Standing Finance Committee ?

Chairman : This came from the fund for agricultural development.

Mr. Bozman : You will find under item P-3, there is a deduct entry. This comes not from general revenues but from a special fund which we are allowed to carry over. It does not lapse.

Mr. Maitra : Do you mean to say that the amount was budgeted for in the previous year's budget, but as the amount was not spent, it was transferred to another fund.

Chairman : It remained in the fund. This fund was started out of the surplus distributions that were made to provinces. A certain amount was kept for centrally administered areas.

Mr. Maitra : I want to know the procedure adopted in the case of money budgeted for in the previous year which could not be spent ?

Sir C. Badenoch : The amount provided for in the previous year was nil because the expenditure was neutralised by a transfer from the fund ; so nil was provided in the previous year and nil spent in this year.

Mr. Jones : There is a deduct entry in item P.-3.

Commercial Appendix. Page 103.

Chairman : The year closed with a profit of Rs. 64,115 against Rs. 24,807 in the previous year. The percentage of net profit on turnover was 27.47. Did you lower your selling rates ?

Mr. Bozman : There is no change in the selling rates. If we sell outside India we charge more. At the bottom of page 109, you will see the selling rates given for 'India' and 'foreign'.

GRANT No. 55. PAGE 206.

Mr. Maitra : There is a footnote " Unforeseen carry over of the contribution to the Government of Madras for agency work for 1938-39 ".

Mr. Bozman : That point was actually mentioned last year. What happened was this. The Madras Government sent in a bill for their agency charges. They act as our agents with regard to emigration work. The sanction reached the Madras Government too late for them to put into the accounts of that year. So it had to be put in the budget this year.

Mr. Maitra : Page 207, Item D. Deputation of an officer in connection with the West India Royal Commission previously charged to another head. What is the explanation ?

Mr. Tyson : It refers to my deputation to the West Indies. On my return I came to the Communications Department. I think it may have something to do with my passage out.

Sir C. Badenoch : It was a misclassification made by the High Commissioner.

Sir Itaza Ali : On page 207, foot note " the saving in the voted section of the grant works out to .75 per cent. as against 30.8 per cent. in 1938-39 and 1.57 per cent. in 1937-38 ".

Chairman : There must have been some large item in 1938-39 which was provided for but not spent.

GRANT No. 57. PAGE 209.

Mr. Maitra : A. I do not know why large sums have lapsed ?

Mr. Bozman : On account of the international crisis books could not be purchased and hence the sum lapsed. They asked for a reappropriation of Rs. 1,510 but in the end they saved most of the sum.

GRANT No. 64. PAGE 268.

Mr. Piracha : Do you pay any thing from Central Revenues to Kamaran fund ? Does Government make any contribution ?

Mr. Tyson : In respect of each pilgrim that goes, we pay one rupee and the pilgrim pays three rupees or something of that degree, towards the Kamaran Fee of Rs. 4. But the Kamaran staff and establishment are entirely paid for by the fund which is created in that way.

Mr. Piracha : Are the accounts audited every year ?

Mr. Tyson : I cannot say off hand.

Mr. C. Badenoch : If the Department insists on audit, they are bound to be audited.

Col. Rahman : Is the special officer appointed last year still continuing ?

Mr. Tyson : He was appointed in the first instance for four months, but we kept him on to deal with pilgrimage matters generally.

Col. Rahman : Is his report made public ?

Mr. Tyson : No.

Mr. Maitra : Page 270. Item J-Kidderpore Orphananj market. It seems to be a profitable concern ?

Mr. Bozman : From this year, the Labour Department is going to take charge of this. It will go from our budget. This is an old legacy, I do not know from how long ago, and we have to pay certain annuities to certain people. The income from the market goes to the payment of these annuities. The expenditure is all of the nature of staff or buildings.

Maulvi Abdul Ghani : Page 269. I want to put a question about item E. 4 on page 269. I find that the grant of Rs. 2,500 has been surrendered ?

Mr. Tyson : We took Rs. 2,500 off because the financial position was better than we expected. The sum of Rs. 8,500 which was provided includes Rs. 6,500 for the Port Haj Committee, Calcutta, and at that time we thought they were going to be badly down that year. We found they were better off than we had expected when we budgeted Rs. 6,500 for them, and we only gave them Rs. 4,000 instead of Rs. 6,500.

Sir Raza Ali : I must point out that some of these Port Haj committees are living from hand to mouth because they spend the whole amount.

GRANT No. 71. PAGE 315.

Chairman : There is a commercial account on page 113 of the Commercial appendix. The general result is very satisfactory,

Mr. Bozman : In view of war conditions, the working was extremely good, and now the Supply Department are taking the products. We had a most encouraging report from a recent inspection of the Andamans by the Inspector General.

Sir Raza Ali : Page 363. Under item B-3, Grants in Aid, Contributions, there is only a small amount of Rs. 600.

Mr. Tyson : It must be " passage contribution ". Somebody who was not entitled to see Commission Passage was appointed to the post and the contribution did not become due.

Sir Raza Ali : Sub-head C.—Grants in aid to non-government secondary schools. The total is Rs. 32,900.

Chairman : Can you explain that large increase ?

Mr. Bozman : The maintenance of higher classes in some private schools in Quetta was sanctioned during the course of the year. The previous provision was inadequate.

Chairman : Page 392. This is merely for the transfer from Pusa to Delhi ; it is a small item. The actual expenditure was minus. That concludes the Department of Education, Health and Lands.

Mr. Bozman : The committee wanted me last year to verify certain points about the free transfer to the New Delhi Municipal Committee of certain services. I verified them and found they all relate to roads, catchments, drains and similar services of a municipal nature.

The Chairman then thanked the witnesses who withdrew.

The Committee adjourned till half past ten of the Clock on Tuesday the 19th August 1941.

Second Meeting, Tuesday, the 19th August 1941.

FINANCE DEPARTMENT.

Chairman : First let us take the Key Statement and let us go through pages 3 to 9 of the Audit report. This merely gives the results.

Mr. Scott : Have we always got to obtain the vote of the legislature, however small the amount, say Rs. 16 or Rs. 17 ?

Chairman : Although the amount may be trivial, yet a principal is involved. The department has actually spent more than is voted by the legislature and so it must be regularised. No voted expenditure can be incurred that has not at some stage received the vote of the Assembly.

Mr. Azhar Ali : Page 5. Under Legislative Assembly, there is a saving.

Chairman : Because of the absence of the Congress Members from the Assembly.

Mr. Azhar Ali : I find in all the departments there is a saving shown !

Chairman : The departments are naturally very careful not to overstep the voted amount without getting supplementary grants.

Mr. Maitra : Page 5. Grant 67. There is a cent. per cent. saving, because the provision based on the High Commissioner's estimates was not required.

Mr. Jones : It is a sweeping up of expenditure on retrenched personnel which was charged to capital and written off over a number of years. I think it is completely written off, but the High Commissioner put in a demand for Rs. 5,000 to finish up small outstanding, which as a matter of fact, was not required.

Chairman : This item has practically disappeared now, it has worked itself off.

Mr. Maitra : Page 5. Grant 53. Census : " Provision was made on a rough basis as detailed information was not available at the time of preparation of budget." Here there has been a saving of 30 per cent. May I know why it was not possible to have an idea of the expenses that would be incurred ? The previous census could have been taken as the basis.

Chairman : This question might be put to the Home Department. This was the year 1939-40. That was not really the census year. It was merely preliminary expenditure. We know quite well what the cost of the whole census will be. This provision is merely for getting together a few clerks and to begin the work.

Mr. Jones : In some provinces, there was delay in the appointment of their provincial Census Commissioners.

Maulvi Abdul Ghani : Page 5. Grant 26. Administration of Justice. There is a saving of Rs. 19,033. This is explained as mainly due to non-acceptance of certain expenditure on contingencies incurred by the Legal Remembrancer in Bengal and certain departments of the Government of Bengal in connection with Central Government cases. So far as the Government of Bengal is concerned, the saving is Rs. 25,200, and the saving

was counterbalanced by excesses in Bombay, Rs. 12,400. There is another saving of Rs. 891 ; thus on the whole the net savings come to Rs. 13,291 ; out here the amount shown is Rs. 19,033. So the full amount is not explained.

Sir C. Badenoch : The audit report gives only a summary explanation. More detailed explanations are found in the actual Appropriation Accounts on page 98.

Chairman : This comes under the Home Department, and we will consider that later on. We are merely taking here a general conspectus of the budget.

Mr. Scott : On page 6, you give the final appropriation figures. Under revenue and capital expenditure, the accounts of the year show an excess of 6,35,26 lakhs or 42.42 per cent. as compared with the final grant. This excess, however, is entirely fortuitous. How did you come by such a saving ?

Chairman : What happened was this. When the war broke out, I assumed that the effect on our various items of revenue, customs and so on, would be fairly rapid. Actually during the first few months of the war, there was an increasing tendency so far as imports were concerned because people were laying in stocks. In 1939-40, contrary to expectations, the revenue returns of many heads were even higher than normal. So we had this large surplus. Obviously I had to decide that this should not merely go for the reduction of debt which would have been normally the case. We knew we were going to be faced with heavy expenses, possibly there would be a fall in revenue in the following year. So we put this into a revenue reserve fund and that makes it an item of expenditure, whereas it is really not. That accounts for the large excess.

Maulvi Abdul Ghani : Could you not have foreseen this and forecast correct figures ?

Chairman : I did not foresee the war.

Mr. Azhar Ali : Page 7. "The increase in the percentage of non-voted saving under 'Loans and Advances' as compared with the previous year occurred under the head Advances to Crown representative in the Demand of the Crown Representative." Why is this advance made ?

Chairman : The Crown Representative can ask for money for loans and advances. We sometimes make loans to Indian States. I have sometimes indicated in the Assembly in answer to questions what the loans are. They are usually interest bearing loans. We give loans under suitable safeguards. Unless there is a distinct advantage to British India, they are not usually interest free advances.

Mr. Scott : You charge the same interest as you do to the provinces. ?

Chairman : Yes.

Mr. Scott : That means your cost plus a certain percentage of profit ?

Chairman : Yes, those are the usual terms.

Mr. Gill : If it is a twenty years loan, the rate at which you can raise the money for 20 years, plus one-fourth per cent for expenditure, plus a minimum of a quarter per cent for risk.

Sir Raza Ali : Can you lend money to private individuals ?

Chairman : Yes, if there is some public advantage involved.

Mr. Maitra : What is the principle on which you advance loans to private individuals ?

Chairman : It is very rare and is done sometimes in the Supply Department. If a private individual is prepared to embark upon any enterprise which will be of distinct utility to the Government, then they will be prepared to put up some of the capital. We are doing that every day in industrial enterprises. I will tell you the sort of thing we have done. In places where there is not sufficient accommodation for Government servants, if a private individual is prepared to build and provide accommodation and thereby solve our house problem, we have been prepared to lend money to enable that private individual to do so, because it serves a Government purpose.

Mr. Maitra : So under this head you have not advanced loans to private individuals ?

Chairman : It is very unusual to grant loans to private individuals except in connection with the activities of the Supply Department. But during this year, I do not think there were any.

Col. Rahmah : Page 9. Grant 62 : I should like to know whether pensions are allowed to be commuted now ? I thought it was stopped ?

Chairman : Certain Congress Provincial Governments stopped commutation of pensions so far as the provincial Government servants under their rule making powers were concerned. But it has not been stopped as a general measure by the Central Government.

Sir Raza Ali : As a matter of fact in the year under report, it was as good as stopped because we really see a saving of something like 50 per cent.

Mr. Maitra : Who are entitled to this superannuation allowance ?

Chairman : It is merely another term for ' pension '.

Mr. Jones : We give a retiring pension to a man when he retires after completing the necessary qualifying service, and a superannuation allowance or pension when he retires on reaching the age of compulsory retirement.

Mr. Maitra : I want to know whether ' superannuation allowances ' and ' pensions ' are convertible terms, or whether under certain circumstances, besides pension, a man is given an additional amount in the shape of ' superannuation allowance ' ?

Chairman : A ' superannuation allowance ' is always a ' pension ', but a ' pension ' is not always a ' superannuation allowance '. A man may earn ' pension ' before he reaches ' superannuation '.

Sir C. Badenoch : There are several kinds of pensions,—retiring pension, compassionate pension and so on, but only one kind of superannuation allowance.

Mr. Azhar Ali : If a man is reinstated or reemployed in Government service just as the Government of India are doing in some of the departments now, does he get his pension in addition to his salary ?

Chairman : If he is allowed to draw his pension, then that is taken off from the salary offered to him. Supposing a man is drawing a pension of Rs. 500, and suppose he is offered a post carrying a salary of Rs. 1,000. Then if he draws his pension, he will be given only Rs. 500 for the post. If he does not draw his pension, he will be given Rs. 1,000, the salary of the post, and his pension will be kept in abeyance. That is the usual thing.

Sir Raza Ali : Suppose a man who draws pension from British Indian service gets appointed in an Indian State, what will be the position ?

Chairman : Our rule applies only if the pensioner is reappointed in British Indian service. If he goes to an Indian State, it is for the State concerned to decide what it is going to pay him.

Mr. Azhar Ali : In the case of transfer of service or lending service to an Indian State, do you take this into consideration ?

Chairman : If we lend a man, during his period of service in British India, then the State has to contribute towards his leave and pension, but if he has retired from our service and then gets his job in the Indian State, it is a different matter.

Col. Rahman : Page 15. What do you mean by unnecessary supplementary grants ?

Mr. Jones : If you get a supplementary grant in a certain year under a certain head, and the saving under that head turns out to be more than the amount granted under the supplementary grant, then it becomes an unnecessary supplementary grant.

Chairman : It shows inaccurate estimating.

Mr. Jones : Sometimes, during the last month or two of the accounts year, for some reason or other, the expenditure falls very much below expectations.

Maulvi Abdul Ghani : The total supplementary grants were too heavy, far in excess of requirements.

Chairman : You think it is high. I suppose the effects of the war were so incalculable that the departments thought they were in for heavy expenditure and so they took the vote of the Assembly and got supplementary grants.

Mr. P. M. Rao : It is explained on page 13 that it is due to the outbreak of the war.

Maulvi Abdul Ghani : In the end, the result showed a saving ?

Chairman : That is the trouble. The saving has been considerably reduced, but still there is room for further improvement.

Mr. Scott : We cannot investigate into this. Whether it is war or not, we have got to accept the Auditor General's report that it is due to war conditions. War may cover a lot of sins.

Chairman : The trouble is that you cannot get really a normal standard to apply.

Mr. Jones : The first sub-paragraph on page 13 of the Audit Report is a fair summary. It explains the main reasons.

Mr. Maitra : The point is this. It becomes really difficult for us to judge unless we are provided with an idea of the normal standard.

Chairman : You have the witnesses before you, and as you go through individual items, you can ask them what happened. We got some details yesterday about the Department of Education, Health and Lands.

Sir Raza Ali : I cannot agree with the remark made by my friend Mr. Ramsay Scott. That raises a question of principle. He said we have got to accept the Auditor General's report. Is that true ? That does not accord with my conception of my duty as a member of this Committee.

Chairman : The only thing is this. The Auditor General is an expert and he is detached critic, and if you like to put your opinion against his, you can do so.

Mr. Scott : I did not mean to say that you should take for granted all the Audit Report says.

Mr. Jones : Take a statement of fact like this : " The excess over the original voted grant under revenue and capital expenditure was, in a large measure, due to causes directly or indirectly connected with the war, such as expansion of the activities of a majority of the civil departments attributable to the war, necessity to hold larger reserve stocks of essential materials and so on." This must be accepted as the considered view of the Audit Department after a full and detailed examination of the accounts. But it is of course open to the Members of the Public Accounts Committee to challenge such statements, if they have got materials to show to the contrary.

Chairman : As a matter of fact the utility of this Committee, if I may say so, depends almost entirely on the extent to which it utilises the services of the Auditor General. Without the Auditor General the Committee cannot do anything. He provides the whole material on which this Committee proceeds. On questions of opinion, you are free to form your own opinion but on statements of fact, you have to take what the Auditor General says.

Mr. Azhar Ali : In paragraph 15, the Audit report says :

" It has not been possible for the Audit Department to come to any definite conclusion from a comparison of the statistics relating to the surrenders made and the number and amounts of modifications carried out during 1938-39 and 1939-40, specially as, during 1938-39, the economy drive set in motion by the Finance Department was in full operation and led to large savings under almost all the heads."

Mr. Maitra : The Auditor General has already given the certificate in handsome terms.

Mr. Jones : The whole point of para. 15 is this. The Public Accounts Committee suggested that with a view to facilitate more accurate budgeting and better control, an excessive number of subheads was undesirable. The Committee's recommendation to use larger units of appropriation was tried as an experimental measure under a few selected heads in the budget for the following year, was worked during the course of the next following year. The results would only be known in the next year after that, and could not come before the Public Accounts Committee until a year

still later. Before there was any chance for this course to run itself, certain disturbing factors enumerated in para. 15 came in, which made it impossible to come to any definite conclusion on the results of the experiment.

Sir Roza Ali : There is just a small point. On page 13, the last sub-para. 14 says : " The results of the year show that, except in Grants No. 47—Aviation and No. 77—Commuted value of pensions, the savings have been considerably reduced in the year under report." Why should there be such a large saving under ' Aviation ' ?

Chairman : We will ask about this when the Director of Civil Aviation comes.

Mr P. M. Rao : You will find the explanation given in page 178. The saving was mainly under head D-4.

Chairman : We were due to make a big payment towards the share capital of Indian Transcontinental Airways, Ltd., but owing to war, they could not get the planes for their expansion which was contemplated.

Sir Roza Ali : They could have obtained second-hand machines.

Chairman : They could not get suitable machines and so the expansion did not take place. We were not called upon to put up the capital and so six lakhs were saved.

Mr. Maitra : Do I take it that this was a new contract entered into and that actually there was no curtailment of the activities of the Aviation Department ?

Chairman : You will have the Director of Civil Aviation as a witness and you can satisfy yourself by putting him this question.

Mr. Jones : With para. 15 of the Audit Report goes serial head No. 11 of the outstanding recommendations of the Public Accounts Committee.

Chairman : As regards ' Reconstruction of the Demands for Grants ', I may say that the experiment so far has been highly successful in every respect. By the reduction in the size of the volume of Demands for Grants and by excluding a lot of confusing details, I am not aware of any single instance in the whole year where anybody has missed any of the matter which has been excluded from that volume. It has become much more handy and intelligible and from every point of view, I think, it is an improvement. The trouble was that it was not only enormous in size, but that the wood was being lost in the trees.

Mr. Jones : By this abridged volume, we have saved nearly a million printed pages.

Mr. Maitra : From the point of view of economy, it is all right. But this financial statement of the Government should be a veritable vade-mecum for students of economics, who should get everything in outline. This abridged size is not of much help to students of economics.

Chairman : Even on that basis, this abridged edition is more useful.

Mr. Maitra : In the Legislative Assembly you allow only one day for general discussion and three days for voting on demands for grants. Most of the time is taken up by the various parties on particular items and detailed expenditure does not really come in for consideration. At the

end there is the guillotine and the whole budget goes through. Everything has to be finished within the scheduled time. Apart from the Legislative Assembly, I think the Government of India, when it makes out its budgetary proposals should give full information to the public.

Chairman : It is available in its proper place. The only question is whether the whole of that should be printed with the Demands for Grants.

Mr. Maitra : How can you then make it available to people ?

Sir C. Badenoch : What you actually want is not so much information on your estimates but information on your accounts. Here is a compilation of the Auditor General showing the finance and revenue accounts of all provincial governments. This is based on statistical information connected with accounts. It has been a continuous preparation for the last 70 years. That is made available to the public on sale.

Mr. Maitra : But the Members of the Assembly or even the Members of the Public Accounts Committee are not provided with this publication. I think the Members should be supplied free.

Chairman : If the Members of the Public Accounts Committee want it, it can be supplied.

Mr. Azhar Ali : You publish something and keep it in your department. The Members cannot get at it unless it is made available to them.

Mr. Maitra : I think as a temporary expedient during the period of the war, the course adopted by you may be suitable because after all we want economy.

Chairman : If you consider this question carefully, you will come to the conclusion that even as a permanent measure, it is of great advantage.

Mr. Maitra : It will take some time before we can convince ourselves that it is a useful experiment.

Chairman : After all there is a tremendous amount of information available in this volume. I doubt whether even one Member of the Assembly masters even five per cent. of the information contained in this reduced volume.

Mr. Maitra : But your policy is to give very little time for study. The two or three days allotted for discussion of demands in the Assembly are not enough.

Mr. Jones : The point is, whether the Budget Volume is intended for the Legislature or for students of economics. For instance the old volume gives full details about the staff employed in every offices down to Assistants, Clerks, Librarians, attenders and menials. Are such meticulous details really necessary for purposes of Parliamentary control over Government expenditure ?

Mr. Maitra : From the point of view of the people's representatives, they are most important.

Mr. Jones : You want to know exactly how many servants there are in every office, and so on ?

Mr. Scott : I am able to get all the information I require much quicker from this abridged volume. There is a lot of duplication in the bigger volume.

Mr. Jones : I would venture to suggest that if the legislature tried to control the expenditure of the Government of India down to the last pice in every office as set out in the old volume, and if they sat every day in the year, morning and afternoon, they could never get through their work.

Chairman : If the legislature goes into details it is likely to omit important matter, however much time is given to the Assembly ; and as Mr. Jones says, even if it were to sit all the year round, it could not deal with all details. For instance, in the old bigger volume, it used to say—so much is accounted for in such and such a circle, so much in such and such other circle, the whole of the amount being again restated by circles. This information is valuable for the Accountants General concerned to know what part of the amount voted is supposed to be spent in a particular circle and what part in another circle and so on. From the point of view of the Legislative Assembly, it is completely unnecessary. You do not want to know whether the pay of this chaprasi has got to be watched by the Accountant General, Central Revenues, or dealt with by the Accountant General, Bombay, or Lahore. That is of no interest to the legislature. What you want to know is what is the amount that is being spent on this establishment. You are not concerned with all the details.

Maulvi Abdul Ghani : The purpose is also omitted.

Chairman : There is so much given to you about the purpose in the reduced volume that I do not believe you can possibly digest even that.

Maulvi Abdul Ghani : In the former volume, I used to get fuller information.

Chairman : You tell me a single point on which you want information which you cannot get in this volume. I really want to know one particular instance.

Maulvi Abdul Ghani : In the older volume we used to get information as to how many incumbents were going to be increased in a particular department and so on.

Mr. Jones : We give this information in the present abridged volume also as annexures to each demand.

Mr. Maitra : We have followed a certain practice for so many years. If we want to make a violent departure from that, it can only be justified by the exigencies of war. We can introduce this as a tentative measure for two or three years and see how it works, but if you here and now lay down that it is going to be the policy of the Government not to give details, I, for my part, cannot be a party to this.

Chairman : Government propose to continue for the time being the present scheme. The Auditor General agrees. If you wish to reserve your opinion about normal times, you may do so.

Mr. Maitra : As a provisionally tentative measure it can be tried.

Maulvi Abdul Ghani : It may be our recommendation that the measure is a temporary one.

(Mr. Maitra complained that the report of the Director General, Posts and Telegraphs, was also getting less useful from the point of view of the student of postal economics.

Mr. Jones pointed out that that report was meant to give the public a detailed picture of the working of the department and was not meant for students of postal economics : otherwise it would not interest the people at large.

Mr. Maitra also wanted that the combined Finance Revenue Account should be supplied to members of the legislature.

The Chairman pointed out that owing to shortage of paper, departments were enforcing the most stringent economy and that in any case the book could be had in library ; and that the smaller book—Finance Accounts and Audit Report—gave a great deal of the same information in a very handy form and was circulated to members of the Assembly.)

Chairman : The Committee in any case agrees to the limited proposal put before the Committee that the Government propose to continue for the time being the present scheme.

Sir Raza Ali : You may expand it and say that during the progress of the war this will be the position and then it can be reviewed.

Mr. Jones : Except that it is implicit : one government cannot bind its successor and one Public Accounts Committee cannot bind its successor.

Chairman : Item 9 in the Statement. Owing to the great delay in communications caused by war conditions full details of the High Commissioner's estimates reached India very late this year and in some cases actually after the preparation of the budget. Broad summaries under each head were however obtained by telegram and circulated to Departments. The time available for detailed examination was very short, but the estimates were checked as far as possible and corrected where necessary in the light of the information available. The practice of modifying the High Commissioner's estimates in consultation with the authorities in India will be continued in future though it will not be possible to ascertain the extent of the improvement in estimating capable of being brought about by this procedure till normal conditions return.

Page 17 of the Audit Report : para. 21. The last portion of this para. says that the improvement has been generally maintained.

Maulvi Abdul Ghani : Para. 16 (page 14) says " there still appears scope for further improvement "

Mr. Scott : We say that every year : it is a hardy annual.

Sir Raza Ali : There is always room for improvement, even in the Finance Department.

Chairman : Para. 27 (page 19) gives the progressive account of the Fund for economic development of rural areas. The balance (para. 26) is shown as 75.90 lakhs.

Mr. Jones : At the end of the following year it was down to 52.78 lakhs.

Mr. Scott : The average expenditure is about the same—about 22 lakhs.

Mr. Azhar Ali : Para. 25 : What about this secret service expenditure ?

Chairman : The administrative officers furnish an annual certificate of check to the audit officer in the prescribed form.

Sir C. Badenoch : That expenditure is not open to audit and is not scrutinised by the Auditor General. Some other officer checks the account of the disbursing officer and gives a certificate to the Auditor General that he has applied an administrative check. There is no independent check by any auditing agency.

Mr. Maitra : Is it a fixed amount or does it vary from time to time ?

Chairman : I should think there must be some increase owing to the war. The amount is fixed at the beginning of the year—there is an appropriation—and if they want any increase they have to explain exactly what is proposed to be done, what type of new secret service expenditure has to be incurred. The grants are made on the basis of actuals for the past year or the average of previous years. For instance, it was noticed that one year rather more money was asked for than could be spent and so a reduction was made by the Finance Department.

Mr. Maitra : Can this money be spent for work outside India ?

Chairman : Yes, but for the purposes of India. You will find it under External Affairs Department.

Sir C. Badenoch : Secret Service covers a number of subheads under several departments.

Sir Raza Ali : The only trouble is that this power can be abused if there is no check.

Chairman : These funds are only placed at the disposal of officers of fairly high status.

Mr. Jones : I think it is true to say that in the circumstances of the present time the amount spent is comparatively trifling.

Chairman : Then there is the progressive account of the Revenue Reserve Fund. In the following year that was completely swallowed up.

Sir Raza Ali : The statement in para. 27 shows according to departments and according to areas. What does this "tribal areas" mean ?

Sir C. Badenoch : It is the actual area which is not administered directly—between the border and the frontier ; it is subject to special conditions prescribed in the Government of India Act. I think they are making some investigations regarding fruit growing and also with regard to water courses in these areas.

Mr. Gill : This is money actually given and unspent.

Sir Raza Ali : Won't this be debited to the account of the N. W. F. P. administration ?

Sir C. Badenoch : No ; there is a special head "tribal areas". All expenditure on tribal areas is central : the government of the Frontier Province or Assam may be the controlling authority but the expenditure is brought to account in the central books ; it is a non-voted appropriation in the central demands.

Mr. Maitra : In other words, they spend on behalf of the Government of India and are accountable to the Government of India.

Sir C. Badenoch : Yes.

GRANT NO. 7 : STAMPS.

Mr. Azhar Ali : What is this ' donations ' in item B-1(6) at page 54 of the Demand ?

Chairman : That is merely the name of the head : I do not know that we make any donations.

Mr. Maitra : I think you make donations to the Indian States in respect of stamps.

Chairman : That is in accordance with agreements reached in return for joining the British Indian postal union. Actually the stamps are sold by the Posts & Telegraphs Department. This relates mainly to the manufacture of stamps and placing them at the disposal of various departments of the Government.

Mr. P. M. Rao : This subhead comprises grants-in-aid, leave and pension contributions and the special provident fund contribution by Government—these are the four items that come under this.

Chairman : If a man has a provident fund and government contributes a certain percentage, then it comes under this head : also the amount set aside for passage to those who are entitled.

It will be more interesting to look at the Commercial Appendix and judge as to whether this is a successful business concern. Pages 12 to 30 of the Commercial Appendix. (*Reads out.*) Para. 31 gives the trading and profit and loss account. The next para. gives the net profit as Rs. 5,92,000. I think that indicates a satisfactory state of affairs as far as we are concerned. The idea is, as regards our own departments and provincial Governments, roughly to balance and to avoid losses, but as regards outside Governments and Indian States, we are entitled to make a profit and we charge them a profit.

Mr. Scott : Page 55 : Item B : Col. 4. What is the meaning of this increase ?

Mr. Jones : It is rather complicated. Interest-bearing capital is not known till after the year is over and the rate of interest which you are going to apply to that is again not known till after the year is over : it depends on rather complicated rules.

Sir C. Badenoch : It is an elaborate calculation based on the whole of the interest payments and the whole of the outstandings of loans and so on on which interest is paid, and the actuals are not known till after the 31st March. You have also to get figures from the United Kingdom. Both sterling and rupee loans are taken into calculation.

Mr. Jones : The rate of interest is calculated thus :—

In respect of capital expenditure incurred before 1st April 1937, the rate of interest is fixed, viz., 3.3252 per cent. but in respect of later capital expenditure the rate of interest is the rate per cent. of the total interest charges on the estimated mean outstanding book value of the terminable public debt.

Thus the rate of interest to be charged on the capital is not known until after the end of the year, nor is the amount of capital itself. The trouble is that unlike a company which knows what it has paid for its

capital, we are continually revising the capital account. The system is explained in para. 3 of the introduction to the Commercial Appendix, from which it will be seen that the capital varies from year to year.

Mr. Scott : The capital has really no relation to the assets.

Mr. Jones : We are up against the same difficulty in regard to all government commercial concerns.

Mr. Scott : Page 56, C-2, Col. 1 : What is this ?

Mr. Jones : If you see C-6 below, it will explain. Provision was made for purchase of the machine in India, and then it was found much more economical to purchase it in England and so it came under C-6(1) instead of C-2.

Mr. Maitra : What stamps do we get from abroad ?

Chairman : Practically nothing : we make all postal stamps, revenue stamps, adhesive stamps, match excise banderols, promissory notes—pages 16 & 17 onwards of the Commercial Appendix gives a complete list. This has been a most successful enterprise from the point of view of the Government of India. The only thing that we cannot still get is the right type of paper for all purposes—particularly for certain kinds of notes.

GRANT NO. 11. INTEREST ON DEBT.

Mr. Maitra : Page 65, A-2, Col. 1 : What is meant by this ?

Mr. Jones : Discount on loans.

Chairman : It is rather technical.

Mr. Jones : The position is this. Prior to 1939-40, both discount and cash bonus in connection with a new loan were written back to revenue on a Sinking Fund basis over the period of the currency of the new loan. In that year it was decided that the financially sounder method was to charge to revenue in each year the cash bonus paid on conversions to the extent of the saving in interest charges due to conversion, and to add the balance of such bonus, which represented the additional inducement offered to the holders for conversion, to the discount proper and pay this amount from revenue on a Sinking Fund basis over the currency of the new loan. Of the total bonus of about 26 lakhs paid on 5 per cent. Loans 1939-44 and 1940-43 offered for conversion, 17 lakhs represented the interest element. Of the latter, 6½ lakhs was debited to revenue in 1939-40 and 10½ lakhs in 1940-41. The balance of 9 lakhs representing the additional inducement as also the sum of about 31½ lakhs representing the discount (at 2 per cent.) on the new loan is being written off to revenue on a Sinking Fund basis with effect from 1940-41. The modification in col. 1 is due to this change.

Mr. Maitra : So, from now, you are going to show that in the budget every year ?

Mr. Jones : It will be included. It is only a small modification really. We still retain the sinking fund method. It is a comparatively small modification, but it is an improvement. The main procedure for the discount is not changed. It is a sounder practice.

Mr. Scott : Page 65, A-4,—Interest on Expired Loans.

Mr. Jones : The arrears fell due before the loan expired, but were not drawn. Interest does not accrue after a loan has expired.

Maulvi Abdul Ghani : Page 65, A-4 (2), Col. 1.

Chairman : A small reduction was made, and there was an excess.

Mr. Scott : Page 66, C.—Special Loans. Did you have heavy withdrawals towards the close of the year? What does 'heavy withdrawals' mean? Are they non-Terminable loans?

Chairman : Yes. It is not always paid. It is very difficult to say even on the basis of past figures how much you are going to pay within a year. One can draw two or three years' interest in one year if it is in arrears. One has a legal right to do so. It is explained in the Finance Accounts for 1939-40, at pages 106 and 107.

Mr. Maitra : Are these permanent loans?

Chairman : The money was given to us in return for taking over certain obligations.

GRANT NO. 18 : FINANCE DEPARTMENT.

Chairman : A-3, Col. 1 : The Establishment Officer has to go round and keep himself in touch with the Local Governments.

Mr. Jones : It also includes the travelling allowances of pool officers who are under the administrative control of the Finance Department.

Chairman : I think this was the first year in which the pool scheme was working completely. In subsequent years we got more experience.

Mr. Maitra : You mean that the Establishment Officer had to undertake this tour?

Chairman : The officers who had to be interviewed at the headquarters had to come up here and their travelling allowance was involved. After we accept a man we send him to Bombay or Calcutta for training.

Mr. Maitra : But the Auditor General's remark says 'extensive touring'. That is something different from training.

Chairman : For training, these people are posted to an Accountant General's Office or to a Customs House. This was the beginning of a new system. We had not made enough provision for the transfer allowances of new probationers for training purposes.

Sir Raza Ali : A. 5 : What does the term 'grant-in-aid' mean?

Sir C. Badenoch : It is passage contributions in this case mainly. If a member of the I. C. S. who is on a provincial cadre is brought up to the Secretariat the Provincial Government is entitled to a passage contribution of Rs. 50 a month.

Sir Raza Ali : I think the whole cost should not be borne by the Government of India, but only a portion of it.

Chairman : Yes. It has been worked out that Rs. 50 is the average a month. That broadly covers the cost of the officer's passage. If the officer gets a Government passage, then the cost of that passage is debited to the Provincial Government.

GRANT NO. 23 : INDIA OFFICE AND HIGH COMMISSIONER'S ESTABLISHMENT CHARGES.

Mr. Scott : C. 1, Col. 4 : " Payments for fuel oil expected to be made in March, not made until after the close of the year, due to non-receipt of claims from Petroleum Board ", What is that ?

Mr. Jones : The whole of this grant is under the control of the High Commissioner.

Mr. Scott : What sort of fuel have we got ?

Chairman : He has got a kind of air-conditioning and heating arrangement there.

Mr. Maitra : Page 89, C. 1.—High Commissioner's Office Expenses, Postage and Telegrams to India, Col. 4 :—" Mainly unanticipated increase in expenditure on telegrams during last two months of the year ". Increase over corresponding period last year was abnormal ". What led to this increase ?

Chairman : When the war began to interfere with our postal arrangements, urgent matters had to be dealt with by telegrams. As a matter of fact, now most of the Government of India's correspondence with the India Office and the High Commissioner is carried on by telegraph.

Mr. Maitra : C. 3, Col. 1 : Expenditure excess 21,598—mainly due to capital expenditure on the India House. Is India to bear the whole amount ?

Chairman : India House belongs to us. It cost a large sum of money. I imagine they had to put a lot of sandbags there. Naturally that is our liability. We don't pay any share of the cost of the general air-raid-precautions taken in the city of London. Possibly, extra fire-fighting appliances had to be bought, and we had to pay for all that.

Sir Raza Ali : 90, F. (3), Professional Inspection of Stores : Expenditure 3.11. I believe that covers the cost of inspection of all stores purchased by the High Commissioner for the Government of India.

Chairman : I think so.

Mr. Maitra : By professional inspection, do you mean some technical staff is employed to examine the quality of the goods supplied ? When goods were purchased at the time of taking delivery, did they not inspect them ? If so, why is it that additional inspecting staff was employed ?

Mr. Scott : If you bought railway stores, you always want technical men to inspect them.

Chairman : This is at the time of shipment.

Mr. Maitra : I am afraid the term ' professional inspection ' does not mean all that we are contemplating. It means something more. If it means examination by an expert staff, I think this is absolutely justifiable, because when we want certain types of articles we give specifications, and at the time of delivery, we compare and see that the goods supplied are in accordance with the specifications. Do you mean to say that at the time of taking over the goods the charges incurred for examination of the articles supplied are to be incurred ? If that is so, then it is all right.

Chairman : Yes.

Mr. Maitra : Is it a fact that even now the High Commissioner for India buys goods for India ?

Chairman : Yes.

GRANT No. 24.

No remarks.

GRANT No. 25 : AUDIT.

Mr. Scott : B. 4, Col. 4. " Due mainly to the decision of the Government of India to waive recovery from the Government of the Central Provinces and Berar, of the cost of maintenance of the accounts of the Charitable endowments, etc." Why did we waive that ?

Sir C. Badenoch : It was to our mutual advantage. They said they would not charge us for certain things, and we said we would not charge them ; it was a reciprocal arrangement.

Mr. Azhar Ali : Towards the end of page 97, there is a note which says " In the non-voted section smaller expenditure contributed to a saving of Rs. 13,048, which was reduced to Rs. 10,068 due to less recoveries to the extent of Rs. 2,980.

Chairman : There is a regular percentage charged by the Audit Department for auditing these accounts.

Sir Raza Ali : Page 96, H. 1.—Charges in England, Secretary of State for India : I find the grant is 1.78. Is there sufficient work and is there no justification for reducing the staff there ? I believe financial control is passing on more and more from the Secretary of State to the Government of India. But who is responsible to see that there is justification for the Secretary of State to employ a large staff ?

Chairman : This matter was specially examined by Sir Ernest Burdon during one of his holidays. He then went into this matter and examined it in great detail, and actually the results of his examination were reported to this Committee, and the Committee were satisfied with it. I think it was two years ago. Sir Ernest Burdon was satisfied, broadly speaking, that the charges were reasonable for the services rendered.

Sir C. Badenoch : The actual expenditure was justifiable on the basis of the work done ; also the allocation between His Majesty's Government and the Government of India was reasonable. The Secretary of State acts in a dual capacity ; he partly belongs to His Majesty's Government and partly he is also the agent to the Government of India. In certain matters he is virtually the agent of the Government of India, for instance, leave salaries are still disbursed through the India Office, and all that machinery is merely part of the agency work for India. He deals with overseas pay, military leave salaries and things like that.

Mr. Maitra : Who exercises administrative control over this office ?

Sir C. Badenoch : There is a Secretariat of the Military Department at the India Office. Generally speaking, the Secretary of State himself is responsible for the control of the India Office. Sir Ernest Burdon went into all the details of the work done, and he came to the conclusion that the amount paid by His Majesty's Government was quite reasonable.

Mr. Maitra : May I know if the Auditor General in India exercises any control ?

Sir C. Badenoch : There is an Auditor of Indian Home Accounts. He is under my general superintendence ; he reports to me every year.

Mr. Maitra : He also comes under your general supervision by implication ?

Sir C. Badenoch : Yes. It is laid down in the Act.

Sir Raza Ali : Do we pay the whole salary of the Auditor ?

Sir C. Badenoch : This is given at page 96. His charge is connected with the audit staff in England. It is a small staff.

Maulvi Abdul Ghani : I want to know why the contribution of the Burma Government is included here.

Chairman : It is a minus item ; it appears as an expenditure item in their accounts and as a receipt item in our accounts. We pay the whole, and then we recover from them.

GRANT NO. 57 : MISCELLANEOUS DEPARTMENTS.

No remarks.

GRANT NO. 58 : CURRENCY.

Mr. Scott : At the bottom of page 215, there is a note which says, " Less purchase of timber which was due to certain quantities not being according to specifications ". What has the currency department got to do with the purchase of timber ?

Mr. Gill : They have a large number of buildings and presses and timber is required for repair jobs.

Chairman : Commercial Appendix, pages 31 to 36, Currency Note Press, Nasik Road.

Sir Raza Ali : Do they make currency notes in India ?

Chairman : All the currency notes are printed in India. We don't get the right kind of paper here, and so we import it and then manufacture notes. Some of the rupee notes are printed on Indian paper, but they are not satisfactory.

Dr. Dalal : What was the number of forgeries in regard to currency notes during the year 1939-40 ?

Mr. Jones : I am afraid I could not tell you that. You will have to refer to the " Report on Currency and Finance " issued by the Reserve Bank of India.

K. B. Piracha : Is any account of spoiled or soiled notes kept ?

Mr. Jones : Yes.

Sir Raza Ali : I believe we made a profit in making these notes for the Hyderabad State ?

Chairman : Yes. The net profit on the total sales was 25.92 per cent., and the return on capital is 19.31 per cent.

Mr. Scott : Page 218. Closing balance 1 crore 63 lakhs. You start away with an opening balance of 6 crores.

Mr. Jones : It is given at page 219 in the bullion account. 11 crores odd was withdrawn from circulation and treated as bullion.

Mr. Jones : You will find from page 222 that our progressive debit has decreased by over 5 crores.

Chairman : It goes to reduce that portion of our debt, which is represented by demonétised silver.

Mr. Jones : This heavy debit balance is really a legacy from the past, when we made heavy purchases of silver at high prices.

Sir C. Badenoch : Actually, this is a suspense account, but, generally speaking, the outstandings of this account are represented by debt. It is a currency operation for a large number of years.

Chairman : This reduction is due to sellings of our silver stock.

GRANT No. 59 : MINT.

Chairman : I explained in my budget speech this year that I had begun to form a reserve fund from the profits and I only took 45 lakhs in the course of the current year. Actually, I believe that the last currency report shows an absorption of small coins to the extent of over 4 crores. This reserve fund looks like standing at a very handsome figure. It will be badly affected when the small coins come back. When the small coins come back they are only of value to us as metal. When these coins go out there is a profit, but when they come back there is a loss.

Col. Rahman : Do you coin any foreign coins ?

Chairman : We do a certain amount of business with Empire Governments but not with foreign Governments. We do it on a commercial basis.

Mr. Azhar Ali : Do you do any work with Arabian States ?

Chairman : We have done some work for the Arabian States.

Maulvi Abdul Ghani : C, Col. 4 : "The loss was in the Bombay Mint and exceeded anticipations." Why was that ?

Chairman : Because the actual amount of silver in these worn-out coins was rather less than was anticipated.

GRANT No. 61 : CENTRAL ROAD FUND.

Chairman : We are only concerned with head A. That comes from the petrol tax. There is nothing of interest in that. It was exactly calculated.

GRANT No. 62 : SUPERANNUATION ALLOWANCES AND PENSIONS.

Mr. Scott : C, Compassionate Allowances : Can you tell us what is the nature of these compassionate allowances in the U. P. ?

Mr. P. M. Rao : There is nothing particular about the U. P. There is a compassionate grant everywhere.

Mr. Jones : It is a comparatively small sum. It is a head that is practically impossible to estimate.

Mr. Maitra : What has happened particularly in the U. P., to excite compassion on such a large scale ?

Sir C. Badenoch : The compassion has been somewhere else, but the pensioner lived in the U. P. and it was paid from the U. P. Treasury. These are all Central pensioners. The inhabitants of the U. P., serve in various parts of the country and ultimately go back to their province to draw their pension.

GRANT NO. 64 : MISCELLANEOUS.

Mr. Maitra : F : What are these miscellaneous compensations ?

Mr. P. M. Rao : These are compensations to the Maharajas of Kishengarh and other places for loss of duties on the Rajputana railway.

Chairman : It is some contractual obligation. These compensations are usually for the extension of fiscal rights. We pay them a lump sum for doing certain duties.

Maulvi Abdul Ghani : L. 9 : Could you explain this ?

Chairman : There is a note on this on page 273, note 6.

Mr. Scott : Did you not take a guarantee from these Bankers ?

Chairman : We did take a guarantee from them. They were the bankers who ran the post office remittance system, but they went bankrupt.

Maulvi Abdul Ghani : Was it a private bank or a Government bank ?

Chairman : They were agents for us in some inaccessible place. We did have a guarantee from them but the extent of their insolvency was more than their assets. Actually, there was some defect in procedure which has since been rectified.

Sir C. Badenoch : It is a very old case.

Mr. P. M. Rao : Government does the work now. We have stopped using agents.

Chairman : But why has it come to be accounted this year ?

Mr. P. M. Rao : We sold the assets and got the money.

Maulvi Abdul Ghani : What about ' R ' ?

Mr. Jones : The figure shown here is merely the residual difference of a number of transactions. We estimated at minus 15 but the actual figure was minus 12 because the remittances in the latter part of the year were much below anticipation, on account of large sterling credits and our reduced remittance programme. In the end we also pushed off more to our Commercial Departments, Provincial Governments, etc., on account of the variation in the rate of interest.

GRANT NO. 65 : GRANTS-IN-AID TO PROVINCIAL GOVERNMENTS.

Sir Raza Ali : How long will this payment to the Government of Sind continue ?

Chairman : It is under the Niemeyer Award. It is linked up with the Sukkar Barrage.

Sir Raza Ali : I think it is a very large sum.

Chairman : It is 105 lakhs, and it is fixed by an Order-in-Council.

Dr. Dalal : Have the Central Government made any grants for the relief of distress caused by the recent floods in Malabar and Western India ?

Chairman : It is not our responsibility. The financial condition of Madras compared with my financial condition is not such as to warrant my giving assistance to them. Bombay also is in a better financial position than I am. There is no reason why they should not bear their own burden.

Mr. Scott : Why have you exceeded in Coorg by Rs. 200 ?

Mr. Jones : I think that must be due to rounding.

Chairman : That is an excess to be regularised.

GRANT NO. 66 : MISCELLANEOUS ADJUSTMENTS BETWEEN THE CENTRAL AND PROVINCIAL GOVERNMENTS.

No comments.

GRANT NO. 67 : EXPENDITURE ON RETRENCHED PERSONNEL CHARGED TO REVENUE.

Chairman : We have already dealt with this.

GRANT NO. 67-A : TRANSFER TO REVENUE RESERVE FUND.

Chairman : There is an excess there, which is to be regularised. There is a note which explains it.

STAFF, HOUSEHOLD AND ALLOWANCES OF THE GOVERNOR GENERAL. PAGES 318 TO 320.

Mr. Maitra : G : It appears to me that too much touring has been done by His Excellency, causing a good deal of expense to the tax-payer.

Chairman : That is not really the way to put it. The way to put it is, that the estimate of the amount of touring that would be done during the year was too low. It is not for us to decide what is the amount of touring which His Excellency should do.

Mr. Scott : The touring of the Viceroy seems to be very expensive.

Sir C. Badenoch : Actually, the Secretary of State is the only person who can control the Viceroy's tour programme.

Mr. Scott : The general public feels that the tours ought to be restricted.

Chairman : On the other hand, it is arguable that at a time like this, it is more important that the head of the Government should move in the country freely and keep himself in touch with the public.

MISCELLANEOUS EXPENDITURE CONNECTED WITH THE WAR. (PAGES 380 TO 383).

Chairman : It is a new head which has been opened.

No comments.

GRANT No. 77 : COMMUTED VALUE OF PENSIONS.

Sir Raza Ali : Note 1, page 391 : It is a very large saving. As a matter of fact, they refused to commute pensions.

Chairman : We have to guess at the beginning of the year how many people during the year will want to commute their pensions. The original appropriation can only be based on the previous year's actuals. It is purely a guess.

Sir Raza Ali : I would draw your attention to the percentages.

Chairman : What you really ought to look at is the amount that was provided in previous years and whether we have endeavoured to get a closer approximation on that basis. On page 5 of the Report, you will find an explanation. It is para. 6.

Sir Raza Ali : What I fear is, whether the administrative departments are not turning down too freely the applications for the commutation of pensions.

Sir C. Badenoch : It is not a fact that commutations are being refused. If they are refused, it is on medical grounds.

Mr. Maitra : May I ask if the saving is due partly to the less number of applicants for commutation or whether it is due to a large number of applications for commutation being turned down ?

Sir C. Badenoch : Probably both. Almost certainly it is due to a lesser number of applications. There is very little discretion in the matter. It is all a matter of rules.

Mr. Jones : Besides, the applications themselves do not flow evenly. They are intermittent.

Sir Raza Ali : My fear is that the cases of commutation have not been rightly administered.

Sir C. Badenoch : There is no justification for that view. There is no room for discretion here at all. It is an automatic procedure. It depends very much on medical reports.

Sir Raza Ali : Will you kindly lend me a copy of the rules about the commutation of pension ?

Chairman : You will get a copy of the rules.

GRANT No. 78 : INTEREST-FREE ADVANCES.

No comments.

The Committee then adjourned till 10-30 A.M. on Wednesday, the 20th August 1941.

Third Meeting, Wednesday, the 20th August, 1941.

CENTRAL BOARD OF REVENUE.

Chairman : We go to Grant No. 1, Customs, at page 28 of the Appropriation Accounts.

Col. Rahman : A. 3. Overtime and holiday allowances. What are these intended for ?

Mr. Sheehy : They are paid to the people who do overtime work. This money is recovered from merchants.

Mr. Maitra : What is this holiday allowance ?

Mr. Sheehy : The staff are entitled to holidays like other Government servants, but when they are called upon to do extra work on holidays, they ought to be paid extra.

Chairman : There are four days in the year which are closed holidays, and if the staff is called out to work on those days then they are paid something extra. That money of course is received from the merchants.

Maulvi Abdul Ghani : Why is payment for their recreation ?

Chairman : Where for instance a merchant wants some special facilities, e.g., if he wants cargo taken from the bonds to the docks, it has to be taken under supervision and the cost of that supervision is recovered from him.

Maulvi Abdul Ghani : But in the Railways no such contribution is made for recreation clubs, reading rooms and so on ?

Chairman : This matter has come up year after year before this Committee. The point is this. In order to deter shipowners from asking the staff to work on Sundays and holidays, certain penalties or fines are charged. When this system began many years ago, the Committee criticised the Government for exploiting or making money out of it. Government then suggested that as a matter of policy, they were not to make this an object of revenue and that they were quite prepared that the penalties should be used for the benefit of sailors and the staff who are made to work on those holidays. That is the origin of these contributions to various kinds of Sailors' Homes, Customs Institutes and so on.

Maulvi Abdul Ghani : My point is, if employees of other departments are called upon to do extra work, they should also be paid extra payments. For instance, railway employees who work extra are not paid anything extra.

Chairman : I think you might raise that point on the railway demand.

Col. Rahman : Why should Calcutta be provided with charitable dispensaries ?

Chairman : Calcutta is easily the biggest port. Probably those dispensaries cater for these seamen. I may say there is a big scheme at present under consideration for a Seamen's Home in Calcutta, and we shall probably have to make some further contributions to this. We shall have to re-allot these fees, so as to give a large sum to this new institution.

Mr. Maitra : What will be the object of this Institute ?

Chairman : To house Indian sailors. It will be a big Seamen's hostel.

Sir Raza Ali : What is the penalty fee ?

Chairman : When a shipowner wants to work on a Sunday or a holiday, some fee is charged. During war, some of these fees are not levied because of war considerations, but the normal system is, that if a ship works on a Sunday, then everybody has to work ; it is not merely their own men on the ship who have got to work, but the staff working on the dock, the Customs House and so on, and we levy a penalty of Rs. 200 on the ship for working on that day.

Maulvi Abdul Ghani : Page 29, A. 9, Column 1 : " Due to less collection of customs revenue through the agency of the Posts and Telegraphs Department ". In one place it is said that is due to more collection, while in another place it is said that it is due to less collection.

Mr. Sheehy : These are two different columns. It is a case where they overestimated the savings. We had a provision of two lakhs at the start ; we took away 38,000, leaving 1,62,000 but we actually spent 1,72,000.

Mr. Maitra : How does Posts and Telegraphs collect your customs revenue ?

Chairman : In the case of dutiable goods consigned by post, the post office acts as the agent of the Customs Department, and they actually receive remuneration for so doing. They get 4 annas as the commission charges.

Mr. Maitra : In other words, the postal department receives credit for the service done for the Customs Department.

Mr. Sheehy : Yes.

Mr. Maitra : I believe it does not receive sufficient credit for the services done to the various departments ?

Chairman : From the point of view of the Customs Department, there must be some agent to clear the goods through the customs, and it could only be the post office in this case. But the post office would not do the work unless they were paid a suitable fee, and this fee of 4 annas a parcel was arranged, and it is charged irrespective of the size or value of the article.

Mr. Maitra : Then, it is by a rule of thumb as it were the charge is made. It is not fair to the Postal Department.

Chairman : The attitude of the Revenue Department was that unless the post office wished to do the work, they would merely maintain the prohibition on the import of dutiable goods by post. But the postal department wanted this to be done, and they offered to do the work, provided they were paid for the agency, and the payment must be quite reasonable.

Maulvi Abdul Ghani : C. Column 1, due to extra preventive lines ?

Mr. Sheehy : This preventive staff was sanctioned in 1936, to prevent smuggling from Baluchistan.

Col. Rahman : What are these law charges in Privy Council, sub-head D. 1 (1)—page 30, column 4 ?

Mr. Sheehy : They are in connection with the case, Secretary of State vs. Mask & Co. of Pondicherry. It was a case of import of betelnuts from Pondicherry, and the appeal to the C. B. R., was rejected. The importers then filed a suit in the Subordinate Judge's Court at Cuddalore. He threw it out on the ground that he had no jurisdiction. Then the exporters went to the High Court, which ordered the Subordinate Judge to hear the case on its merits. We went to the Privy Council against this decision on the ground that the Civil Courts had no jurisdiction in this customs matter, and the Privy Council agreed with us. They reversed the decision of the High Court and upheld the decision of the Subordinate Judge.

Sir Raza Ali : What was the amount involved ?

Mr. Sheehy : The amount involved was not much, but it was an important question of principle which was involved, and we wanted to establish the principle, namely that the courts had no jurisdiction in this customs matter.

Maulvi Abdul Ghani : Para. (b) at page 32 : Who are these candidate preventive officers ?

Chairman : They are as it were temporary staff and are employed to do some of this additional work and are paid out of the fees. As a matter of fact, the C. B. R. is opposed to this system.

Maulvi Abdul Ghani : Then they are not proper Government servants.

Chairman : No. A man starts in that way, and then gets on to the permanent cadre. They are what may be called quasi-Government servants. They are a sort of part time workers.

Mr. Maitra : How are they paid ?

Chairman : Suppose for six months a candidate officer has worked in that way and has earned, say, Rs. 1,400 during that period. Suppose at the end of 6 months he is confirmed as a preventive officer with effect from the beginning of that period, then we pay him, say, at the rate of Rs. 200 a month : the balance is set off.

Maulvi Abdul Ghani : How are they selected ?

Chairman : It is done by the Collector of Customs, who has a list of suitable candidates and in order of merit he selects candidates, when vacancies occur. It is not the only method of selection. I think we use the local Public Service Commission also.

Mr. Scott : Page 33. You give a table of receipts. Can you explain to me if there are any figures for 1940-41 ?

Mr. Sheehy : For 1940-41 the figures are budget 39.16, revised 37.75, and for 1941-42 the budget figure was 35.11.

Mr. Maitra : What was the amount paid to Cochin & Travancore Governments as their share of the customs revenue ?

Chairman : These Governments were entitled under a previous agreement to one-third of the revenue. When the port of Cochin began to

develop the customs revenue began to go up quickly. Then we had a long negotiation with them, and finally we persuaded them to accept some limitation of their share, otherwise the port of Cochin would have been a very doubtful proposition to the Government of India, because if it were to grow to the size of Calcutta or Bombay, and these two States were to have one-third share, it would have been a very serious matter. Actually the total customs revenue of the port of Cochin runs to over a hundred lakhs, apart from the war effect.

Mr. Maitra : There has been a considerable leakage of customs revenue through the maritime States. Have you been able to check it ?

Chairman : We have been exceedingly successful at Cochin. I was myself the principal officer concerned. We have been exceedingly fortunate in being able to secure this arrangement in Cochin. The arrangements in the other parts like the Kathiawar ports are different. Those States are entirely within Indian States territories, and we can only deal with the goods which pass over the line into British India. But in the case of Cochin, the port itself is partly British, and the arrangement is different there.

Mr. Maitra : I think the department keeps in view the problem of tackling the Kathiawar ports ?

Chairman : We have spent more time on it than on any other problem. It involves very large sums of revenue.

Sir Raza Ali : There is no sort of administrative control.

Chairman : We have got a staff and we do exercise control, but the point is, if those goods cannot pass into British India, then they would not be imported into the ports at all, because the consumption at the ports is very restricted.

Maulvi Abdul Ghani : Page 33. Note 6. (a), Losses, remissions of revenue, etc. What kind of goods were they ?

Chairman : Strictly speaking, under the general international arrangements, a country like Tibet is entitled that the goods should pass into it free of customs duty. I think in respect of certain commodities such as silver, we do remit the duty. It is a concession to the personnel of the Government of Tibet and to certain high dignitaries.

Mr. Maitra : I think your department has got sufficient discretionary powers, and I think some standards should be set up in regard to the lengths you should go in these matters. Does this amount really exceed the discretionary powers vested in you ?

Mr. Sheehy : No, it does not.

Chairman : This came up to the Government. It is not a question which is settled by the Collector. It is a matter of high policy. You take a thing like silver, which has a high rate of duty, required for these high dignitaries in Tibet, and if you charge the duty, they probably will not import it, and we will gain nothing. The real thing we are concerned with is that the silver should not be smuggled back into India.

Sir Raza Ali : I suppose if the goods are supplied to the people of Afghanistan we do charge customs duty ?

Chairman : There used to be a distinction between the two, but it has now disappeared. In the case of Afghanistan, the principle we accept is that goods imported and which pass to Afghanistan should be free of duty irrespective of the fact whether they are for the Afghan Government or other purposes. I am not sure that we have given up that as a matter of international amity.

Mr. Azhar Ali : Page 33. There has been a fraud and the case took 9 months. Why did it take such a long time ?

Mr. Sheehy : This was a case of a Delhi company who were importing clocks and watches and faking invoices. The manager was sentenced to 14 months rigorous imprisonment plus a fine of a thousand rupees. We could not detect the fraud before. The actual loss in the whole business was only Rs. 3,548. The man was producing false invoices and we could not easily discover the fraud.

GRANT No. 2—CENTRAL EXCISE DUTIES.

Maulvi Abdul Ghani : Out of the excise duty on sugar, a certain amount is set apart, I believe 1 anna a cwt. to the agriculturists, but I find this fund is not utilised for that purpose. I find from the Report of the Trade Commissioner at Kabul, that in Afghanistan they import about 25,200 tons of sugar from Russia, whereas no facility is given to Indian sugar manufacturers.

Chairman : If the sugar is exported to Afghanistan, the excise duty is completely refunded. The reason is, Russian sugar is cheaper. As a matter of fact, H. M.'s Government were prepared to take a large quantity of Indian sugar, but the Indian industry was not prepared to ship the sugar at the world price, because it cost them more. We have to recognise the fact that the cost of production of sugar in India is high, it is above the average world price, and they cannot compete in any outside market.

Mr. Scott : Page 35. Why were the Indian States paid less as their share of Match excise duty ?

Mr. Sheehy : The original estimate was based on an 11 months' basis, and the Auditor General decided that it would be too late if they were to wait for 11 months. In future, it is going to be based on the whole year, and it will be paid in the following year.

Sir C. Badenoch : The payment was to be in the year to which the figures related. Now we have decided to pay in the following year.

Chairman : The constitutional position of this payment is different from the other case. It is based on population. Every State which has entered into this agreement, receives a proportion of the match excise revenue based on its population.

Mr. Maitra : Not on the consumption ?

Chairman : That is the assumed consumption. You assume that consumption is in proportion to the population.

GRANT No. 3—TAXES ON INCOME INCLUDING CORPORATION TAX.

PAGE 36.

Mr. Scott : I think you told us last year you were going to have a sort of modified statistics of income-tax. Have you been able to do anything in regard to that ?

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Mr. Sheehy : Yes, we are expecting the 1940-41 statistics to be complete next month in time for use in connection with the revised estimates of 1941-42 and for the budget of 1942-43. We expect to do better next year and have the figures before the end of June.

Mr. Scott : Have you found any discrepancies in your old estimates ?

Mr. Sheehy : No, since we have not got the figures yet. As a matter of fact, if you take income-tax, super-tax and corporation tax and excess profits together, we were less than 1 per cent. out in our revised estimates for 1940-41.

Mr. Scott : Page 39, Important Comment. Can you give me any figures for 1940-41 ?

Mr. Sheehy : For 1940-41, the budget figure was 22.50 and the revised estimate was 24.97. The budget figure for 1941-42 is 40 crores. That includes surcharge and excess profits tax. We have not got the expenditure. There will be some increase on establishment.

Mr. Maitra : Do you expect a higher revenue ?

Mr. Sheehy : If we had the staff and the E. P. T. was not so complicated, we could collect all that ; I think we will collect a large amount in due course. The figures in respect of corporation tax up to June this year showed an increase of over 100 per cent. in respect of the same assesses of the previous year. But you cannot base any extra conclusion on this. But it shows that they did better than last year. In respect of other taxes also, there was an increase of 75 per cent. over the assessments made on the same assesses in the previous year.

Mr. Maitra : Would you be able to realise the budget figure ?

Mr. Sheehy : I think so.

Mr. Scott : The increase in the tax does not seem to have produced any depreciating effect ?

Chairman : A man does not stop making profits because he has to pay 5 per cent. more by way of income-tax.

Mr. Sheehy : This question of write-off of income-tax demands, remains. The greatest amount is in Bengal. The biggest sum there, was due from an assesse concerned in the famous distillery case.

Mr. Azhar Ali : What is this building—A. 5 on page 36 ?

Mr. Sheehy : That is an old post office building which we purchased in Benares for the department—it is only taking money out of one pocket and putting it into another. We had to pay fairly heavy rent and it was not in a proper part of the town and I am not sure that Mr. Sri Prakasa, M.L.A., was not instrumental in persuading us to buy this property. We purchased it because it was a government building : we are not thinking of buying properties from private landlords in other places.

Mr. Scott : Page 39 : " irrecoverable due to assesses being untraceable "—Rs. 6,900 : that does not seem to be a very large sum.

Mr. Sheehy : No. In Madras Rs. 6,700 was irrecoverable from 35 assesses—they are all small amounts. In all these cases, distress warrants are issued where there is any possibility of property being attached.

Maulvi Abdul Ghani : When and how do you take steps to realise these dues ?

Mr. Sheehy : We issue certificates to the collector who sends his myrmidons to make recovery and when he finds that there is nothing to sell, we just have to write-off the demand.

Chairman : It does not follow that because you cannot recover, the assessment was not justified. A man might have made a lakh of profits in a year and be broke in a few months before realisation of the tax.

Mr. Sheehy : Another cause of failure to recover is that assesses disappear into Indian States.

GRANT NO. 4—SALT.

Mr. Scott : Page 41 : A. G. Col. 1 : what happened there ?

Mr. Sheehy : Beside the Khewra mine there is a deep gorge and when there is heavy rain, a flood sweeps down through this gorge and we have to put up protective works to prevent water sweeping into the mine—otherwise it would be very dangerous and the mine would be partially destroyed : the water comes down at such a pace, that it damages these works and it is practically an annual charge—you cannot avoid it. The expenditure is entirely for the protection of the mine, the safety of the property and lives in the mine.

Mr. Jones : There is an accounting point in connection with this—page 43, A. 14 (3)—write off of capital.

Mr. Sheehy : That is purely an accounting point : it is not a salt point.

Chairman : First they wrote off the asset and then they decided that they could still carry on with the asset and they reversed the transaction and it now appears as an item of receipt.

Dr. Dalal : About these rewards, are they paid on the basis of the fines realised ?

Mr. Sheehy : Yes, I think so.

Dr. Dalal : Are they paid because the temptations are very great ?

Mr. Sheehy : It is a usual practice in customs and excise.

Dr. Dalal : Because they are low paid officers there ?

Mr. Sheehy : Not that ; but the amount of revenue involved is so great that we have to pay people, who help us to safeguard it. It is a regular system : we pay rewards to informers as well.

Mr. Scott : Page 42 : A. 11 (3) : why is there more expenditure ?

Mr. Sheehy : We split up the North India Salt Department into two—it is now the Northwest India Central Excises and Salt, and the North-east India Central Excises and Salt—from the 1st April 1936, I think. There was a saving somewhere else, against this ; but actually when you have two officers you are bound to have some extra expenditure. We put in a lump sum provision here—A. 11 (5)—because we did not know exactly where we were : later on, this was distributed under other heads. It means that instead of Bengal doing it we did the work ourselves. We

used to pay Bengal 2 lakhs for doing this work before and we found we could do it more economically ourselves, and more efficiently. We expected better results by taking it over ourselves and doing it through our own agency, and we have had better results. Bengal gave it step-child treatment—provincial governments always put their own work first ; and now we are administering it directly.

Mr. Scott : Page 43, A. 14 (2) : Col. 1—abandonment of the installation of an oil engine : why was not that discovered before ?

Mr. Sheehy : I expect it was a new drift and they discovered there was natural ventilation in it later on : they did not realise it until too late.

Mr. Jones : Page 45 : C. Cost of printing banderols for match excise : there is a separate grant for central excises. Under G the debit is taken to Central Excise. These banderols are solely for central excise.

Sir C. Badenoch : The principle is to debit every thing to one head and then make a lump adjustment of credit to salt and debit to central excise instead of doing everything in detail. You find the credit at page 34-D.

Mr. Sheehy : The collector is collector for both Central Excises and Salt.

Sir C. Badenoch : The central excise head in some respects involves all India.

Mr. Maitra : You collect everything under salt and divide up the charges among the two ?

Sir C. Badenoch : Yes : you credit the Salt and debit the Central Excise with its share of expenditure.

Chairman : Match banderols is merely one of the items ?

Sir C. Badenoch : Yes.

Mr. Scott : Page 44 : B. 2 (3) : col. 1 : what is this Delhi Pact ?

Mr. Sheehy : The Gandhi-Irwin pact. But down in Madras, there has been very gross abuse of this concession and we have had to put our foot down in order to stop it.

Mr. Maitra : Is that concession completely withdrawn ?

Chairman : It was agreed by Mr. Gandhi that the concession was meant only for poor people to consume salt for their own purposes : it was not meant for salt being loaded into bullock carts and sold in towns. When this was discovered, the concession was withdrawn but in a great number of villages they still enjoy this privilege.

Mr. Sheehy : A headload was the sort of criterion we had, but actually we found people taking big quantities in lorries into the city of Madras itself. These concessions were withdrawn over a great part of India before the Congress governments came into power because they were being abused. At their request we restored the concessions, on their promise that they would not be abused. We had no trouble in Bombay, but in Madras, they could not apparently persuade their own people not to abuse the concession. The concession has therefore been withdrawn totally in

one district—Ramnad, and also in the North-West Frontier Province in respect of the salt outcrops there. The abuse of the concessions in Madras was costing us something like 6 lakhs of rupees.

Mr. Scott : Page 44 : B. 4 (2). Why has the work been stopped ?

Mr. Sheehy : When they were thinking about this, they had to stop the work and it has saved a tremendous lot of trouble : we control the customs now outside Karikal and Pondicherry ; we collect the customs duties and pay compensation to the French Government.

Maulvi Abdul Ghani : Page 45 : B. 7 : I find here Royalties and Compenations, while there is the same item on page 42—A. 13. Why is this ?

Chairman : A. 13 on page 42, is to Jaipur and Jodhpur in connection with Sambhar : it is really their salt ; they are the owners of the sources of the salt. We produce something like 60 lakhs of maunds in Sambhar every year and they get the compensation on that basis : it is by treaty. The figure varies with the amount of salt that we collect : it is not a fixed lump sum ; it is a royalty of so much per maund.

Mr. Sheehy : Compensation under B. 7 at page 45 consists of all sorts of small claims in Bombay and Madras for certain salt rights, or ' haqs '.

Mr. Jones : Head A relates to the North India Salt, and Head B relates to salt and excise in provinces.

Mr. Scott : B. 4 (3). Is the wagon position better ?

Mr. Sheehy : We have had no complaints recently about it.

Mr. Azhar Ali : You have to keep a very large stock of salt ?

Mr. Sheehy : We raised the stock in Sambhar recently to 125 lakhs of maunds, and we can supply the market which takes Sambhar salt, for two years even if for any reason we are unable to manufacture.

Maulvi Abdul Ghani : Page 46. Note 2. What is this abandonment of claims to revenue ?

Mr. Sheehy : This is at Luni—it is away in the middle of the desert in Rajputana. We have salt works there and we give a certain amount free to these villagers in a bad year. It is 60 miles southwest of Jodhpur.

Mr. Scott : Page 47 : Subsidiary Accounts : why this big wastage ?

Mr. Sheehy : This is at Kharagoda in western India where we have a big salt works, most of the wastage came from the 1937 heap of salt—121,000 maunds,—and 34,000 maunds from the 1938 heap : both these heaps were stored in the open and exposed to two monsoons : naturally enough there was wastage. As regards the percentage of wastage, it is only 4 per cent. against 3.33 in 1936. We have had a percentage as high as 6.32 in 1932 and it has gone down as low as 1.31 in 1935. It depends on the monsoon, but you are bound to have wastage if you store salt in the open. We have some closed sheds in Kharagoda but not enough to store all the salt. It is mostly stored in the open. In Sambhar the whole of our salt is stored in the open.

Mr. Scott : The wastage question is looked into very carefully ?

Mr. Sheehy : Yes ; the trouble is that there is no very satisfactory method of verifying stocks of salt. It is stored in great heaps, the quantity in which can only be calculated by measurement so that when the contents of the heap are issued after weighment, there is bound to be a variation between the weighment figure and the figure obtained by measurement.

Maulvi Abdul Ghani : On the same page there is a note below; about salt issued free to Indian States.

Mr. Sheehy : Yes, under treaty obligations. There are small states in Western India like Aundh to whom we give salt in return for their refraining from manufacturing salt themselves. We issue salt free of duty for industrial purposes—to cotton mills for making their own bleaching powder, to tanners, to fish-curers in India and to others. It is only on salt issued for human consumption that we impose duty. As regards the French Government, we are under a perpetual treaty to give them so much free salt in addition to paying them about 4 lakhs of rupees per annum.

Chairman : Our object is to establish our monopoly as far as possible and to arrange with states to supply them free with salt, if they allow us to manufacture it.

Maulvi Abdul Ghani : Who is the competent authority to make these write-offs ?

Mr. Sheehy : In the case of big quantities, the Central Board of Revenue, and in the case of small quantities the collectors and assistant collectors.

Col. Rahman : What is this failure referred to in the last para. at page 48 ?

Mr. Sheehy : It may be due to the incompetence of the manufacturer or to the monsoon. I should imagine it is largely due to the incompetence of the manufacturer. Some factories have had to be closed down in Madras because they are not able to meet the cost of the establishment ; our policy is to meet that cost up to 10 per cent. of the duty on the salt manufactured ; if it is over that figure the manufacturer has to pay and sometimes they cannot do so and we have to shut down those factories. In Madras it is private agencies that do the work on these terms. Our policy is to concentrate these factories so that we can supervise them better.

Mr. Azhar Ali : The French Government have no factory of their own ?

Mr. Sheehy : No.

Mr. Scott : Why do you supply private consumers with electric current under cost price—page 39 of the Commercial Appendix ?

Mr. Sheehy : You raised this point last year also : that is on account of our agreement ; and we said that as soon as this agreement came to end we will try to get better terms : we are apparently under agreement to supply current at these prices. But we make such a profit on the salt that this is a small matter.

Mr. Scott : Page 44 of the Commercial Appendix : the government capital was 99 lakhs in 1939 and now in 1940, it is roughly 65 lakhs ?

Mr. Sheehy : I think it represents stocks, because our stocks came down to about 70 or 80 instead of 110. We do not keep any money outstanding, we get paid for the salt before it leaves our stores.

Sir Raza Ali : Do we manufacture all the salt required for our internal requirements ?

Chairman : Bengal in normal times used to import salt from abroad : latterly they imported from Aden and Karachi. We cannot produce the quality of salt they want in Bengal—they are used to fine salt. Karachi is now beginning to supply as also eastern India and Tuticorin. Karachi is supplying by rail as there is lack of shipping.

Mr. Maitra : What is the quantity imported from Aden ?

Mr. Sheehy : That I cannot tell you, but Calcutta actually imports half a million tons a year normally. That is a quarter of the consumption of the whole of India : of course, Calcutta supplies Bihar and Orissa and Assam also. They still consume the same quantity, but they get it from Karachi and the west coast including Tuticorin—they will have to get the salt anyhow.

Mr. Maitra : The additional import duty on salt was accumulated to over 18 lakhs and given to Bengal : was it utilised for the resuscitation of the salt industry in Bengal and for its development ?

Chairman : The Bengal Government were not bound to do so.

Mr. Sheehy : The position is that they did not do it. The C. B. R. got our officers down there to produce a memorandum showing the possibilities of salt manufacture in Bengal ; that was transmitted to the Bengal Government and I understand that that Government are doing something in the matter and looking into the question. That is my information.

Chairman : What has happened since we took over ?

Mr. Sheehy : The position now in Bengal is that there are a lot of small producers producing a few hundred maunds : you cannot build up flourishing industry like that : they must get big capital and manufacture something like 30 or 40 lakhs of maunds or, say, not less than 10 lakhs. In Sambhar alone we manufacture 80 lakhs of maunds in a year, and in Khara-goda another 30 lakhs of maunds. You want to get a show something comparable to that : you must manufacture at least one or two lakhs of maunds, not merely a few hundred maunds.

GRANT NO. 5—OPIUM.

Mr. Azhar Ali : Why cannot you increase the production of opium ?

Mr. Sheehy : We are trebling the area now under opium on account of the demand from the Eastern Group countries, for purposes of supplying morphine salts chiefly. We are working 24 hours a day in the factory at Ghazipore—it is all for war purposes. We are not opening another factory—we are going to improve the Ghazipore factory for the purpose of making alkaloids, which hitherto have been made with Heath Robinson type of plant.

Mr. Azhar Ali : I think we are bound by the International Opium Convention ?

Mr. Sheehy : There is as regards opium itself ; but for medical purposes we can make morphine and hand it over to doctors to relieve pain and suffering.

Sir Raza Ali : Is more opium required for war purposes ?

Mr. Sheehy : Yes. The demand for opium was going down and down but now it is going up. It requires about 20 lbs. of opium to make one lb. of morphine. We want a large amount for manufacturing alkaloids. We got an order recently from the U. K. for a thousand maunds of opium for the purpose of manufacturing morphine in the United Kingdom for medical purposes, and we also are supplying Australia now : and we have always supplied opium to Burma. There is a very big demand now. We are trebling the area under cultivation in the United Provinces in the next year or two, it cannot be done all at once.

Mr. Maitra : After the war you will cut it down ?

Chairman : It will be curtailed again. This is purely for medicinal purposes. We are not increasing our sales to the provinces for opium-smoking.

Mr. Sheehy : We had a big stock of opium before, and we were trying to reduce it to something like 8,000 from 11,000 maunds, but now these demands have come upon us and we have to expand again.

Sir Raza Ali : Who are our competitors ?

Mr. Sheehy : Iran, Afghanistan, Turkey and Iraq. Turkish opium is better quality than ours. It has something like 12 per cent. to our 9 per cent. of morphine content, sometimes as high as 17 per cent.

Sir Raza Ali : Are these countries parties to the International Conference ?

Mr. Sheehy : Presumably they are. But my information is that Persia and Afghanistan are growing and selling as much opium as they can.

Chairman : The other heads are unimportant. But under the Grant of Provincial Excise (No. 6) there is a small excess over the budgeted grant which will require a recommendation. May I take it that that is all right ?

Members : Yes.

GRANT NO. 22.—CENTRAL BOARD OF REVENUE.

Mr. Scott : What about the Investigation Branch at Calcutta ?

Mr. Sheehy : It was started about two months ago. This entry was two years too early. The Branch was started after the 1st of April 1941.

Mr. Scott : What is it going to do ?

Mr. Sheehy : We have already caught a big fish ! You will see it in the papers in due course. It is going to do what the Bombay Branch is doing, namely, to tackle difficult and important cases and cases of evasion. The fact is that there are big and difficult cases that will require a special effort. The Branch is primarily meant for the assessment of difficult cases. These officers won't have as many cases as the officers in a normal circle but they will be expected to do them more thoroughly.

Mr. Maitra : When are these officers going to work ?

Mr. Sheehy : They are actually working now. We have got 4 Income-tax officers, a Commissioner and we are appointing an Inspecting Assistant Income-tax Commissioner. It is not yet as big a Branch as that at Bombay. But there is more evasion going on in Calcutta than in any other centre.

The witnesses who were thanked by the Chairman then withdrew.

COMMUNICATIONS DEPARTMENT.

Chairman : Grant No. 21, page 86. Any comments ?

GRANT No. 31. METEOROLOGY, PAGES 123-24.

Mr. Maitra : A. 2 : Do I take it that there has been a curtailment of the activities of the Meteorological Dept. because of the war, as there is a saving of Rs. 3,000 odd ?

Mr. Roy : There have been certain economies in the way of certain posts being left unfilled.

Mr. Sen Gupta : Actually, the budget was a little inflated in previous years also. In the previous years there was a saving of Rs. 1,47,000. This year we have brought down the total saving to Rs. 40,000. So, we have been trying to compress it and we hope that probably with further tightening up it will show better results.

Chairman : Did these vacancies remain unfilled because qualified Meteorologists were not available ?

Mr. Roy : It was not merely that. There were vacancies, for example, in the Meteorologists' grade which took a long time to fill. They were advertised in usual way through the Public Services Commission but it takes as much as 8 months to fill them. There were in the lower grades a certain number of posts which were left unfilled for part of the year because of the economy campaign.

Dr. Dulal : How is it that humidity figures are not published ? Humidity plays a very important part in the preparation of drugs and humidity figures will be of great assistance to medical men in recommending health resorts to patients. I have been fighting in the Assembly for this for the last six years.

Chairman : Surely, you can judge from the climate of Bombay that humidity is very great.

Mr. Roy : These data are published.

Sir Raza Ali : What is Agricultural Meteorology ?

Mr. Roy : The idea is to apply the Meteorological data to agriculture. The Agricultural Dept. have been anxious for a long time to have this and we started it about 1938|39.

Mr. Sen Gupta : It is a kind of applied Meteorology to Agriculture.

Mr. Maitra : Are they having good results from it ?

Mr. Roy : I am not in a position to judge but I am told they are getting good results.

Sir Raza Ali : Which is the province that is making the largest use of this ?

Mr. Roy : I cannot say.

Col. Rahman : This scheme must have been tried outside India also ?

Mr. Roy : Yes ; it has been tried in America. It is a normal feature of their agricultural activities to utilise Meteorological data.

Mr. Scott : Note 1 on page 124 : That shows that the controlling officer does not seem to have known his duty and looks as if the control was rather slack in that dept.

Mr. Sen Gupta : There was a change in the account classification. The leave and pension contribution, I believe, has now been made a revenue receipt. We got it in the budget note from the A. G., Bombay, when we were making the budget.

Mr. Scott : Why did not the controlling officer know these changes ? Does he not read his rules and regulations ?

Mr. Roy : It is not a question of that. When a change of accounts takes place, the heads of the Dept. are not very often in a position to judge it until it is brought to their notice that a new procedure has been established and then it is corrected. No great harm has been done. The Director General of Observatories was unaware at the time of the preparation of the budget that the amount of leave and pensionary charges of the Meteorological staff, the cost of which was recoverable from His Majesty's Govt., should be included under 'Revenue' and not A-6. He had some correspondence with the Accountant General who informed him officially of the correct procedure in the matter. This decision was communicated to the Finance Dept. by means of budget notes. That dept. included in the Meteorological budget a lump sum of Rs. 13,000 which was recoverable from His Majesty's Govt.

Dr. Dulal : What are the services rendered by the Meteorological service to the Royal Air Force ?

Mr. Roy : The Meteorological Dept. gives to the R. A. F. the same service as they give to the civil aircraft. The R. A. F. pay for it.

GRANT No. 47. AVIATION. PAGES 175-178.

Sir Raza Ali : There is one general remark which I would like to make with regard to Civil Aviation, namely, there have been considerable savings under almost every important head. We all realise that we have sadly neglected the development of civil aviation. Added to that came the war and there seems to be very little justification, as I would later point out, for making those large savings under various items and not spending the money that had been granted for this purpose.

Chairman : The main saving is, of course, due to D-4, Rs. 6 lakhs. Altogether, the Dept. spent more on other items than the amount placed at its disposal.

Mr. Roy : Larger amounts were spent on certain other heads.

Mr. Maitra : Was it due to the fact that the planes could not arrive ?

Mr. Roy : That is so.

Sir Raza Ali : They could not deliver the Ensign planes because of the war, but what about the previous six months ?

Mr. Maitra : The point is whether or not an effort was made by the Govt. of India to see that these machines should be procured earlier. In other words, when was the contract with this Airship Company entered into ?

Chairman : They were not under a contractual obligation to provide these but it was an extension which they were going to make and which they asked us to participate in, but they were unable to carry it out.

Mr. Roy : May I explain, Sir ? The scheme in connection with the Empire Airmail was that there would be three services of sea planes to Australia and two services of landplanes to India. That scheme, as you know, was adopted some four years ago and we were able to put the sea-planes into commission earlier than the landplanes. The landplanes having been manufactured, some defects in the engines were discovered and the engines were being replaced. By the time the engines could be replaced the war broke out. These machines were now required for other purposes and we did not get them. In fact, our Empire services were reduced immediately.

Mr. Maitra : My point is this. From the grants and from the nature of the remarks that I find in the Auditor General's report the conclusion becomes irresistible that effective steps were not taken by the Civil Aviation Dept. to develop civil aviation on the lines on which we would have liked it to be developed. In the Central Assembly we have never on any occasion opposed the demand for civil aviation. On the other hand, we have always encouraged it.

Mr. Roy : Before that particular point is developed, may I point out that this service is an Imperial Service from the United Kingdom to Australia. You were probably thinking of developing civil aviation within India. So far as that is concerned, you probably know that we have contracts with Tatas and the Indian National Airways to run certain services in connection with the Empire services. We could not run planes to Australia. These are Empire services in which all the Empire countries participate under certain conditions. We are merely a link. But referring to the point which Mr. Maitra has raised in connection with these Empire services, we have taken the opportunity to develop civil air transport in connection with these services.

Mr. Maitra : Where is the proof of that ?

Mr. Roy : Tatas are running 5 services a week.

Mr. Maitra : You mean to say that the whole achievement of your Dept. of Civil Aviation is in that direction, namely, that Tatas have developed a certain service ?

Mr. Roy : Tatas are running a service from Karachi to Colombo with our help and the Indian National Airways are running a service from Karachi to Lahore and Delhi. The latter *i.e.*, the Lahore-Delhi service is not part of our contract. That is being done as a *quid pro quo* for the reduced services that they have to run in connection with the Empire services now.

Mr. Maitra : But that was a matter of pure accident ?

Mr. Roy : I am a little at a loss to understand your point.

Sir Raza Ali : If you turn to page 179 you will find that major works were provided with Rs. 11,94,000 and there was a saving of about a lakh and a half. That is a very considerable sum. But if it were a stray point I would not have emphasised it. Take A. 1 (3). The establishment charges run to Rs. 1,43,800 but there is a saving of Rs. 36,800. This shows that the tendency is not to utilise the amounts that you were granted by the Assembly. Furthermore, take A. 1 (4). Although the amount is not large, there is a considerable saving there too. These are the items by means of which we can measure the policy adopted by the Dept.

Mr. Roy : Take the major works first. If you will see the explanation under the first item, you will be satisfied that it was not due to our fault. How could we possibly avoid a thing like that ?

Sir Ruza Ali : Then what about the change in policy in Bombay ?

Chairman : That is a very complicated matter. We have an aerodrome in Bombay which cost us a lot of money. We have been trying to get some money back from this aerodrome, which we propose to abandon. It is a matter of some delicacy.

Mr. Maitra : What amount did we spend on that airport in Bombay ?

Chairman : It must have cost about 20 to 25 lakhs.

Mr. Roy : If you hold us responsible for that, all I can say is that we did not foresee the rapid development that civil aviation was going to make. It is in the interests of further development that we have to take this other area and give up the present one.

Sir F. Tyms : The main point is that at Bombay we postponed the expenditure of Rs. 1,85,000 which was provided in the budget. This amount was sanctioned for permanent buildings on the Juhu aerodrome. In September 1939, the war came along and Govt. decided to finance that large programme. They wanted 2½ crores. The commencement of that programme made it possible to adopt the policy of preparing a new aerodrome in Bombay, the new aerodrome being estimated to cost Rs. 50 lakhs. I have not yet got the full estimates. When Govt. have taken the decision that we should go ahead with the new aerodrome, it follows that we should curtail all expenditure which was not essential on the Juhu aerodrome. Therefore, we stopped the policy of a permanent building at Juhu. There was to be a new hangar costing Rs. 86,000. That was merely the initial expenditure to be spent in this way. Then, there were other buildings which were to cost Rs. 62,900. That was also a large expenditure. There were quarters for the staff of the Meteorological Dept. which were to cost Rs. 15,000. We stopped that expenditure because it would have been wasted, so that we saved about Rs. 1,80,000 there.

The other major item there is the one which Mr. Roy mentioned. One of the items was a pipe line which has been provided by the Air Ministry and on which we have been living for 10 years and more. The Govt. of India never paid anything. It was estimated to cost a lakh of rupees. Then, they closed down the power house on which we have been depending for light and power. We had to make a provision for an alternative arrangement at Rs. 30,000. When the war came, the Air Ministry said that we could hold on to it and so that expenditure was saved. That accounts for something like 3 lakhs. The total saving on that ground is Rs. 2,92,000. Then, there were other compensating items.

Chairman : Could you tell us anything further on the question of the Ensign landplanes ?

Sir F. Tyms : The reason why these Ensign planes, apart from the initial drop in performance, did not come up is that they had to be re-engined. New and more powerful engines had to be fitted. That work was pursued. But the war came along. The effect of that was that every factory in England was put under war work. So the Imperial Airways could not get their engines.

Sir Raza Ali : Was any attempt made to procure any of these machines from America ? I put that question specifically because at that time the criticism was that whereas England was buying her aircraft from America, India insisted on buying her aircraft from England.

Mr. Roy : This is not India's aircraft.

Sir Raza Ali : When we knew that England could not supply our needs, did we make any attempt to purchase any of this aircraft from America ?

Sir P. Tymms : No ; not on this occasion.

Mr. Roy : It is not our show ; it is the show of His Majesty's Govt. in which we are participating.

Sir Raza Ali : May I draw your attention to a number of cases that are given in Grant No. 48 ? For instance, there was delay in acquiring land at Ahmedabad. There was delay in the case of securing expert advisers in Trichinopoly. There was delay in building the quarters in Bombay and so on and so forth. Why should these delays take place ?

Mr. Roy : As far as land acquisition is concerned, we have to rely on Provincial Governments to acquire the land under the Land Acquisition Act. The procedure under that Act is not very rapid. Although we try our best to get things expedited through the Provincial Govts., we have got to rely upon them to acquire the land for us.

Sir Raza Ali : As a matter of fact, if you acquire land by agreement you can acquire it in three weeks.

Mr. Roy : If we acquire land by agreement we shall probably have to pay three times as much.

Chairman : I would like to point out that you are emphasising all these things in which it was impossible to get on with the job. The dept. did endeavour to spend the grant. They speeded up the works that were in progress and spent Rs. 1,37,000 more than they had intended. They succeeded in spending 3½ lakhs on works which they had not intended to carry out during the year. So, the picture has two sides to it.

Mr. Maitra : They should have started more vigorously with the works on civil aviation.

Sir Raza Ali : Unfortunately, one does not find that amount of vigour to run the whole programme which one would expect from an important department of the Govt. of India.

Mr. Roy : If we were to exercise that vigour without sufficient circumspection, I am afraid it would have meant a lot of waste. The specifications connected with civil aviation have got to be scrutinised with very great care. Not merely that, time and again they have to be revised in the light of more recent knowledge which has come to hand.

Chairman : How much did we waste on the Gaya aerodrome because we were too much in haste ?

Sir Raza Ali : I am afraid we did the right thing in abandoning it but we did a very wrong thing in choosing the site. The position is this, if I may say so. We have got far too small a number of aerodromes in India. I do not hold the Dept. responsible for that but the fact is there,

In a huge country like India how many aerodromes have we got ? If we want to build any more, let us carry out the work expeditiously.

Chairman : Actually, how are you getting along with the 25 lakhs that has been allotted to you for buildings ?

Sir F. Tymms : We have got projects prepared for Vizagapatam, Guntack and Nagpur. These are the new aerodromes. The work concerns mainly improvements to existing aerodromes. We are now dealing with modern aircraft. We thought some years ago that 500 yards aerodromes were sufficient, but now the demand is for 1,400 yards. We have done a good deal of work during the last year and this year we have put up run-ways at Lahore, Delhi, Cawnpore, Allahabad, Bombay and Calcutta.

Sir Raza Ali : Have you built any new aerodromes in the year under review ?

Mr. Roy : No.

Chairman : The actual major works are mentioned in the book,

Mr. Maitra : Have all these improvements been made in the light of modern scientific conditions ?

Sir F. Tymms : Yes.

Mr. Maitra : Do you contemplate starting any new aerodrome with that grant ?

Chairman : I remember that in the last budget a programme for Rs. 175 lakhs was foreshadowed for a period of seven years at the rate of 25 lakhs a year for improving the existing aerodromes and the construction of new ones.

Sir F. Tymms : But excluding Bombay.

Chairman : I have no doubt myself that the whole of that money will be spent and they will want a great deal more before they finish their programme.

Sir Raza Ali : To be quite fair to the Department, I must point out that whereas according to the percentage of saving shown here, we did better than we did in 1937-38, but much worse than in 1938-39. This is clear from the note 1 on page 178.

Chairman : If you take away the single big item of six lakhs, I think they have done better than in previous years. They have managed to spend one hundred per cent. of the rest of the money and a little more.

Sir F. Tymms : The saving under this Grant 47 is merely due to the immediate curtailment of services on the outbreak of war. The saving under item B-3 is due to the decrease in the number of military services.

Mr. Scott : There is an important comment on page 178. The amounts received as refund of duty on petrol now goes to a fund ?

Mr. Roy : Yes.

Mr. Scott : That fund started on 1st April 1939 with nil and you have a large credit of four lakhs and have spent 89,131 only. I see no particulars about this expenditure of 89,131.

Sir F. Tymms : You find that throughout the grant.

Mr. Sen Gupta : It concerns mostly one thing, the cost of training of pilots and pilot instructors.

Mr. Scott : Yes, I know to a certain extent.

Sir C. Badenoch : It is explained under item B-2.

Chairman : There was an original appropriation of a lakh and the actual expenditure was 89,131. They could not give details of the whole expenditure here.

Sir C. Badenoch : These are accumulations for a number of years and they were previously shown as *proforma* accounts. At the instance of the Public Accounts Committee, this form of account has been adopted. The whole accumulations of the previous year had been put into this fund.

Mr. Roy : It is not one year's appropriation.

Mr. Scott : How much do you get in one year ?

Mr. Roy : A lakh and a half. Since 1940 it has increased.

Mr. Scott : Are you spending up to your income ?

Chairman : They are spending about 90,000 on training of pilots and so on.

Mr. Roy : Actually a large share of the subsidies which we grant to the Flying clubs is debited against this particular grant. We give the Flying clubs about a lakh and twenty thousand and half of it is charged to this particular fund.

Mr. Maitra : You also sanctioned a supplementary grant for this purpose ?

Mr. Sen Gupta : Yes, it refers to the one crore scheme.

Mr. Scott : Could you give us in future years and this year the particulars about the debits to the fund. You can give details here on the same lines as you give for the road fund.

Mr. Roy : We can do so even now.

Mr. Scott : It is enough if you give later on a copy for the Committee.

GRANT No. 48.

Sir Raza Ali : Page 183. Here there are many items which go to support the contention that I raised. But I will not go through them. It is rather late. I believe I have made the point sufficiently clear. I would refer to item 9 on page 183.—New Landing ground, Multan, the original appropriation was 19,100, modified was 12,500 and expenditure 9,056. Has this work been completed ?

Sir F. Tymms : We found that we could do the work much more cheaply and so we really saved money.

Sir Raza Ali : Has this work been completed ?

Sir F. Tymms : Yes, completed in that year at this cost. There is actually a saving in cost. On calling for tenders we got low tenders and we made a saving.

Sir Raza Ali : Item 10, new aerodrome, Madras. The original appropriation was 1,51,700, while the modified was 64,500 and the expenditure

was 85,119. What is the position ? I believe the work was not completed in the year under review.

Mr. Roy : This again is an illustration of the importance of going slow. The proposal was to have French drains. The question of providing French drains has been the subject of great controversy amongst our technical officers. The Superintending Engineer of the Central P. W. D. who was in charge came back from Madras and reported that the French drains were not necessary. I am sorry to say that the argument is still going on. We had to cut out that work on technical advice for that year. We carried on the other work of extension. The aerodrome at Madras is one of the best aerodromes in India from the point of view of size. We completed the work up to the point when the dispute arose about French drains.

Sir Raza Ali : This work was not completed.

Sir F. Tyms : It has not been completed.

Mr. Maitra : It floundered on the question of French drains.

Sir Raza Ali : Item 11. New Landing ground, Trichinopoly. Here also the original appropriation was 36,300 and the expenditure was actually 7,067. What is the position now ?

Sir F. Tyms : This has not been finished. I am not very satisfied with this. We had to keep delaying this, because we could not find sufficient funds. We had to keep on reducing the size of the hangars. We could not find sufficient money to build big hangars. That is the position now.

Mr. Maitra : Item 14, col. 3. "Works on quarters carried over to 1940-41 owing to delay in settlement of actual requirements, and delay in the preparation of estimate for quarters and delay in the settlement of details of technical buildings."

Chairman : Has this been finished ?

Mr. Roy : It has not been finished. The difficulty arose in this way. It was decided to remove the Agra Upper Air observatory to New Delhi. The Upper Air observatory at Agra was housed in a temporary building many years ago and these temporary buildings were condemned. Apart from that, owing to developments of civil aviation in Delhi it was felt that for the permanent location of the Upper Air Observatory, the proper place was New Delhi. Now, when this scheme was under discussion the Director General of Observatories insisted that quarters should be provided for all the meteorological officers and clerks near the Upper Air Observatory in New Delhi. He said that his staff was required to work at all hours of the day, they were sometimes on turn duty and it would be most inconvenient to have them living miles away from that place. That led to a long argument as to whether we could find the money in order to provide quarters that the Director General asked for.

Sir C. Badenoch : What the Honourable Member wants to drive at is why the provision is made in advance of the settlement of the requirements.

Chairman : It means that the original appropriation was premature.

Mr. Roy : May I explain ? The provision was made because there is no dispute about the main office building. The difficulty about quarters arose,

and the Director General insisted that until adequate provision was made to house his staff the observatory should not be moved to Delhi. He said that his whole organisation would become inefficient.

Mr. Scott : We had two cases where expenditure has been held up owing to little departmental squabbles.

Chairman : They are not squabbles, but differences of opinion between experts.

Mr. Scott : Is there any means of quickening up decisions ? Can't the Finance Department interfere ?

Chairman : If the Administrative Department finds it difficult to come to a decision, what can be done ?

Mr. Roy : It is not a question of quarrel, it is question of honest difference of opinion. When that happens each authority has to think it over with very great care in the light of further information that can be obtained. That takes a little time so that before you come down formally on one side or the other, you have got to give them a little time to make up their minds.

Sir Raza Ali : One of them must be right. I would draw lots and act accordingly.

Mr. Roy : I am afraid the legislature will come down on us heavily if we make mistakes.

Sir Raza Ali : May I just draw attention to page 186 where the amount of saving beginning from 1935-36 down to 1939-40 is given ? They furnish some testimony as to what the general policy of the Department is. The saving in 1935-36 was Rs. 7,55,183.

Chairman : We are not dealing with those years now. We are dealing with 1939-40. This is merely a comparison to show whether they have improved or deteriorated.

Sir Raza Ali : My point is quite clear, that the department has not been acting so actively as is expected.

Chairman : Do you suggest in 1935-36 and 1936-37 ? This is an extraordinary way of using comparative figures which are put before the committee in order to show improvement from bad to better. You concentrate on the bad which they cannot undo now.

Sir Raza Ali : Surely if you adduce figures to support one argument, I am equally at liberty to base another argument on those figures.

Chairman : Then if you go far back you will find that no money was spent on aviation in this country ten years ago. Why don't you take the figures for 1939-40 ?

Sir Raza Ali : Of course the saving of 2 lakhs odd is better than in previous years, yet it is disappointing and it can be improved upon. But this was an abnormal year.

Mr. Maitra : In 1938-39, the allotment was 24 lakhs odd and the saving was 3 lakhs odd, in the following year, the appropriation was 16 lakhs and the saving was two lakhs odd, from that point of view having regard to the allotment, it is not very encouraging.

The Chairman thanked the witness (Sir F. Tymms) who then withdrew.

GRANT No. 49.—BROADCASTING.

Mr. Scott : Page 190-item E-5. What are these royalties ?

Mr. Roy : This is for copyright of the composers and manufacturers. They refer to gramophone records for practice.

Mr. Scott : Why is there a lump sum provision provided for re-organisation and development ?

Mr. Roy : That was made because of quite a number of points which were still under consideration. Before the budget was framed, details could not be settled and so a lump provision was made in order to meet the particular projects. This was reappropriated.

Mr. Maitra : The original grants was 2,01,000 and it was not spent at all. It was spent for other purposes.

Chairman : It was provided here so as to spend on others. This is merely a lump sum provision which has been accounted for under particular heads to which reference has been made.

Mr. Maitra : On what exactly was it spent ?

Mr. Roy : This was a case of reappropriation. This was spent under B—2, B—4, C—2, C—4, E—2 and E—4 which is the biggest amount.

Chairman : This was mainly due to the general expansion of the activities of the department and increased transmission hours.

Mr. Maitra : Has any other transmitter been set up in this country ?

Mr. Bokhari : There was one at Trichinopoly, a short wave station at Delhi during the year under review. There was another station at Dacca. The 5 k. w. stations are at Dacca, Lahore, Lucknow and Trichinopoly.

Mr. Maitra : Can you give us an idea of the amounts involved ?

Mr. Bokhari : This particular transmitter in Delhi which we put up during the course of the year under review was not purchased separately. It was found possible to erect this after rearranging the existing transmitters. Therefore the expenditure on this transmitter is not an index to the general expenditure.

Mr. Maitra : What was the amount involved ?

Mr. Bokhari : About 33,000 medium wave station of 10 k.w. costs about three lakhs.

Mr. Maitra : You have no separate station in the technical sense ?

Mr. Roy : There is a separate transmitter, but not a separate station.

Mr. Maitra : Is there no other scheme in contemplation ?

Mr. Roy : In the current years budget we have made provision for a k.w. station at Karachi. That we bought from Dehra Dun. There was a society in Dehra Dun which with our sanction started broadcasting and as we anticipated they were unable to keep that up and so we bought that transmitter. That is going to be set up in Karachi. We are setting up a more powerful transmitter at Peshawar and we have got the Patna station in hand ; but none in Assam.

Col. Rahman : Who decides the Hindustani programme of the B. B. C. ?

Mr. Roy : The A. I. R. decide on their programme. They have got their own technical staff which decides the programme.

Col. Rahman : I may say the Hindustani programme of the B.B.C. is quite useless in Hindustani. There is nothing which we do not know.

Mr. Roy : If you bring your observations to the notice of Mr. Puckle who is in touch with the Ministry of Information, perhaps he might be able to help you.

Sir Raza Ali : I have listened to all stations. Moscow comes out the best.

Mr. Maitra : I am able to get Dacca better than Calcutta or Lucknow. What is the power of the station in Calcutta and other places ?

Mr. Bokhari : All stations, Delhi, Madras, Bombay and Calcutta are 10 k.w.

Mr. Roy : We have also a project sanctioned for 100 k.w. in Delhi.

Mr. Azhar Ali : On page 188, item C-3 : Due to cancellation of tour of the News Editor on account of pressure of work at the headquarters. Are you understaffed ?

Mr. Bokhari : The idea was that the News Editor should go round all the towns which he was not able to do. He is attached to the headquarters office at Delhi.

Col. Rahman : Have you got a Research Engineer now ?

Mr. Roy : Yes, there is a new man. The old Engineer Mr. Gopalan was made the Station Director at Trichinopoly. The post of Research Engineer was kept vacant and now the Public service commission has recommended a new man Mr. Garudachar.

Mr. Maitra : I might point out that the success or failure of broadcasting depends on soil conditions, and the fact that Indian broadcasting has not been working satisfactorily is due to the fact that the selection of sites has not been in accord to the latest scientific requirements.

Mr. Roy : I beg to differ from you.

Mr. Maitra : Did you read what Dr. Meghanad Saha had to write about this question ?

Mr. Roy : I had a discussion with him. The fact is he did not actually realise what we are doing in practice. Dr. Saha's contention seemed to be that the Chief Engineer was not academically highly qualified and so he was not competent to do these things. But actual tests are carried out by us before we start a station.

Mr. Maitra : Any way the fact remains that we can hear one station better than the other.

Mr. Roy : That you must not attribute to any technical deficiencies in construction.

Mr. Maitra : I also know something of the technique of broadcasting. There have been so many scientific discoveries on this subject recently

and if you do not incorporate all these latest developments, Indian stations are bound to clash with one another. Even now it is possible to recondition all broadcasting stations in such a way that effective service can be got out of them.

Chairman : We will now take up the Commercial Appendix.

Mr. Scott : We have been saying that these publications cost up a lot of money. But this year we seem to get very nearly up to making a profit in some cases and we have reduced the loss in others. This year must have been a successful year. The sales have gone up considerably, nearly doubled. You get more advertisements, subscriptions and sales. That is a very satisfactory result and I hope you will do better.

Mr. Roy : I must warn you that owing to war conditions and the high cost of newsprint, the income in the following year might deteriorate, but not very much.

Mr. Scott : I quite understand.

Dr. Dalal : Can you give me the number of evasions of payment of licence fees ?

Mr. Roy : You will find figures of the numbers of proceedings undertaken against radio pirates given on page 172.

Mr. Bokhari : We have a system of compounding these cases.

Mr. Maitra : Do you give a list of number of licensees ?

Mr. Roy : Not by provinces. If you want the total figures by postal circles, they can be given.

Mr. Maitra : I should like to have those figures.

Mr. Roy : I shall give them.

PAGE 247—CENTRAL ROAD FUND.

Mr. Roy : These grants-in-aid are made to local bodies in centrally administered areas.

Mr. Roy : Page 382. War Transport Board : This Board was constituted at the beginning of the war to deal with various problems of transport, affecting generally the question of internal transport.

Mr. Maitra : So this is purely a war organisation.

Mr. Roy : Yes. It is temporary war organisation.

PAGE 384—CAPITAL OUTLAY ON VIZAGAPATAM HARBOUR.

Mr. Scott : There is an outstanding item.

Mr. Roy : As far as that is concerned, the matter is under the consideration of the Board of Directors of the B. N. Railway to whom this scheme has been submitted. We are still awaiting their reply. As you know it takes a very long time to get letters in and to reply back. But it has definitely been put to them. We do not know what their reactions are.

Sir Raza Ali : Have you got a Port Trust in Vizagapatam ?

Mr. Roy : No Port Trust, but the Port control vests with the Government of India.

Sir Raza Ali : How do you exercise that control ?

Mr. Roy : There is an Administrative officer through whom control is exercised. There is the Resident Deputy Administrative officer and there is the non-resident Administrative officer who is also the General Manager of B. N. Railway, who lives in Calcutta.

Sir Raza Ali : He reports to you ?

Mr. Roy : Everything comes through the Administrative officer who lives in Calcutta. Of course he is not far from Vizagapatam. In the course of his tours as General Manager, he can easily get down at Vizagapatam. There is a Resident Administrative officer on the spot whose work is supervised by the Administrative officer.

Sir Raza Ali : The Deputy Administrative Officer corresponds through the Administrative officer ?

Mr. Roy : yes.

Sir Raza Ali : Does the Administrative officers go there very often ?

Mr. Roy : Once or twice a month.

Mr. Sen Gupta : Vizagapatam is a railway district.

Sir Raza Ali : Have you experienced any difficulty because the control is vested in one man and not in a Port Trust ? This is a novel arrangement and that is why I am asking.

Mr. Roy : I do not think so. Of course naturally the responsibility of the officer is rather greater because he has to take decisions very often on his own responsibility and report to us. The position is the same as that of Cochin, with this difference that the Cochin State also is a participant whose consent we have to take.

Sir Raza Ali : Have you got any advisory body to advise this Deputy Administrative officer ?

Mr. Roy : We have in Cochin, we have none in Vizag. We propose to have one there. The difficulty in Vizag. is that it is a small place with not many people who are interested or sufficiently knowledgeable on port matters. We have got the idea of an Advisory Body in mind.

Mr. Maitra : Item III. Major works. Specific provision was not made in the budget. This has to be regularised.

Chairman : This is merely a statement of expenditure. It is due to the need for urgent work.

Mr. Maitra : What do you mean by Shifting of Groyne ?

Mr. Roy : It is to protect the harbour.

Mr. Maitra : Have you finished the entire construction ?

Mr. Roy : Yes you can go to Vizag. by ship now.

Mr. Maitra : Is there no fresh provision in the budget ?

Mr. Roy : We might. The port always requires capital expenditure.

The Chairman thanked the witness who then withdrew.

The Committee adjourned till half past ten of the clock on Thursday the 21st August 1941.

Fourth Meeting, Thursday, the 21st August 1941.

LABOUR DEPARTMENT.

Chairman : Page 24 of the Key statement. The first thing is the review of works expenditure at pages 10 and 11 of the Report.

Mr. Scott : There was no lump cut ?

Chairman : No.

Mr. Prior : We had two big projects one at Bahrein, and also some clerical staff quarters in the Viceregal House.

GRANT NO. 9, IRRIGATION, PAGE 59.

Maulvi Abdul Ghani : C-1. Working expenses of productive irrigation works in connection with the supplementary demands.

Chairman : They gave up savings of Rs. 17,700, and in the end they had an excess of Rs. 8,000 due to increase in provincial expenditure not anticipated.

Mr. Prior : The whole of the expenditure incurred on the Lloyd Barrage is provincial, but we get a certain amount of benefit, and we have to pay a *pro-rata* charge. It is impossible to calculate the thing accurately. We assumed on information received from the Provincial Government, we should be able to surrender Rs. 17,700. It was not our miscalculation, but it was a miscalculation of the Sind Government.

Mr. Maitra : Page 59. B(1), Column 1—mainly due to the credit of Rs. 14,383 from the Kalat State, counterbalanced by excess of Rs. 7,149 due to an adjustment of last year's expenditure.... What is its relation ?

Chairman : Some of the benefit of these works goes to lands which are not part of the province of Sind, and they have to make some contribution on that account. For instance, Nasirabad Tehsil is in Baluchistan, and not in Sind. The barrage system serves Kalat State in connection with Nasirabad Tehsil—a bit of Kalat State comes in there.

Mr. Maitra : What is the meaning of this—"counterbalanced by excess of Rs. 7,149 due to an adjustment of last year's expenditure...."?

Chairman : This credit of Rs. 14,000 meant a large saving, but there was coming over from last year expenditure which failed to be adjusted in the previous year's account and it was included in this year's account. That reduced the credit by half.

Mr. Maitra : So there was no specific provision for it in the budget.

Sir C. Badenoch : That also depends very much on the Sind Govt. The whole thing is under the Sind Irrigation Department.

Chairman : We are liable for a certain share. We don't actually incur the expenditure. We are dependent on them for what they say we are likely to have to pay in the course of the year.

Mr. Maitra : Is there no working arrangement between the Provincial Govt. and Central Govt. as to their respective shares ?

Sir C. Badenoch : Oh, yes, it is a fixed arrangement which has been very carefully worked out.

Mr. Maitra : Is it liable to variation ?

Sir C. Badenoch : The amount of expenditure is liable to variation.

Dr. Dalal : In yesterday's ' Statesman ' I saw that there is some controversy between the Punjab and Sind Governments. Sind complains that the bulk of water is withdrawn from the Indus by the Punjab Govt. If that is so, and if Sind does not get much water, how is it that the Lloyd Barrage irrigates Baluchistan ? Charity begins at home.

Mr. Prior : That is a question not for me to answer.

Chairman : It is an inter-provincial dispute. It is *sub judice*.

Col. Rahman : C.-(2). What are these unproductive works ?

Sir C. Badenoch : These are small works in Baluchistan. In connection with an irrigation scheme there are small works which have to be constructed. They are in Baluchistan mostly.

Mr. Maitra : Page 60, Column 1. There is a note here—postponement of works in favour of more urgent works under the group head ' C.-4 '. What was the nature of the urgent works undertaken ?

Mr. Prior : There was a very big flood which caused damage to the bund and various other things, and in order to avoid further damage during the rainy season, certain works were proposed and we had to take money as we had no money in the reserve to meet these urgent works.

Mr. Maitra : You had not only to fall back upon the resources set free but also ask for the assistance of the Finance Deptt. for more money for these projects, is that so ?

Mr. Prior : I do not know whether the Finance Deptt. would have given us more money had they done so then we need not have postponed these works. This money was provided here in the budget for extensions and improvements, but we had to forego those in order to meet these necessary repair works on bunds.

Mr. Maitra : These works were essentially of a protective nature, is that so ?

Mr. Prior : They were repairs to make good unexpected damage. To a certain extent they were also protective. It was necessary to carry out these repairs urgently in Baluchistan.

Mr. Maitra : What is the usual practice ? Suppose a certain amount is set apart for carrying out certain works. Who is the authority to decide that a particular work should be postponed or foregone ?

Mr. Prior : In this case we followed the advice of the Chief Commissioner, Baluchistan.

Mr. Maitra : Do you mean to say that the Govt. of India does not exercise any other control save and except acting on the advice of the Chief Commissioner ?

Chairman : Powers of re-appropriation are given to various authorities. Certain powers of course are only in the hands of the Finance Deptt.

-Then again, some small powers of reappropriation may also be delegated to subordinate authorities in order to save constant reference to headquarters.

Mr. Maitra : Do you set any pecuniary limit ?

Chairman : In the case of Public Works the Labour Deptt. has got more powers than most other depts. because it has been found that it is practically impossible to lay down 18 months ahead the exact programme which you will follow, and therefore it is desirable that they should, if they find it impossible for any reason to get on with any particular work, divert the funds to some other desirable work, or if there are any urgent works, they should be able to finance them within certain limits.

Mr. Maitra : Do such things come to the notice of the Finance Deptt. ?

Chairman : Certainly an officer of the standing of Chief Commissioner of Baluchistan who is almost a sort of Governor can be expected to take a decision on a matter of this kind.

Mr. Maitra : Having made that reappropriation, is it not his duty to forthwith report to the Finance Deptt. ?

Chairman : He did that in this case.

Sir C. Badenoch : In Sir James Grigg's time the whole sphere of reappropriation was reviewed and orders were issued to all departments largely at the instance of the Public Accounts Committee, and the action taken by the Chief Commissioner was exactly in accordance with those orders.

Sir Raza Ali : What are the cases that go to the Finance Department ? Could the Chief Commissioner sanction reappropriation up to Rs. 50,000 ?

Mr. Prior : My recollection is that he can reappropriate within certain limits prescribed in the Code Rules. In any case he could not reappropriate a sum to a work which he was not competent to sanction in the first instance himself.

Chairman : What is the position of reappropriation of departments *vis-a-vis* the Finance Deptt. ?

Mr. Jones : I think the Finance Deptt. can sanction any reappropriation within a grant.

Chairman : We cannot sanction from one vote to another.

Sir Raza Ali : If the amount exceeds Rs. 20,000 has it to come to the Finance Deptt. ?

Mr. Prior : It depends on what we reappropriate from or to.

Mr. Maitra : If there is a saving of Rs. 20,000 under the head major works, and if you want to reappropriate, have you to go to the Finance Deptt. ?

Chairman : Actually it is difficult to express the thing. First of all, the powers of the department of the Govt. of India come into play ; they have certain powers of sanctioning works. First you have to know what their basic financial powers are. Then there are certain restrictions on their powers of reappropriation. For instance, there are some 5 broad restrictions given in the book of financial powers. Subject to these restrictions, they exercise their financial powers. Then you find certain others.

Mr. Maitra : The whole field of reappropriation business is a very complicated matter, but it is a very important matter.

Chairman : This is all in order to simplify reference to headquarters. What this committee found was that if you tied the hands of the depts. too closely to the programme which was drawn up some 18 months before the end of the year, then inevitably you found that the money voted by the Assembly was not spent. Therefore, this Committee has been in favour of introducing as much elasticity in the arrangement as will enable the depts. to spend money on desirable public works during the year.

Sir Bosa Ali : Suppose there is an original major work to be executed and there is budget provision to the extent of a lakh. Would it come as a major work to the Finance Deptt. ?

Chairman : Yes. In order that a scheme may be included in the budget, it would have to be accepted by the Finance Deptt. Departmental budgets are made and sent to the Finance Deptt., and the Finance Deptt. must include such schemes in the budget. Everything new has got to be separately dealt with.

Sir C. Badenoch : Expenditure on a new service cannot be approved even by the Finance Deptt. without the sanction of the Legislature.

Mr. Maitra : C-4 Have you got any river training institute ?

Mr. Prior : Yes, we have one at Poona. Mr. Ingles is in charge of it.

Col. Rahman : What is the function of these research stations ?

Mr. Prior : When a project is sent to him for examination, he examines it, and if necessary prepares a model.

Mr. Maitra : How many river physics Institutes have you got in India ?

Mr. Prior : We have got one in Poona. It was originally in the hands of the Bombay Government, and it was taken over from them in 1937.

Mr. Maitra : The activities of the Palla river training institute have been discontinued ?

Mr. Prior : That was not an institute. That was, I think, a project for river training which was found unnecessary. It was discontinued as its execution was objected to by the U. P. Govt.

Mr. Maitra : I suppose that Institute is working now ?

Mr. Prior : Yes. The amount of work it is doing is actually increasing.

Mr. Maitra : This matter should demand the increasing attention of the Government.

Mr. Prior : One difficulty is to find a suitable man to be in charge of work of this nature. Mr. Ingles is a retired officer, but it is difficult to find a suitable man for this purpose.

Mr. Maitra : You cannot expect a man to swim before you teach him to swim ? You must first start something. It is a very important branch. We should solve the difficulty by stages. We could import experts from outside for the time being and get the local people trained.

Mr. Prior : In the Labour Deptt. we do attach the greatest importance to this question.

Mr. Maitra : I might point out here, Mr. Chairman, that this subject should find a place in the recommendations of our Committee.

Chairman : I think we should be going beyond the functions of this Committee to recommend that any particular object should receive larger funds. You can make that observation here, but you could not formally embody that in our proceedings. The departmental representatives have no doubt taken a full note of what has been expressed here, and the next time they approach the Finance Deptt. they will no doubt say that they know that there is a body of opinion in favour of greater expenditure being incurred on this item.

Sir Raza Ali : Could you please tell us the circumstances under which this officer was appointed after retirement ?

Mr. Prior : Actually, we thought that he would continue with us after retirement because he is really the only suitable man we know of. He went on leave just before retirement. Then, he retired from service and then we placed him on deputation to study the methods and equipment of research stations in America and France for a period of two months. During that period he was allowed pay, which was Rs. 2,150 plus £13-6-8. He was a very good officer. During his absence the Deputy Director carried on his work on an allowance of Rs. 200. Mr. Inglis was re-appointed on return after he had retired. He was re-appointed on a scale of Rs. 2,150—50—2,350, inclusive of his pension plus overseas pay of £13-6-8.

Col. Rahman : Did you send him to America after he had retired ?

Mr. Prior : He went on leave and he was placed on deputation. I do not know whether he actually went to America.

Sir Raza Ali : This is a question of policy, I find various Governments have been pursuing various policies. Some Governments are for employing technical officers.....

Chairman : Are you raising the question about the re-appointment of officers ?

Mr. Maitra : Some points require clarification. May I know when this officer was sent on deputation ?

Mr. Prior : He was on deputation only for two months after his leave.

Mr. Maitra : He was asked to go after he had enjoyed his leave. What was the normal time for his retirement ?

Mr. Prior : 18th of April 1939.

Mr. Maitra : And when was he asked to go on deputation ?

Mr. Prior : He was on deputation from the 29th of July to the 4th of October 1939.

Mr. Maitra : This has raised a most important point. When you know that an officer is going to retire and when you know also that there is no suitable officer to take his place, how is it that you send him for training only on the eve of his retirement ? Don't you think it is

somewhat unusual? If you presume that he is going to be retained and that his services are not going to be dispensed with, whatever may be the statutory provision, the position becomes different.

Chairman : There must have been the decision that this officer will be re-employed.

Mr. Maitra : In that case it is highly irregular. If you really want to realise full value out of a man whom you are paying Rs. 2,000, you should have sent him for training long ago, so that we could reap the benefit of his training for a long time. Instead of doing that, you sent him on deputation only on the eve of his retirement.

Chairman : We did not have the Research Institute. We took it over from the Bombay Government for the first time in the course of the previous year. We had no such posts before.

Mr. Prior : I think it is also fair to point out that Mr. Inglis was a fully trained officer in this particular type of work before. But this is a science which is continually advancing, and I think we should be well advised to allow our officers continuously to improve their knowledge of the subject.

Mr. Maitra : It was thought necessary, in spite of his previous equipment and accomplishments, that in view of the nature of this science which is making progress from day to day, this officer should undergo further training and he was sent for further training. When he came back, then instead of retiring him and getting him replaced by somebody else you got him retired and again re-appointed him. I think the normal course should have been to give him an extension.

Chairman : I must point out one very important thing about the question of extension. Supposing an officer who has been working under another Government has reached the age of 55 and has earned a pension of, say, Rs. 800 a month and we wish to appoint him on a pay of Rs. 2,000. If we give him an extension of service in order to do that, then we pay the whole of the Rs. 2,000. But if he retires from service, then the Government under whom he was employed pays Rs. 800 and we only pay Rs. 1,200. So, to employ retired men is a matter of economy. If you wanted to raise the question of policy, you should have chosen a better case than this. But if your point is that the question of re-employment after retirement is one which should be jealously watched, I entirely agree with you.

Mr. Azhar Ali : Did we take any advantage of the training which he received abroad?

Chairman : He is still employed. He went abroad two years ago.

Mr. Prior : He is the best man we know of.

Mr. Maitra : Our point is that some Indians should be trained.

Chairman : I presume that some action is being taken to train up somebody.

Mr. Prior : Mr. Inglis is now searching round among the cadre of provincial service officers in order to try and find a suitable man who has some knowledge of hydro-dynamic research, to be Deputy Director.

Mr. Maitra : I appeal to you to see to it that the experience of this man may not be wasted and some Indians may be put on probation.

Mr. Prior : The position at present is that both the Director and the Deputy Director must be people who know something about this matter of hydro-dynamic research. But the Department would be only too willing to have a number of research students working under them. Again, it will require extra financial authority.

Mr. Scott : When you put an officer on deputation, you give his passage both ways ?

Chairman : We usually place officers on deputation when they go on leave at their own expense and when they are available in Europe. We merely pay them the expenses of their going to the place where they have to get their training.

Mr. Maitra : Let me make my position perfectly clear. We have no animus against this officer. We were simply discussing a question of principle.

Sir Raza Ali : For what period has Mr. Inglis been appointed after his retirement ?

Mr. Prior : The station has been sanctioned for a period of five years and Mr. Inglis has been appointed for the same period.

Sir Raza Ali : That is too long a period.

Mr. Prior : He is on a contract for a period of about five years subject to usual conditions.

Sir C. Badenoch : Generally, such appointments are made from year to year.

Chairman : I am afraid we cannot go into details throughout the whole grant. In order to make the best use of the available time, I hope that Members will study the papers carefully during the afternoons when they are free, so that when they come to these meetings they are already prepared and they have made up their minds as to what points they want to take up. Otherwise, there is a danger that they might start off by taking up a good deal of time on a less important point and later on they may find that they have not got the time for more important matters.

GRANT No. 20.—pages 84-85.

Maulvi Abdul Ghani : F. 3. Col. 1 : May I know whether this Labour officer was allowed a saloon ?

Mr. Prior : Previously, the officer was under the Railway Department and he was allowed a saloon. He came under the administrative control of the Labour Department in November 1937, and continued to have the privilege till December 1939 when the two posts were combined.

Sir Raza Ali : It is very welcome that he travels now by ordinary train service and we have saved so much money. But just below that we find that out of a grant of Rs. 78,000 odd, Rs. 34,000 odd was surrendered. I would like to know whether this officer did his duty at all. It is a very large sum and there is only one officer involved.

Mr. Prior : Again, it is a matter rather of cutting our coat according to our cloth. When we took over the duties, we had to pay. Now, our people have to travel and they have to pay for their tickets and therefore we went very carefully into the question of the extent of their inspections.

Sir Raza Ali : He has saved Rs. 34,000 and I welcome it. But why should he give up his touring ?

Mr. Prior : He has not given up his touring. At the same time, the amount of his touring has been reduced in regard to visits to more outlying stations.

Chairman : Surely, Rs. 34,900 could not have been saved on the tours of a single officer ?

Mr. Prior : There are a number of Inspectors under him.

Chairman : How many officers are making these inspections ?

Mr. Prior : I am afraid the information regarding the Inspectors is not available straightway. The budget only shows the total establishment of 20 Inspectors, clerks and stenographers under one heading. The officer in charge is down in Delhi.

Mr. P. M. Rao : My impression is that there are ten Inspectors.

Sir Raza Ali : D : Col. 1 : What is the explanation of this ?

Mr. Prior : I have discontinued these telegrams. I did so when I saw this remark about a fortnight ago.

Sir Raza Ali : So, you have effected some saving ?

Mr. Prior : Yes. Besides, I did not consider that I was getting full value for Government from them.

Grant No. 32. Geological Survey.

Sir Raza Ali : C : Col 1 (ii) : " Air passage of an officer to United Kingdom Rs. 1,280 ". So far as I know the rules, no officer gets an air passage unless it is especially provided for. Can you give us any information about this ?

Mr. Prior : I am afraid I cannot. I will take a note of it. It was probably something connected with the war.

Sir Raza Ali : A : voted : Rs. 10,800 was given up, but no explanation has been given.

Mr. P. M. Rao : It is less than 10 per cent.

Chairman : Please see paragraph 28 of the main report on page 19.

Mr. Prior : I noticed this myself. It appears to me that there was over-budgeting under this head under Establishment. Actually, the custom in the department had previously been not to fill posts of geologists in temporary vacancies, and therefore, most of the vacancies remained unfilled.

Sir Raza Ali : If that remark was there, I would not have troubled you to-day.

GRANT No. 36.—MINER.

Mr. Azhar Ali : H. 1 (2) : Col. 1 : Why was not the indent sent ?

Mr. Prior : We could have sent an indent had it been necessary, but it was not.

Chairman : They made a round provision of Rs. 1,000 for the stores but they found that they did not need them and so they surrendered the amount.

GRANT No. 46.—INDUSTRIES.—SUB-HEADS A, E, AND F.

Mr. Maitra : A. 4 : What are these ' unforeseen charges ' referred to in Col. 4 ?

Mr. Prior : I have not got any further information.

Chairman : One cannot be prepared for every possible question. The information is probably in the Department.

GRANT No. 54.—EMIGRATION—INTERNAL.

Maulvi Abdul Ghani : Note 1. The savings have increased.

Sir C. Badenoch : It is a very small grant.

Col. Rahman : I cannot understand the sudden fall in the number of patients admitted in the emigration hospital.

Chairman : It is an epidemic of good health !

Mr. Prior : There is a provision for epidemics, but fortunately, there were no epidemics.

GRANT No. 57.—MISCELLANEOUS DEPARTMENTS.

Maulvi Abdul Ghani : Col. 1 : There is a surrender of Rs. 3,000 and no explanation is given.

Chairman : They are not large in relation to the size of the appropriation and they were surrendered in the course of the year.

Sir Raza Ali : That would be so, so far as the officers are concerned, but I am afraid that won't be so, so far as the pay of establishment is concerned.

Mr. Prior : The saving under the pay of officers was due to the revision of pay of the Chief Inspector which was sanctioned during the course of the year. The pay of the establishment and the appointment of temporary clerks on lower pay was for a shorter period. There was less touring by two Assistant Inspectors of Explosives who were granted leave and their places were not filled.

Sir Raza Ali : I thought that there were organised grades and you had the minimum and maximum of these grades.

Mr. Prior : If a man on the top of the scale goes on leave and you bring a man at the bottom of the scale, there is an automatic saving. In some cases the saving is high.

Sir Raza Ali : Do these Assistant Inspectors of Explosives do any work for the Provincial Governments as well ?

Chairman : They give evidence in cases of accidents.

Mr. Azhar Ali : G : There was no court of inquiry ?

Chairman : They made a provision of Rs. 300 at the beginning of the year but it was not required.

GRANT No. 60.—CIVIL WORKS.

Col. Rahman : What is the difference in amount between major works and minor works ? Is it Rs. 20,000 ?

Mr. Prior : Yes.

Mr. Maitra : Page 229-B-1 : We just now heard from you that for major works the amount would be Rs. 20,000 and over. I now find under Item B-1 for a major work it is only Rs. 10,000.

Chairman : That means that the work was a major work, but the work which was going to be done during that year was going to cost only Rs. 10,000. It does not mean that the total cost of the work was only Rs. 10,000.

Mr. Prior : It refers to the construction of an iron bridge in Sikkim which cost Rs. 26,000.

Sir Raza Ali : The note itself says that it was completed during the year.

Maulvi Abdul Ghani : Page 229.—Item A-1 : " Delay in obtaining steel from England owing to the war ". Could you not have obtained steel from Tatas ?

Chairman : We could not have got that kind of steel from Tatas.

Sir Raza Ali : In the year under review, it might have been so, but I now understand that Tatas are manufacturing all things ?

Chairman : There are still certain kinds of steel which have to be imported.

Maulvi Abdul Ghani : May I know whether the sum of Rs. 1,10,150 was surrendered ?

Chairman : Various other factors came in. What they surrendered was 47,700. Even then they had a saving of 12,000. The revised appropriation is shown as 47,555.

Mr. Prior : We did not surrender the other Rs. 12,000 because we were expecting to get some stores from the Indian Stores Department but they were not delivered during the course of the year.

Mr. Maitra : Did they actually arrive later on ?

Mr. Prior : Yes.

Sir Raza Ali : In the case of civil works, there is always a certain amount of saving. You cannot always utilise all the appropriation, especially on major works. The savings should, however, not be disproportionate.

Mr. Prior : We can always avoid saving by spending the money at the last moment. But we are advised not to do it.

Sir Raza Ali : On page 229, B-2—voted the original was 19,000, reappropriation was 7,910, thus making it 26,910 and you spent it all except a small sum of Rs. 294. In the note you say, execution of unforeseen emergent works in the Delhi province. What work are you referring to ?

Mr. Prior : A sum of Rs. 7,900 was reappropriated for acquisition of land for widening the Okhla road and for constructing a circus at the junction of the Mutiny Memorial road and the original road. The first was considered imperative to prevent encroachment of brickfield contractors and the second was to minimise the risk of accidents.

Sir Raza Ali : Both are good explanations, if I may say so.

Maulvi Abdul Ghani : Page 229—Item A-2 : The reason given is due to execution of certain unanticipated works mainly in the Central Public Works Department ?

Mr. Prior : Most of it represents provision for additional office accommodation, additions and alterations to buildings, provision of fire extinguishers, etc., as a result of the outbreak of war, certain bungalows were placed at the disposal of the Government for office accommodation and we had to make certain additions and alterations to them to suit office purposes.

Sir Raza Ali : Have you any idea as to how much it would cost, if you were to make the present houses owned by Government in New Delhi fit for occupation in the hot weather ?

Mr. Prior : This question is actually under investigation and I think the figures are nearly ready, but speaking from memory, I should not like to commit myself. I might give wrong figures.

Sir Raza Ali : What are the improvements you have in contemplation to make the New Delhi houses habitable during hot weather ?

Mr. Prior : As regards officers houses, what we feel possible is to put a porch on where necessary and increase the thickness of the roof in certain cases. There is no doubt that the most satisfactory method would be to put on a double roof, but the expenses on that would be prohibitive and therefore the only amelioration we can think of is to put a certain amount of mud on the top of that. By carrying out experiments on these lines, it is found that the temperature is reduced. Another alteration that might be necessary is to increase the size of the verandahs in certain cases. Another improvement that might be necessary though not to a great extent is to thicken the walls of the main rooms which are exposed to the sun. Among the clerical establishment houses, there is need for widening the verandahs and it may be necessary to make provision for more privacy in the front of the quarters in order to enable the clerks to sleep out in hot weather. At present the whole is one complete combined compound. Whether that will be possible or not, I do not know. We only decided on investigation at the last meeting. We examined the possibility of making the hedges in between the compound in such a way as to give privacy.

Sir Raza Ali : The best method would be the demolition of the roof.

Mr. Prior : Engineering opinion is quite definite that a double roof should be put on the top. That is the ideal thing. I came across a most interesting opinion published in an American journal regarding percolation of heat from roofs and that is this. The time at which most heat percolates is at midnight, curiously enough and not when the sun is in mid-day. The heat passes through the roof slowly and at midnight it is at its maximum intensity. If you cover the roof with corrugated iron or anything of the kind to act as sunshade with free air space in between, that would be the best. Generally sufficient space for free current of air in between roofs is not allowed.

Mr. Maitra : Do you think such a scheme is really necessary in view of the fact that only a small number of people live in New Delhi during the hot weather. Only the Assembly department is left in Delhi in full and a few clerks from other departments. All other officers from all the other departments come to Simla in full strength. In view of that, do you think such an elaborate scheme of reconditioning the houses will be necessary ?

Mr. Prior : I would suggest that it is a fit question to be put to the public health authorities and not engineers.

Chairman : What is being investigated is what means could be devised to make New Delhi habitable and suitable to work in during the whole year for every department. Of course there are obvious limitations. What is being worked out is what it would cost.

Mr. Maitra : Can you give a rough idea about the cost ?

Mr. Prior : My memory is not good enough and I cannot remember sufficiently even to say within ten lakhs.

Maulvi Abdul Ghani : Page 230.—Item E : What are these unforeseen and urgent works ?

Mr. Prior : It is hiring of office accommodation in Simla, taking over certain palaces in Delhi for office accommodation, payment of house tax, water charges, purchase of furniture, etc.

Maulvi Abdul Ghani : I thought that since the Simla exodus had stopped, there was no necessity to hire buildings for offices in Simla ?

Chairman : You must remember that these palaces which have been taken over as office accommodation are situated in Delhi. They have been placed at our disposal.

Maulvi Abdul Ghani : Page 240.—Item 17 : Conversion of the quarters hitherto reserved for members of the Central legislature.

Mr. Prior : We are making a little revenue out of that. The Assembly building also has been converted into office.

Mr. Maitra : We wanted virtual reduction in expenditure on the hill exodus. On the other hand we see many officers coming up to Simla and there is no reduction in the exodus.

Chairman : The expenditure on the Simla exodus was mainly in the bill allowances to ministerial establishment and there is a striking saving under that head.

Dr. Dalal : Page 236. Re. the nursery at Junnagh, was there a loss ?

Sir C. Badenoch : There is considerable improvement now.

Dr. Dalal : Is the scheme of interchange of Accountants of the Public Works department and Military Engineering service continued or abandoned.

Mr. Prior : I have no information.

Chairman : This question should have been put to the Military Accounts Committee.

Dr. Dalal : I am not a Member of that Committee.

Mr. Maitra : Page 240.—Item 18 : Proposed forest officers' college at New Forest, Dehra Dun. Why was this scheme sanctioned ? Was the sanction of the Standing Finance Committee obtained ?

Mr. Prior : I do not know the details of the scheme—that is for E., H. and L. Department—we are merely asked to construct.

Chairman : This was a scheme for training provincial forest officers.

Mr. Maitra : Do you get proportionate grants from provincial governments.

Chairman : We are endeavouring to obtain contributions from the provinces. I think some of the expense falls on us.

Mr. Maitra : Has anything been realised from the provinces in the year under review ?

Chairman : It would be under the Forest Grant. These are changes in the existing buildings in order to make them suitable. These are not new buildings.

Mr. Jones : The Madras Government for a long time maintained their own Forest college in Coimbatore and they did not send their forest officers to Dehra Dun for training.

Mr. Maitra : We only want to see that provincial governments make their proportionate grants.

Mr. Jones : Because the provincial quota of grants was so high that the Madras Government for sometime insisted on training their own men as a cheaper proposition.

Mr. Maitra : Have we got any figures about the provincial contribution ?

Chairman : This should have been asked of the E., H. and L. Department.

Sir C. Badenoch : This is merely a modification or alteration of the building.

Maulvi Abdul Ghani : The estimate for this work was 83,425, but no specific provision was made in the budget.

Mr. Prior : Because we hoped to finish it in the previous year.

Chairman : But actually a small amount trickled down to this year.

Mr. Maitra : That has got to be regularised.

Mr. Prior : We have got a reserve from which we make provision for lapsed grants.

Col. Bahman : Page 238.—Item 7 : Construction of a double storey wing on the north side of the Government Test House, Alipore. What do they do here ?

Chairman : It is under the Bureau of Industrial research ; I think certain changes were made in connection with the war in the laboratory.

Mr. Maitra : Page 241.—Item 27 : Construction of a residence and outhouse for the Central Intelligence officers, Patna. Why was this necessary ?

Mr. Prior : The poor man had nowhere to live. The Bihar Government lent a bungalow for a certain period and then they found they required the bungalow themselves.

Mr. Maitra : You started the new work.

Mr. Prior : A Central Government bungalow was built for the accommodation of the officer because the provincial Government was not able to lend one.

Mr. Maitra : Was the rest of the amount surrendered.

Chairman : It was about Rs. 5,000 less than the original estimate.

Chairman : Page 242 : On going through the review of the grant and its administration, it is apparent that the percentage of saving is quite a good one. For a series of years, this Committee has criticised the very large percentage of savings on the civil works budget.

Mr. Maitra : Page 243 : Important comment, paragraph 2.

“ No supplementary list of works in contemplation from which selected works could be undertaken and financed from the savings on the provision for budgeted works was appended to the budget estimates, but new works, *vide* items 17, 22, 23, 24, 25, 26, and 29 of the statement referred to in paragraph 4, below which were not provided in the budget were commenced during the year and funds therefore were provided by reappropriation.”

This was not provided in the budget. Was the sanction of the Standing Finance Committee obtained ?

Chairman : What this Committee recommended was that in order to avoid large savings there should be a list of supplementary works which should be taken in hand in case large savings were accruing and they should switch over expenditure on these other desirable works. I do not know whether it required the sanction of the Finance Department in this particular case.

Mr. Jones : I think these are works which have already been previously approved of, but they are not included in the budget for this year. I think it would require the sanction of the Finance Department.

Mr. Prior : That is my impression in all these cases.

Mr. Maitra : So it should be regularised and the sanction of the Finance Committee should be obtained.

Mr. Prior : There is nothing to be regularised. Appropriations were made with due regard to the rules.

Mr. Maitra : There should be the approval of the Finance Department at some stage. I want to know whether as a matter of fact the sanction has been obtained. Why should we assume too much ?

Mr. Jones : If a work is undertaken without the sanction of the Finance Department, audit specially brings that to notice.

Mr. Ashar Ali : Mere funds have been provided by reappropriation.

Mr. Maitra : But this reappropriation will have to be done by the Finance Department ?

Mr. Jones : The Labour Department approached the Finance Department for sanction for new works. They themselves say, we have funds and this project can be executed by reappropriation.

Mr. Maitra : Here a certain specific scheme was approved and it was on the waiting list.

Mr. Jones : These are emergent matters which arise in the course of the year.

Mr. Maitra : Certain schemes are put on the waiting list. They would be approved and the arrangements are that when funds are available, they would be switched on to the completion of these works. Now, these works necessarily entail some estimate of expenditure and to this extent reappropriation of grants would be necessary. I say that this reappropriation can only be done by the Finance Department and not by the individual departments concerned.

Mr. Prior : I think we are going a step too far. The project must be administratively approved with the concurrence of the competent authority. Once that has been done it is possible that reappropriation may be permissible.

Mr. Maitra : I do not know how approval of a scheme would *ipso facto* validate reappropriation ?

Mr. Prior : For instance take item 17, conversion of quarters hitherto reserved for Members of the Central Legislature, in this case the scheme was approved in the course of the year and at the time of giving administrative approval, it is quite possible that the Finance Department said that this scheme can be financed provided you find money by reappropriation in which case it is quite possible it might not have come to you again.

Mr. Jones : You say that funds could be found by reappropriation.

Mr. Prior : If the scheme is on the waiting list and was not sanctioned during the course of the year, it must go before the Finance Department.

Mr. Maitra : Yes, the department makes a proposal to the Finance Department stating their requirements and bringing to their notice the fact of that scheme being approved administratively ; but having done that it is for the Finance Department to say whether this can be done.

Mr. Jones : If funds are available by reappropriation, the work would be sanctioned by the Finance Department. Sanctioning the work is different from sanctioning reappropriation.

Chairman : Mr. Maitra's point seems to be this. This work might be accepted by the Finance Department as necessary and approved, but it is also necessary for the Finance Department to agree that it shall be financed by reappropriation within this year. The Finance Department may very well say, no, we want the savings this year, you can include it in the budget next year, or the Finance Department may say, if you have got savings in other works, you can go ahead.

Sir Raza Ali : How much was this item 17 budgeted to cost ?

Mr. Prior : About 37,000.

Sir Raza Ali : Was it completed during the year ?

Mr. Prior : In progress.

Maulvi Abdul Ghani : May I know whether all the M. L. A. quarters will be converted into officers' accommodation ?

Mr. Prior : Six quarters on a fairly high level on the Cart Road have been reserved for members of the legislature.

Maulvi Abdul Ghani : Can you not reserve some in Longwood ?

Chairman : You have got a number of quarters vacant and there is no use of reserving more.

Mr. Maitra : Some two or three quarters near about the offices might be reserved for a couple of months for the members of the legislature.

Mr. Prior : The Labour Member has carefully gone into this matter and reserved six quarters on the Cart Road.

Chairman : The problem of accommodation during the war is very difficult : the demand is greater than the supply.

GRANT NO. 63 : STATIONERY AND PRINTING.

Mr. Azhar Ali : C. 1 (1), col. 1 on page 258 : Are these purchases made from one firm ?

Mr. Prior : Tenders are called for and, the practice in Bihar was that if all big suppliers tendered at the same rates the quantity used to be divided up among them : I do not know whether that position exists here.

Mr. Maitra : What is this about travelling allowance of the Controller of Printing—A. 3, col. 4 ?

Sir C. Badenoch : The idea was first to charge these payments to the head Crown Representative ; after examination it was decided that as the charges related to the Controller of Stationery and Printing and not payments to the Crown Representative, it should come under this head : it was a difference of opinion between the accounts officers regarding classification. If this was charged to Stationery and Printing the Finance Department would have greater control. The debit to this head is in the interests of Finance Department control.

Mr. Maitra : What is the paper position now ?

Chairman : It is very acute.

Mr. Prior : It is more a question of a public paper economy campaign. The normal production of paper in India is 85,000 tons a year and it is

just possible that it can be pushed up to 1,00,000 tons by utilising the machinery to the fullest extent, but there is no chance of getting machinery to increase production. As regards Indian requirements, the imports in 1940-41 amounted to 39,000 tons, while the internal production was about 88,000 tons. We do not know how much paper can continue to be imported, but the government consumption is going up rapidly : units going overseas take a very large amount of paper with them—they took more in the past six months than during the whole of last year ; and we must expect an increase in government consumption in the present year 1941-42. I find it difficult to see how we are going to meet this demand unless there is a paper economy campaign. We are responsible for economy in the government departments and we feel we have achieved a certain amount of success, but there is still room for improvement. We have a paper economy organisation and there is a continued drive for reduction of consumption. Work is increasing everywhere and there must be increase in consumption which, under ordinary circumstances, we should not be able to meet. Therefore we are practising various specifics—utilisation of envelopes five or six times over, using badami instead of white paper, typing closer and on both sides, using smaller sheets of paper and so on. As regards the positive side, increasing the production of paper, that is for the Industries Department. There is a report from the Controller of Printing which indicates that there is nothing very much that can be done to increase production. You have to get the plant from overseas. The plants here are working to full capacity.

Mr. Maitra : Can it not be supplemented by handmade paper, if the industry can be mobilised ?

Mr. Prior : I should think it can produce very little.

Chairman : Steps are being taken. In Dehra Dun I have myself seen the handmade paper process : they show how it can be done : there is a building which is entirely devoted to paper-making—they have a pioneer plant and the United Provinces Government has taken a great deal of interest in it and have made a grant for making experiments. But you can ask Sir Alan Lloyd when he comes here on behalf of the Commerce Department.

Col. Bahman : Page 260 : G. 2, col. 1 : who are these workers referred to here ?

Mr. Prior : They are partly binders and partly compositors. They were previously time workers—got paid according to time. Now they have become salaried men ; and in the case of compositors the saving occurs because we do not have to have so many computers.

Mr. Scott : Do you get the same output of work by paying them salaries ?

Mr. Prior : That I would not like to say : you can try and work that out from the Commercial Appendix.

Chairman : Has there been any pressure from labour to be put on fixed salaries or to remain on piece work ?

Mr. Prior : I have not seen any papers regarding that. I think the tendency is to come on fixed pay.

Sir Raza Ali : Why were not these vacancies filled ? What is the justification ?

Mr. Prior : I think that is mostly a financial point. In a big establishment budget of 6,63,000, unless there is a deduction for probable savings, there is almost certain to be a saving of this nature. They are not very big reductions in a budget of this size.

Chairman : Which includes provision for temporary establishment, which in turn depends on the amount of work.

Mr. Prior : You have to budget for the staff as it stands on a certain date about 18 months before the close of the year for which the accounts are made ; there is a good deal of variation and the variation generally is in a downward direction. We have to budget for the maximum of permanent and temporary staff, otherwise you may not find you have sufficient provision ; the deduction on account of probable savings seems rather small.

Chairman : Normally you compare the corresponding figures for the previous two years and the actuals and then you make some reduction and put in a lump sum reduction.

Sir Raza Ali : My point is why were these vacancies not filled ?

Mr. Prior : I have no information, but I assume that the Controller did not find it necessary to do so.

Sir C. Badenoch : Almost always there is a lag or delay in filling vacancies.

Chairman : That does not mean that the vacancies were never filled.

Sir Raza Ali : Would it not affect efficiency if the posts are left largely unfilled ?

Chairman : Presumably all the sanctioned posts are required for efficient working ; but due to certain causes you cannot ensure that every post is filled throughout the year.

Mr. Jones : If a man doing specialised work goes on a month's leave, to bring on an untrained man is rather a nuisance and the rest of the staff carry on that work.

Sir Raza Ali : But you can promote men instead of filling that particular post by a new man.

Sir C. Badenoch : Most establishments carry a leave reserve : until that reserve is exhausted, you are not allowed to appoint people in the lowest grade.

Sir Raza Ali : If this involves any principle I object to it : but if it so happens that there is delay I have nothing to say.

Sir C. Badenoch : It is an ordinary incident in the management of big establishments.

Chairman : The Commercial Accounts are at pages 208 to 220 of the Appendix.

Mr. Maitra : Why was contribution to depreciation fund suspended during 1938-39 ?

Mr. Prior : It was dropped as a measure of economy.

Chairman : It is a curious form of economy !

Sir C. Badenoch : The fact is that the balance in the depreciation fund became rather bloated ; and according to modern theories of building up depreciation reserve funds you do not allow them to go on beyond a certain percentage. In this case after investigation, it was agreed that the annual contribution should be dropped for a certain number of years. We watch the total and if the total becomes too great then we either suspend or reduce the annual contribution. Why I am making this explanation is to show that government is not doing this merely for economy : it is not merely opportunism but there is a principle in keeping the total to a reasonable amount.

Mr. Prior : Contributions were stopped for 4 or 5 years up to 1936-37, were restarted at lower rates in 1937-38, and were stopped again in 1938-39 and restarted at half-rates in 1939-40. The total in the fund is now about 11 lakhs.

Mr. Azhar Ali : This principle is adopted in all departments ?

Sir C. Badenoch : With regard to railways there was an investigation by Sir Raghavendra Rau several years ago and some modification was made in the arrangements there.

Chairman : We stopped it in the case of the Posts and Telegraphs Department. Where there is a renewals fund we keep the plant up to date.

Sir Raza Ali : Page 210 : (Commercial Appendix) : What are these indirect charges referred to in paragraph 300 ?

Sir C. Badenoch : It will include all ordinary overhead expenditure from the Controller right down ; it may include interest on capital—I am not quite certain.

Mr. P. M. Rao : It does not. But it includes provision for depreciation fund.

Mr. Prior : Subparagraph (ii) on page 211 gives some idea of those payments.

Chairman : Everything excluding wages is lumped under indirect charges.

Sir C. Badenoch : It certainly includes officers' pay.

Chairman : It seems to me that it also includes cost of raw materials, paper and so on.

Sir Raza Ali : How is that payments to workmen have decreased everywhere ?

Mr. Prior : There was a slight increase in the work given to private presses. There has been a slight increase in Aligarh from 68 to 70. There has been a drop in the work in Simla.

Sir Raza Ali : Page 212 of the Appendix : note (c) : who are the persons who do the stock taking ?

Mr. Prior : I am afraid I have not got exact information as to who takes the stock in each individual case ; we have got local officers in charge of each press and stationery branch and I presume the reference is to officers in charge of those branches, or presses.

Sir Raza Ali : I would strongly object to the man keeping the stock, taking stock himself.

Mr. Prior : The differences have to be adjusted under the sanction of the proper authority.

Chairman : It does not mean necessarily that the person immediately in charge of the stores is the person in charge of the press.

Mr. Prior : It is not the store-keeper who takes the stock. Stocks are taken by officers of the press deputed by the Manager for the purpose.

Sir Raza Ali : Who is the proper authority for giving these sanctions ?

Mr. Prior : I cannot say in each individual case. It depends on the amount of stores to be written off probably.

Sir C. Badenoch : Small differences require the sanction of the manager ; larger differences of the Controller, and very large differences of the Government of India.

Dr. Dalal : Sub-head 15 at page 353 : Delegates to international labour conferences are paid outfit allowance : do they produce vouchers in support of their expenditure ?

Sir C. Badenoch : It is a lump sum allowance and we do not ask for vouchers. It is not based on actual expenditure at all.

Chairman : We prefer to give a fixed allowance and not bother about tailors' bills.

Sir Raza Ali : Who makes recommendation about the selection for this conference ?

Mr. Prior : We recommend and take the concurrence of Finance Department.

Chairman : Finance Department do not go into the matter. The choosing of delegates is rather a routine matter ; it is done in consultation between departments of Government and the financial aspect is not of any special importance. The names are put forward by the employers' organisations and the labour organisations and the Government of India tends to accept the names so suggested, unless the name is strongly objectionable for some other reason.

Mr. Maitra : Is this a yearly event ?

Mr. Prior : 1939-40 was the last year.

GRANT NO. 76 : DELHI CAPITAL OUTLAY.

Mr. Scott : Page 385—A. 3 (1) : The explanation hardly seems clear.

Mr. Prior : We found we needed very many more bungalows : our policy is to work up to 80 per cent. of the demand ; and in March 1938 we found a shortage of houses in almost all classes.

Mr. Scott : I was told in 1938 that you had ample accommodation : I disagreed with it at the time.

Mr. Prior : My information here is that we were short.

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Mr. Maitra : Can you give an idea of the percentage of gazetted officers staying all the year round in Delhi for whom bungalows are necessary ?

Mr. Prior : I have not got the figures : but I shall get the figures and give them to you later on. The number of officers for the coming cold weather is over a thousand.

Sir Raza Ali : What is this irrigation under A. 7 ?

Mr. Prior : That is rather a peculiar transaction which probably the Auditor General can explain better than I can. There were some pipes or other irrigation materials which were carried in the Delhi capital account and have been transferred now to Grant No. 60 Civil Works Account.

Mr. Scott : The tables at pages 386 and 387 give the total expenditure on New Delhi up to date.

Mr. Prior : It gives the figures of expenditure up to 1931-32 and after—separately.

Mr. Maitra : The figure of 15,86 lakhs represents the cost of New Delhi up till now ?

Mr. Prior : Up to 1939-40.

Mr. Scott : I may say that at Canberra they have only one decent building and most of the work is underground—they have laid out the whole place with gardens—the total cost is about the same—£13 or 14 millions.

The Chairman thanked the witness who then withdrew.

The Committee adjourned till Friday, 22nd August 1941.

Fifth Meeting, Friday, the 22nd August, 1941.

HOME DEPARTMENT.

Chairman : Outstanding recommendations—item 18. When you say that exhaustive instructions have already been issued, does that mean prior to the meeting of the Public Accounts Committee ?

Sir C. Badenoch : This point was raised in connection with the Posts and Telegraphs Department last year and I think I said last year that instructions had been issued but that, in my opinion, certain departments, at any rate, required to be reminded of them because the tendency was not to have observed them.

Chairman : Are you satisfied with the instructions ?

Sir C. Badenoch : Yes, they are all right. I have looked at them again.

M. Scott : I thought we would be shown those instructions so that we could bring them to the notice of the various departments ?

Chairman : Is there any reason why those instructions should not be laid before the Public Accounts Committee ?

Sir C. Badenoch : There is no objection. I think the instructions are adequate.

Chairman : Will you furnish a copy of the instructions ?

Mr. Conran-Smith : Yes. That will be done.

GRANT NO. 12 : EXECUTIVE COUNCIL.

Dr. Dalal : A : Is it a fact that the salaries of Members of the Executive Council has been reduced to Rs. 5,500 ?

Chairman : That is so.

Dr. Dalal : Does it apply to the existing Members also ?

Chairman : The pay of the existing Members is protected in the same way as the pay of the other officials and cannot be changed except by Parliamentary legislation. But the existing Members have volunteered to accept the new rate of pay so that there should be no discrimination as between the existing and the new Members. That is the position.

Col. Rahman : Is it a fact that they will get free accommodation ?

Chairman : It is not a fact.

Mr. Azhar Ali : Do the Executive Councillors have any travelling allowances ?

Chairman : Members of Council get no travelling allowance but they are provided with a saloon and certain actual expenses are met.

Mr. Scott : Will all the new Members have saloons ?

Chairman : There will be no increase in the number of saloons. They may be able to borrow some. But I certainly do not contemplate that any saloon should be constructed.

Maulvi Abdul Ghani : A. 8 : There is a saving in the supplementary grant.

Chairman : If they had known what they were going to save, they would not have required a supplementary grant.

Sir Raza Ali : Col. 1 : I do not understand this explanation.

Chairman : The Railway Department charges to this head the interest and depreciation charges on the saloons which they provide. If the capital cost is re-calculated, then that affects the interest and depreciation charges.

Sir Raza Ali : How do they calculate the touring charges ?

Chairman : First of all, there is the cost of the maintenance of saloons. Then there is the cost of the actual haulage for the mileage done. That is to be paid by this head to the Railways.

Sir Raza Ali : Has each Member got a saloon ?

Chairman : No. There are a certain number of saloons which we have for the use of the Executive Council and those are maintained by the Railway Department on behalf of the Executive Council on a commercial basis.

Sir Raza Ali : I believe there is a fixed amount which is to be paid on account of the capital cost ?

Chairman : Yes.

Sir Raza Ali : Why should there be any delay in receiving the accounts ?

Sir C. Badenoch : It was found by my Auditors that the capital cost had been wrongly calculated and certain items had been omitted and in accordance with the usual convention the arrear claims of 3 years were made against this particular grant and the capital account re-calculated.

Maulvi Abdul Ghani : How many saloons are there for the Executive Council ?

Mr. Conran-Smith : I believe there are four saloons, but I am not sure.

Chairman : I know that there is not a saloon for each Member because we have to arrange among ourselves.

Maulvi Abdul Ghani : E : There is a reduction and addition. How is it ?

Chairman : It is merely an accounting way of showing how the item has been disposed of. It does not mean that the vote of the Assembly was ignored. The cut has been given effect to.

Maulvi Abdul Ghani : May I invite your attention to the Note ?

Chairman : They took this supplementary grant in order to meet the arrear claim on account of the saloons. It was found unnecessary because the Honourable Members appeared to have been more tied to the headquarters during the war than they were before.

GRANT No. 15 : HOME DEPARTMENT.

Sir Raza Ali : A. 2 : One of the explanations of this saving is the retirement of a Superintendent. How was this saving effected ?

Chairman : We went into this question yesterday. The scale of Superintendents is Rs. 600 to Rs. 800. If a man retires at Rs. 800, the new man is taken on Rs. 600. Hence, there is a saving.

Sir Raza Ali : A. 3 : Col. 1 : ' Air passage of an officer from India to London and back ' . What is this ?

Mr. Conran-Smith : That was a passage for Col. Walker who was sent home on special A. R. P. duty by air just before the war. We did not know beforehand that he would be going but when A. R. P. were first started, we sent a special officer home to be trained.

Mr. Scott : B : Bureau of Public Information : Is there any grant under the head ' Propaganda ' ?

Mr. Hennessy : I should be inclined to say that our entire budget comes under that head.

Mr. Scott : It is not a very big budget. I want to see ' Propaganda ' under one separate head so that we may know what is being done ?

Chairman : I take it that with the creation of a new portfolio of Information, there will probably be a separate grant.

Mr. Hennessy : I might explain the present position. When we have an item of expenditure that we can foresee, we get it sanctioned and it becomes a regular part of our budget. It is not as though we have a large floating fund which we can spend on anything we want. We have to get various schemes we are interested in sanctioned and then the money goes into the budget.

Chairman : It must be remembered that we are dealing with 1939-40 and it only covers the initial stages of the war.

Sir Raza Ali : C. 3 : Col. 4 : Why should there be any omission about authorised allowances ?

Chairman : That is an oversight.

Sir R. Tottenham : Some additional establishments were sanctioned at the end of the year and the allowances for them were not included originally and were subsequently added.

Sir Raza Ali : A. 4 : Col. 1 (iii) creating of the Air Raid Precaution office : May I know what the position with regard to this is to-day ?

Mr. Conran-Smith : The expansion has been enormous. We started on a very small scale but the roof of our expenditure is, I think, almost unknown at present. There is a rapid development of A. R. P. going on in all vulnerable areas.

Sir Raza Ali : What about the Centrally administered areas ?

Mr. Conran-Smith : There is hardly any Centrally administered area which is classed as vulnerable.

Sir Raza Ali : But the department has since been expanded ?

Mr. Conran-Smith : We have now a technical staff who tour the provinces. We at the Centre are responsible for giving guidance and also for general control, but the actual A. R. P. operations are conducted by the provinces.

Sir Raza Ali : And the provinces find the money for it ?

Chairman : That is a matter about which we had long discussions with the provinces. We have arrived at a basis for the allocation of these charges.

Sir Raza Ali : I was under the impression that up till now the expenditure was provided by the provinces.

Chairman : The position, on the contrary, is that expenditure up till now has been found by the Centre.

Sir Raza Ali : I find that some saving has been effected on account of less touring by the Government Examiner of Questioned Documents. Why should the Government Examiner of Questioned Documents do any touring ?

Sir R. Tottenham : He has to give evidence before the courts and therefore it is more convenient for him to go round.

Sir Raza Ali : You have nothing to do with this expenditure ?

Sir R. Tottenham : The arrangement is that if the Examiner goes to a province to give his evidence before the court, the travelling allowance is paid to us by the province. This is a contribution from the province. As he travelled less, the contributions that were received from the provinces were also less.

Maulvi Abdul Ghani : C. 4 : In one case it says audited and in the other unaudited. How is it ?

Chairman : Some secret service contingencies are unaudited.

Mr. Conran-Smith : The Home Secretary audits secret service expenditure.

Sir Raza Ali : F. 2 : I suggest that the saving of Rs. 13,570 under this head is a very large saving. If you keep these posts unfilled, it must affect efficiency.

Chairman : These figures relate to the Reforms Office.

GRANT No. 26 : ADMINISTRATION OF JUSTICE.

Sir Raza Ali : B. 4 : I welcome the saving. But what is the nature of the services rendered to us by the Law Officers in Bengal and Bombay ?

Mr. Das : It is not only in Bengal and Bombay but also in Assam and Sind. In these provinces, we have got an arrangement by which their Law Officers carry on legal proceedings on our behalf. For example, there is a railway ticket fraud case in Bengal which has cost us Rs. 8,000. Then, there may be a note forgery case or customs fraud case, and things like that. These Provincial Governments conduct these cases on our behalf.

Sir Raza Ali : The expenditure of Rs. 8,000 in one case seems to me to be enormous ?

Mr. Das : It was a big case.

Sir Raza Ali : Was it criminal or civil ?

Mr. Das : It was criminal.

Chairman : The big excise case in Calcutta which also involved the customs ran into lakhs and lakhs.

Maulvi Abdul Ghani : Notes 1 and 2 : Page 99 : In both the places I find there is a large saving. What is this due to ?

Chairman : There was evidently a slip made about the budgeting for leave salary. There was a duplication of leave salary provision. The provision for the leave salary of the Chief Justice was apparently provided by the High Commissioner and again separately by the Government of India. That is the reason of that big saving.

Sir Raza Ali : I do not think that is a stray case.

Chairman : I do not think we have come across any other duplication cases. Was it known that the Chief Justice of the Federal Court would go to England ?

Mr. Conran-Smith : It was not known.

Chairman : The thing is that if he goes to England, his pay is payable by the High Commissioner. If he stays in India it is payable by us.

GRANT NO. 27 : POLICE

Mr. Azhar Ali : B. 5 : Do we know anything about these documents ?

Sir R. Tottenham : I have not myself any information about the nature of the documents. The point is that the supervision of foreigners is a Central liability and the grants that we pay to the Provincial Governments in this respect are for agency functions and the expenditure necessarily falls on the Centre. In certain other cases we have given financial assistance to Provincial Governments for increasing their police force.

Sir Raza Ali : I find that my province is a particularly well-behaved province because no grant was made to it ?

Chairman : I can assure you there are payments to the United Provinces also. They may not have come out in this.

Maulvi Abdul Ghani : Notes on page 101 : We find these surrenders every year. Why is the non-voted provision made ?

Chairman : Officers did not go on leave. Leave was stopped. The non-voted element only comes in in respect of leave and deputation charges.

Maulvi Abdul Ghani : But the amount of Rs. 1,06,000 is very high ?

Chairman ? But the original provision this year was much smaller than in the previous years although it proved to be unnecessary.

Sir Raza Ali : B. 3 : I find that out of this grant a very large sum was paid to Bengal. I had thought that Bengal and Bombay would be in the same position.

Sir R. Tottenham : In Bengal, the police are looking after Government buildings and munitions factories and important industrial establishments. I cannot give the actual details. At first the expenditure

in Bengal was about three times what it was in Bombay. I think the position has altered since then. The police expenditure in Bombay has gone up. It is also possible that the Bengal police were less up to strength at the beginning of the war, than Bombay were.

Mr. Scott : Are there figures for last year ?

Sir R. Tottenham : I have not got them with me at the moment.

Chairman : In 1941-42, the figure for Bombay is Rs. 5,88,000 and for Bengal Rs. 6,63,000. So, they have soon made up their leeway.

GRANT No. 53 : CENSUS.

Dr. Dalal : Could you tell me the approximate date when the Census report of 1941 will be published ?

Mr. Conran-Smith : I am afraid I cannot. There is a limited tabulation in progress and I cannot say when the report will be ready.

Mr. Scott : What has been the cost of the Census ?

Mr. Conran-Smith : The total estimated bill up to now is 24 lakhs. That includes the modified tabulation. The original figure was about 50 lakhs. That figure provided for the full tabulation which was not finally approved.

Mr. Piracha : Do Government contemplate having full tabulation after some time ?

Mr. Conran-Smith : We have the figures in cold storage. It will be possible, if too long a period does not lapse, still to use those figures. But we are only doing limited tabulation at present.

Maulvi Abdul Ghani : Page 204 : both under voted and non-voted there is a large saving ?

Chairman : Note 2 explains the variation. This was really a sort of preliminary approach to the census.

GRANT No. 64—MISCELLANEOUS.

Sir Raza Ali : Page 267, item B. I find we pay Rs. 11,000 as subscription to the Indian News Agency for supply of telegrams ? I take it that the Agency is the Associated Press ?

Sir Tottenham : Yes.

Sir Raza Ali : I believe there are other agencies in India. Is there any particular reason why the Government should subsidise only one News Agency ?

Sir R. Tottenham : There are contributions made to other News agencies as well. We make a contribution to the United Press also.

Sir Raza Ali : There is a Muslim agency but it is in its infancy.

Sir R. Tottenham : The United Press gets its contribution from the Broadcasting department which is under the control of the Communications Department. Quite recently it has also been decided to subscribe for a small number of copies of their news service at headquarters, so that they are now getting a small subscription for their news service as well as from the Broadcasting Department.

Sir Raza Ali : Does the Home Department recognise that it should encourage healthy rivalry between the news agencies ? I need hardly point out that monopoly is objectionable.

Sir R. Tottenham : We have always been opposed to subsidising new agencies. We fix our payments on the market value.

Sir Raza Ali : How much do you pay the United Press ?

Sir R. Tottenham : We now pay about Rs. 250 a month.

Sir Raza Ali : Item B—2. Payment to Reuters.

I have received a lot of complaints about Reuters in the past. I do not know how we can improve the service ?

Sir R. Tottenham : This item B-2 comes under the Communication Department. The Home Department is concerned only with item B.4. This is the grant to Reuters in connection with increased wordage as a result of the war. It was an arrangement which was reached between the Finance Department and Reuters just before the war started. They now send a large additional wordage and they asked us to guarantee them against loss up to Rs. 2,000 a month. We considered that desirable in view of the war. The guarantee might have come to Rs. 12,000, but actually they only asked for Rs. 9,772.

Sir Raza Ali : Do you now get additional service ?

Sir R. Tottenham : The volume of wordage has tremendously increased.

Sir Raza Ali : Is there any other service in England to which we could have had recourse ?

Sir R. Tottenham : We get all we want from Reuters. I do not think there is any other news service.

Mr. Scott : Page 272. What do you pay for the refugees in this country.

Mr. Conran-Smith : At present we meet all the expenses subject to adjustment with His Majesty's Government later on.

Mr. Scott : I think you pay them about Rs. 70 a month ?

Mr. Conran-Smith : Do you mean enemy foreigner refugees ?

Mr. Scott : I meant both.

Mr. Conran-Smith : Refugees properly speaking, i.e., evacuees are a charge on His Majesty's Government. The cost of German Jews is charged on Indian revenues.

Mr. Scott : They get Rs. 70 a month ?

Mr. Conran-Smith : That is a basic figure, it does not take into account overhead charges.

Sir Raza Ali : Page 270. Item K. What is the position about expenditure on air raid precautions. I think a sum of Rs. 97,386 is quite inadequate for the year under review ?

Chairman : I explained a little time ago that the charges under this head are going to increase tremendously. We have taken up with the provinces the question of allocation of expenditure between the several provinces.

Sir Raza Ali : Who bore the expenses for the year under review ?

Chairman : The Central Government bore the entire expenses.

Sir Raza Ali : On what basis do you make grants to provinces ?

Chairman : We do not make grants. The actual expenditure which is incurred partly at the Centre and partly in the provinces is being allocated between the Centre and the provinces in accordance with an agreed percentage.

Sir Raza Ali : Does the percentage differ from province to province ?

Chairman : We have adopted a uniform basis. The position is that up to a certain date we have borne the whole of the expenditure ; from that date we bore 50 per cent. up to one crore and after one crore we bear 75 per cent. of the expenditure.

Sir Raza Ali : The higher you go the greater is the responsibility of the Government of India.

Chairman : The position is that in certain eventualities this may become such a very large item as to be beyond the resources of the provinces. In case it should, then the Centre would obviously have to come to their assistance.

Mr. Conran-Smith : The amount of expenditure required varies in different provinces.

Sir Raza Ali : Take the United Provinces. We have eight Cities with a population of over one lakh each.

Mr. Conran-Smith : The U. P. have not got any vulnerable areas ?

Chairman : They may become vulnerable at a later stage. At present they are not.

Mr. Conran-Smith : The explanation of the difference in the grant is that Bombay was much quicker off the mark than the other provinces and in respect of A. R. P. Bombay incurred expenditure before other provinces.

Chairman : Since then the situation has changed. Calcutta has become more dangerous.

Sir Raza Ali : In 1940 it was Karachi that was in a terrible position.

GRANT No. 68—DELHI.

Sir R. Tottenham : We are responsible for the budget, but we only deal with the Chief Commissioner as regards those items in the budget which come under the Home Department portfolio, so to speak. We do not deal with Education or Medical. These are dealt with by the Education, Health and Lands Department.

Chairman : Strictly speaking it would be better if an indication is given in the Key statement that such and such items would be dealt with by the E., H. & L. witnesses and such and such other items by the Home Department witnesses.

Sir C. Badenoch : I think so. The Key statement is verified by the Finance Department. We can make a change to indicate which department is responsible for which items in a particular grant.

Mr. Scott : Under whom is the Excise Department in Delhi ?

Chairman : It is under the Finance Department.

Mr. Scott : I heard a lot of complaints that the Excise Department in Delhi is rather corrupt ?

Sir R. Tottenham : Is that confined to Delhi ?

Mr. Azhar Ali : Page 281. Item A-High courts and Chief Courts ? Have you got a High Court in Delhi ?

Mr. Chopra : The High Court is in Lahore, but we pay the Punjab Government for services rendered.

Mr. Scott : Page 280. Item A-3. Why is this increased expenditure on subscription to newspapers ?

Sir R. Tottenham : This is an increased subscription to the Army paper, *Fauji Akhbar*. On the outbreak of the war, the Chief Commissioner took a number of copies of *Fauji Akhbar* and distributed them to all police stations in the province. This paper contains military news which is useful in rural areas where a considerable number of men are recruited for the army.

Mr. Azhar Ali : Page 283 Item D-transfers to the General police fund. Why was this abolished ?

Sir R. Tottenham : The General Police Fund was originally formed out of the surplus of receipts over expenditure for police forces supplied to private firms and factories and so on. They pay the full cost of the pay and allowance of the men, plus leave contributions and so on, whereas the actual expenditure is only their pay and allowances. There was thus a surplus which was put into a General Police Fund and this has been used for many years for providing amenities for the police in general, such as sports equipment, swimming baths and things of that kind. After the new constitution it was decided that these objects should be met from Government funds and not from the General Police Fund. So, the fund has been closed. I notice however that this has not been done everywhere and we are looking into the matter.

Sir C. Badenoch : It is illegal under the new Constitution Act and Adaptation Order to constitute this fund. So it had to be closed.

Sir R. Tottenham : I find that in Ajmer-Merwara the Fund still exists. But it will be closed.

Mr. Azhar Ali : May I know whether these amenities such as sports equipment and swimming baths are now given to the district police ?

Sir R. Tottenham : If it is considered necessary to have a swimming bath for the police, and if the Government consider it justifiable, they will pay for it.

Chairman : How was this fund financed ?

Sir R. Tottenham : It was the difference between the actual cost of the pay of the men provided for private firms, etc., and the contributions received from them in respect of leave and pensions. When this particular fund was closed in Delhi there was a balance of half a lakh which was put into the General revenues.

Sir Baza Ali : Is this decision to close the fund only with reference to Delhi ?

Sir C. Badenoch : It is universal. It has been held under the Government of India Act, 1935 that the police fund is illegal.

Col. Rahman : Page 286. Item D. Medical colleges and schools. What are these expenses ?

Mr. Chopra : We pay to the King Edward Medical College, Lahore and to the Medical school at Agra certain capitation charges, because students from Delhi are studying in these institutions. We also have students at the Lady Hardinge Medical college, Delhi. We pay scholarship to certain girl students.

Col. Rahman : Are their services utilised by the province ?

Mr. Chopra : Yes their services are utilised in Delhi, but so far as the cadre is concerned, it is combined with the Punjab. We have no separate cadre.

Col. Rahman : What has become of the scheme to start a Medical college in Delhi ?

Mr. Chopra : It has been dropped on account of financial stringency. It would cost many lakhs of rupees and Government is not ready to finance it.

Chairman : This has been held up by the Finance Department. I was not prepared to go ahead with it unless the various adjoining units, such as the Indian States were prepared to make their contribution. It is a very expensive scheme. In war time specially I could not go ahead with it unless everybody was prepared to make his contribution. It is to provide medical training for students from various States as well as the Delhi province who cannot at present get admission into the existing institutions.

Mr. Azhar Ali : Item B-5, page 286 : what are these grants-in-aid to medical institutions ?

Chairman : Why should not this item be under D ? Why should it be under B ?

Mr. Chopra : Item D is a capitation charge. Item B-5 is contribution to various hospitals and smaller institutions, such as the Shorff's Eye hospital and so on.

Sir Baza Ali : We know nothing about the details of this grant-in-aid for medical purposes.

Mr. Chopra : The main head is on account of the Lady Hardinge Medical college to whom we pay Rs. 32,000. We pay to other hospitals such as the Hindu Rao Hospital ?

Col. Rahman : What about the Irwin Hospital ?

Mr. Chopra : The Irwin Hospital is a provincial institution. We bear the full expenditure like any other Government Department so that the hospital is run as a Government Department. There is no separate grant for it.

Mr. Scott : Why is item B-4—Contingencies a tremendously big one ?

Mr. Chopra : This refers to Irwin Hospital contingencies and for other hospitals such as diet to the patients, X-ray equipment and so on.

Sir Raza Ali : I believe there is a private hospital of Dr. Joshi. Do you give any contribution to that hospital ?

Mr. Chopra : That is a private hospital. We do not pay any grant as it is self-supporting. He never applied for grants.

Mr. Scott : Page 288 Item F. 2, Col. 4 : " due to adjustment of certain credits afforded by the railway department after the close of the year for materials extracted from the tube well at Badli, as the tube well did not prove a success "

Mr. Chopra : Near Badli we have got a sewage dump and the water there has become unfit for drinking purposes. We tried the system of tube wells and that also failed because the water was not fit for drinking. It has been polluted by the refuse that is thrown there. We are now trying an experiment with an existing well and we are deepening it. The P. W. D. has prepared an estimate.

Chairman : When you pulled down the tube well, what became of the materials ?

Mr. Chopra : This was done by the Railway Department. The materials were removed and we were given credit for them.

Col. Rahman : Item D : Bacteriological laboratory. Where is this laboratory situated ? Is it in the Irwin Hospital ?

Mr. Chopra : Yes, it is in the Irwin Hospital but the charges are met by Public Health Department. There is also a provincial laboratory in Connaught place. Their functions are to analyse food stuffs such as ghee.

Col. Rahman : Item E. Was it due to an epidemic that there was an increase in the number of patients ?

Mr. Chopra : This is on account of anti-rabic treatment in the Hindu Rao Hospital. It so happened that the price of sera increased and the number of patients also increased.

Dr. Dalal : Page 291, Item J : Why should the Central Government pay any grants in aid to the New Delhi Municipal Committee.

Mr. Chopra : We had recently a review by the Financial Adviser of the New Delhi Municipality who examined all these cases. We decided to contribute two lakhs odd on this condition that if the income of the Municipality increased on some account such as assessment on buildings or house tax, then we will take advantage of that and reduce the grant. It so happened that in that year we made a cut of 68,000 rupees.

Mr. Scott : Have we a local auditor to audit the accounts ?

Mr. Chopra : Every grant that is paid is subject to expenses having been incurred.

Chairman : I can assure the Committee that the constant attempt of the Finance Department is to make the New Delhi municipality as nearly self-supporting as possible and we are continually putting pressure on them to make their revenue approximate to their expenditure.

GRANT No. 69.—AJMER-MERWARA.

Masulvi Awdul Ghani : Page 294. Item F : Settlement operations were postponed ? Why ?

Sir Tottenham : It was due to famine and there was also difficulty in getting a suitable officer to do the settlement work. For both the reasons it was decided to postpone the settlement operations.

Sir Raza Ali : Surely the latter reason would hardly count, namely, difficulty in getting a Settlement officer.

Sir Tottenham : There was actually a difficulty. We have to borrow officers from the Provinces.

Sir Raza Ali : You could have got one from the U. P. or the Punjab.

Chairman : It is not every civilian that can undertake settlement work. He is to have special experience. It so happened that all the officers available could not be spared by the provincial government. I know there was considerable correspondence about getting an officer whom we wanted to undertake this settlement work.

Col. Rahman : Item G 1 (3) : Less consumption of opium due to famine which resulted in less purchases. Was it excisable opium or was it opium used in hospitals ?

Chairman : This is ordinary excisable opium.

Sir Raza Ali : Item C. What is this commission on land revenue collections ?

Sir Tottenham : This is the commission given to lambardars for the collection of land revenue.

GRANT No. 70—PANTH PIPLODA.

Sir Raza Ali : Page 306. What is this Panth Piploda ?

Mr. Conran-Smith : When the new Act was enacted, this place was created a Chief Commissioner's Province.

Sir Tottenham : It belongs to certain proprietary Thakurs who pay all the expenses of the administration. It is a sort of semi-estate and semi-province.

Chairman : Owing to its unique nature, it was found impossible to cater for it in any other way except to put it under the Central Government.

GRANT No. 71—ANDAMANS AND NICOBAR ISLANDS.

Mr. Scott : Item D. 6 (1). What happened to the steam launch which ran aground ?

Sir R. Tottenham : It was recovered and repaired. This happened in a bad cyclone in December 1939.

Mr. Scott : Item E. 4 (1). Bakery.

Sir R. Tottenham : This is primarily intended to provide bread for troops and officials. The private business is not large.

Mr. Ashar Ali : Have the convicts opened this bakery ?

Sir R. Tottenham : The ordinary traders in the Andamans have opened some bakeries.

Chairman : The Commercial Accounts are on page 140 of the Appendix.

Sir R. Tottenham : There is smaller loss this year than last year. The S. S. Maharaja made an additional number of voyages this year as compared with the last. The ship takes officials and convicts to the Andamans besides carrying freights. We cannot expect to make a profit. It is considerably cheaper to charter a steamer than to do this work in other ways.

Sir Raza Ali : Page 308. Item C. Pay of police officers and establishment. Are they constables ?

Chairman : Establishment means constables and clerks.

Col. Rahman : Page 311. Item E. 4 (4). Ice factory.

Sir R. Tottenham : This is for the troops and officials and to a certain extent for the public.

Sir Raza Ali : Page 312. Item F. 2. What is the actual amount spent on primary education ?

Chairman : I suppose this Education head covers schools. Is it Education within the convict settlements ?

Sir R. Tottenham : These are under convict charges.

Sir Raza Ali : There is a resident population of released convicts who have settled down there. They must be given education. What is the amount spent on education of children ?

Chairman : You mean children of people other than convicts.

Sir Raza Ali : Yes.

Sir R. Tottenham : I think this item F. includes the ordinary education department.

Sir Raza Ali : Are there any schools—primary or secondary ?

Sir R. Tottenham : If you see the Administration report for the Andamans you will find that there are one High school, and several Upper and Lower primary schools.

Sir Raza Ali : That includes primary and secondary education ?

Sir R. Tottenham : Home Department are really not concerned with education in the Andamans. E., H. & L. Department are responsible, as they are responsible for the forests.

Chairman : It is the same here as for the other centrally administered areas.

Sir Raza Ali : I would like to suggest a change—on the lines of Baluchistan or the N.-W. F. P.

Chairman : Are there any aided schools here ?

Mr. P. M. Rau : No : they are all government schools, and this represents the pay of the schoolmasters, assistant school masters and the like, there are no gazetted officers—they are all non-gazetted.

Sir C. Badenoch : It is all direct expenditure by government and therefore it is not classed separately under secondary and primary schools : it is not worthwhile—the amount is so small.

Chairman : The total expenditure is very small it is hardly necessary to show it in greater detail. Anyhow we will consider whether that suggestion can be met in any way.

Col. Rahman : Who are these volunteer convicts—page 313—G. 6, col. 1 ?

Sir R. Tottenham : People convicted in British India may within certain limits volunteer to serve their sentence in the Andamans : they volunteer to go there, knowing that they will not be kept in jail very long. They spend three months in jail. After that they are allowed out and become talabdars and receive a certain amount of money. Then after two years or so they may get a grant of land and become self-supporting.

Sir Raza Ali : Are they allowed to return ?

Sir R. Tottenham : Yes ; there are certain rules on the subject.

Mr. Maitra : Page 313 : G. 8 : the variation under contingencies is not explained.

Chairman : Is this covered by the general explanation ?

Mr. P. M. Rao : It represents pay of menials and miscellaneous contingencies.

Sir R. Tottenham : The increases was due to more expenditure on rations and other articles due to a rise in the number of volunteer convicts. Secondly, to urgent repairs to certain talabdars' quarters ; thirdly, to the construction of a drain urgently required ; and fourthly, to the revision of the annual rental of the telephone line from Aberdeen to Bamboo Flat, and payment of arrears from a certain date. But it was chiefly the unexpected influx of volunteer convicts and the necessity for supplying them with food. During this year the number was about 950. In the previous year it was not more than about 600.

Mr. Maitra : I would suggest that when large amounts are shown under contingencies, the accounts should show expenditure under separate heads as far as possible. Everything should not be lumped together under this head.

Chairman : Carrying out of that suggestion in full would mean a tremendous elaboration of accounts : it would reduce flexibility.

Mr. Maitra : I have only suggested that it is possible under this head to have one or two main heads to show how these amounts are spent.

Chairman : In the beginning of the report we are told what scale of variation is considered to require special explanation—page 22. This is a case in which a modification was made during the year—not after the end of the year. If a supplementary grant had become necessary as a result of these other variations, it was put before the Assembly : otherwise it was met by reappropriation. If you want the criterion of variation to be considered then we will consider that.

Sir C. Badenoch : This principle has been accepted by the Public Accounts Committee.

Chairman : But this committee can modify its own previous decisions.

Sir C. Badenoch : Also the heads have been accepted by the Committee and the tendency is, on the recommendation of the Public Accounts Committee, to reduce the heads and not to increase them.

Chairman : We will have the matter examined.

The Chairman then thanked the witnesses who withdrew.

EXTERNAL AFFAIRS DEPARTMENT.

TRIBAL AREAS.

Mr. Scott : Page 331 of the Report : Note 5. What was the misunderstanding referred to ?

Mr. Caroe : This had gone on for over a decade and it was detected in 1937 in the course of departmental audit.

Sir C. Badenoch : The orders were very badly drafted in my opinion. I saw the Inspecting Officer of the Frontier Corps who knew a good deal about the application of the rules and he said that the interpretation here was not correct : it was referred, I think, to Sir Ernest Burdon as Auditor General and he thought that as the orders were drafted there was as much to be said for the interpretation followed during these two decades as for the inspecting officer's interpretation. It was bad drafting.

Chairman : It was a matter of ambiguity.

Sir Raza Ali : How is it that this ambiguity was not discovered for all these years ?

Sir C. Badenoch : A new officer came and said " this is not the way I read it."

Mr. Caroe : There was no inspecting officer till 1937. At that time the I. O., F. C., N.-W. F. P., was given charge of the Zhob Militia in Baluchistan also ; and it may be that having appointed an inspecting officer, more attention was paid to the matter.

Sir Raza Ali : I entirely agree with the decision arrived at by the Government of India.

Chairman : You could not very well make these men refund.

Mr. Scott : Page 338. B. 1 : Which road is that ?

Mr. Caroe : There is a new road being constructed from Fort Sandeman in the Zhob through the Dhancesar gorge coming out into the Derajat in the North-West Frontier Province through the Takht-i-Sulaiman. It comes out near Dera Ismail Khan. It is not quite finished yet : there is a good deal more to be done . when it is finished it will constitute a road link between the N.-W. F. P. and Baluchistan which at present does not exist.

Sir Raza Ali : Page 337 : A. 10 (2). " Establishments " here is not merely clerks, but members of the force ?

Mr. Caroe : Yes : they would be non-commissioned officers and men.

Sir Raza Ali : If you entertain two additional platoons, would you show the expenditure under contingencies ?

Chairman : It is only expenditure in connection with enlistment and recruiting charges : not maintenance charges.

Sir C. Badenoch : And equipment charges also. The pay of the platoons would be shown under A. 10 (2).

Chairman : Contingencies cover a large number of miscellaneous and varying items.

Mr. Maitra : Page 336—A. 8 (5). Here also contingencies account for over 4 lakhs.

Chairman : The explanation is given here—in connection with the labour strike at Digboi.

Mr. Caroe : I cannot go further than that. This is for the Assam Rifles.

Chairman : I suppose a large number were moved to a place where they are not usually stationed.

Mr. Maitra : Is it usual to show such a large sum under contingencies ?

Sir C. Badenoch : Yes : I expect it covers all their rations and transport and equipment.

Mr. P. M. Rao : Kit money, mechanical transport, rations, clothing and other things.

Col. Rahman : In some cases clothing is shown separately—and rations also—page 332—A. 1 (6) and A. 1 (8).

Mr. P. M. Rao : If the items are very small it is considered unnecessary to open a separate head. We lump them under contingencies.

Chairman : What are the main items here ?

Mr. Scott : I think this is a better illustration of what Mr. Maitra complained of than the last item.

Sir C. Badenoch : I would be inclined to agree. The Assam Rifles have come under us recently. Till now they were provincial. In this case I think it would be a perfectly valid suggestion that the amount under contingencies should be broken up under the more important heads like clothing and rations and so on.

Chairman : That is a matter between the Finance Department and the Auditor General. We will take up that question.

Sir Raza Ali : It may go as a recommendation from us.

Mr. Maitra : Page 335 : A. 6—here also contingencies is over 2 lakhs : if this covers transport charges, it may easily go to that account.

Mr. P. M. Rao : There are a number of items here transport charges, small arms and ammunition, etc.

Mr. Caroe : Transport of war material, maintenance of personnel and other things are heads that we have got here.

Sir C. Badenoch : Arms and ammunition can be shown separately in this case, I think.

Mr. Scott : Page 337—A. 11 Mekran Levy Corps : the pay is 1½ lakhs while the contingencies is 87,000—nearly 50 per cent.

Mr. P. M. Rao : The bulk of expenditure is under feeding charges of men and animals.

Mr. Caroe : There are all sorts of things, included under contingencies—transport, food charges, firearms, ammunition and little odd things.

Sir Raza Ali : Is there any general principle laid down by the Finance Department or the Auditor General as to what should come under contingencies ?

Sir C. Badenoch : There is a general idea of what expenditure does come under contingencies, but there is no reason why large individual amounts under contingencies should not be extracted and made a sub-head if the amount justifies it. The general principle is well known both to Finance Department and to us.

Mr. Maitra : When we find large sums for rations and transport included under contingencies, it defeats the purpose for which accounts are maintained and accounting loses all its value.

Sir C. Badenoch : I think in connection with this particular grant the criticism is quite justified.

Mr. Scott : On page 339, the pay of establishment is 74,000 while contingencies is 63,000.

Chairman : The percentage does not matter : if a unit has got to move about a great deal then the cost of moving about might be as large as the pay. That in itself does not mean anything.

Mr. Caroe : It relates to medical establishments and you always have a large amount under contingencies to cover cost of medicines and equipment.

Sir Raza Ali : Item C. 4 : Who certifies this secret police expenses ?

Sir C. Badenoch : I could not say straight off. I am not quite sure what exactly secret police expenses represent. It looks like a lump sum paid over to the N.-W. F. P. I cannot say whether it was audited or not. Ordinarily, when the word 'secret' comes in, my jurisdiction does not extend there.

Sir Raza Ali : In the case of tribal areas who would be the officer giving the certificate ?

Mr. Caroe : I think the political agent concerned, who has got the funds in his hands or the heads of the frontier administrations.

Sir C. Badenoch : Government at one time reviewed all secret funds in connection with every single secret service fund and prescribed the administrative officer responsible for giving the audit certificate. It has been laid down that some officer should be responsible for giving a certificate that the money was properly spent on the objects for which it was intended.

Sir Raza Ali : What would be the kind of officer who would be given this power ?

Mr. Caroe : It may be the Governor of the N.-W. F. P. or the A. G. G. in Baluchistan, or the Political Agent, Khyber, or it may be any other political agent who had the fund at his disposal. I think that is broadly speaking correct.

Mr. Maitra : I think this stands on a different footing altogether.

Chairman : It looks to me as if it is a fixed payment accepted by the Government of India and is regularly made : to whom it is made I do not know.

Mr. P. M. Bae : It is incurred in Baluchistan—probably by the Inspector General of Police there.

Mr. Caroe : Probably it is in the tribal area. Baluchistan may have split it up like this : some in British India and some in the tribal area and this is probably in the Zhob in the tribal areas. There are police in the Zhob. It is probably secret expenditure by the Inspector General of Police incurred in the Zhob valley.

Mr. Maitra : Page 340, item 4, last line. Why did you have to pay a royalty ?

Mr. Caroe : In tribal areas there is an authorised system by which a certain percentage of the contracts is paid to representatives of the tribes to secure their goodwill, and that is called royalty.

Sir Baza Ali : Page 341, No. 5. Here no estimate is given, and the sum amounted to 9,14,000.

Mr. Caroe : That is due to works in progress. They have not been completed yet.

Mr. Scott : Were they started after the budget ?

Mr. Caroe : They must have been started in the middle of the financial year.

Mr. Maitra : Why was it not put before the Standing Finance Committee ? Is it a fact that matters relating to tribal areas ordinarily don't come before the Standing Finance Committee ?

Chairman : I don't think so.

Sir Raza Ali : I think it is very unfair that a project costing 9 lakhs and odd should be begun without budgeting for it.

Chairman : You have got to recognise that in these areas emergent developments take place and the policy has to be moulded almost from day to day according to circumstances as they arise.

Mr. Maitra : If you look to the explanation given here it does not seem that the work was of such great necessity or urgency that it could not have been foreseen,—things like widening the culverts, re-alignment and so on ? Can you tell me why this matter was not placed before the Standing Finance Committee ?

Mr. Caroe : I cannot say anything definite about it. It is a point which has been before the Government of India for many years. I think the A. G. G. was very anxious to get the work done as it would open up a road between D. I. Khan and Baluchistan, and it was supposed to be a matter of major policy and it was accepted by the Government of India. It was not through in the middle of the year, and certain reappropriations were made later in the middle of the year.

Mr. Maitra : Then it means this was before the Government of India for a long time, and yet no budgetary provision was made for it ?

Sir Raza Ali : We were told earlier that the Government of India kept a list of approved projects. Was this in that list ? And did it receive administrative approval before the work was started ?

Mr. Caroe : Administrative approval was obtained previously. It was a work which was considered to be necessary, but in making the budget this year, provision was not made for it ; in other words, it was intended to be started in later years.

Mr. Maitra : When was administrative approval secured.

Mr. Caroe : I think it was some time in 1938. It was previous to this year.

Mr. Maitra : Therefore, my point is that even if there is an approved list of projects, the Finance Member should in all fairness have intimation as to which work is likely to have priority ?

Chairman : I am quite sure this work was not undertaken without the concurrence of the Finance Department.

Mr. Maitra : But why was not provision made for it in time ?

Mr. Caroe : I think a variation in road programmes in the frontier area is entirely a justifiable thing. For certain political reasons a particular road may appear to be far more important to build than any other road or take up any other construction work, but such things are always done with the full approval of the Finance Department.

Chairman : At that time the Finance Department must have been satisfied that the reasons given for giving priority to this work were adequate.

Mr. Maitra : Re-aligning, providing culverts and so on, do you mean to say that these could not have been anticipated ?

Chairman : These are mere words, but behind these there is a policy for constructing a road for military traffic.

Mr. Caroe : I have pointed out the very great importance of this road. It has opened up a road between Baluchistan and D. I. Khan, with the result that that part of Baluchistan can be got at from D. I. Khan instead of having to go as at present in a round about way. It shortens the distance by about 500 miles, and it also provides a natural link between the N.-W. F. P. and Baluchistan. It is a matter in which both the administrations of the N.-W. F. P. and Baluchistan have taken great interest. It is a most extraordinary thing that all these years there was no lateral link between Baluchistan and the N.-W. F. P.

Sir Baza Ali : Is there any parallel railway ?

Mr. Caroe : No. It has a defence aspect too, it has also cultural aspects, you link up N.-W. F. P. and Baluchistan. It has also a commercial aspect because the whole of the fruit from Baluchistan will now be able to reach D. I. Khan and thence into the Punjab. As a major administrative policy also it was decided that this road should be pushed through. If you ask the people of D. I. Khan, you will find they are very much interested in this road. It should bring increased prosperity to D. I. Khan.

Mr. Maitra : My whole point is that provision should have been made for this in the budget ?

Sir Baza Ali : Item No. 6. Here also I find no provision was made in the budget.

Chairman : The position is that a certain sum is appropriated for expenditure on roads of military importance. Now the question really is whether in a matter of this nature the department should be closely tied to a programme made anything up to 18 months in advance of the year, or whether we should allow reasonable elasticity, particularly within the

amount contemplated in order to proceed with work which at different times appear to them to have a higher degree of priority. They have no doubt got a programme which will extend to many times 14 lakhs, and the only point is whether we should tie them down in this manner.

Mr. Maitra : While we should not tie them down, I want a *via media*.

Mr. Caroe : The circumstances in this case were most extraordinary. I know the area myself. The local administration has been pressing for a long time the reconstruction of some of these things.

Chairman : That merely emphasises the desirability of the work, but what it does not explain is, why a few months previously you had not asked for provision to be made in the budget, and why only a few months later you suddenly decided that this became a matter of great priority ?

Mr. Caroe : I think the position was that we have been pressing for some time to get this included and had not succeeded.

Chairman : If there was a change of personnel and if a new officer came along and decided that in his opinion this should be taken up as a matter of urgency in preference to other projects, then we know how it happened. But something must have happened to explain why priority was given to this. Was it the local administration that changed its mind ? Did they give you reasons why they changed their mind ?

Mr. Caroe : As I said the circumstances in this case were most extraordinary.

Chairman : I would like to say here that it is due to Pandit Maitra that this Committee should make some observations on this matter and perhaps the Auditor General would suggest something.

Sir C. Badenoch : I think we should say that it is necessary to think out programmes more carefully and departure should be made only in special circumstances.

Maulvi Abdul Ghani : Item No. 9, page 341. Here is a new construction estimated to cost 30.90 lakhs.

Chairman : No expenditure was incurred in this year. On the contrary there seems to be a receipt item.

Mr. P. M. Rao : It is due to credit for materials ; but they did not make any progress ; it is still in progress.

Mr. Scott : Has it been completed ? What is the position ?

Mr. Caroe : I could not tell you.

Sir Raza Ali : Page 351 (C) 4. Contingencies. Column 1. The Government of India's share for the new launch supplied to the Jeddah delegation. What was the proportion of the cost ?

Mr. Caroe : I think it was 50:50.

Mr. Scott : The last amount 14,260—increased expenditure on telegram charges owing to the international situation and so on. That sum seems to be a very high charge for these two little items.

Mr. Caroe : Muscat is a very important place.

Mr. Scott : I take it that includes other places also like Bahrein, Jeddah and so on ?

Mr. Caroe : It includes Persian Gulf, Kashgar, in fact, all areas except the N.-W. F. tribal areas and Baluchistan.

Mr. Maitra ; Page 350. Item B. Charges on account of Diplomatic and Consular services in Iran. We find the pay of establishments, contingencies, etc., and then it is carried over to C. Diplomatic charges are separately accounted for in B. and the same are shown under C. also.

Chairman : It is a different geographical area.

Sir Raza Ali : What are these administrative charges outside India ?

Mr. Caroe : There are consular courts in places like Muscat and one or two other places.

Sir Raza Ali : What do administrative charges mean ?

Mr. Caroe : In these places such as Bahrein, Muscat and so on, there are quasi-administrative functions performed by the Political Agents. For instance, the officer in Bahrein is called a Political Agent, and he has certain jurisdiction over British subjects there. We have to incur certain expenses for the defence of these countries in the Persian Gulf. We have also got very definite responsibilities for the traders ; almost all of them are Indians.

Mr. Scott : Who maintains the Muscat Levy ?

Mr. Caroe : The Sultan. There is a British officer there.

Sir Raza Ali : At page 351, nearly at the bottom of it, there is D. 2—Bhutan subsidy, and below it in the note about Gilgit, it is stated that it was due to revised arrangement for payment of subsidies. Are these subsidies fixed from year to year, and do the amounts vary ?

Mr. Caroe : In the past subsidies were withdrawn and kept in deposit and payments were made in the next financial year when the Jalsa—an annual festival, took place. This procedure was objected to by Audit, and instructions were issued that these might be withdrawn and disbursed in the same financial year, and this resulted in a saving in that particular year.

Sir Raza Ali : To whom do you give these subsidies ?

Mr. Caroe : There are a number of Chieftains in Gilgit. A portion is recovered from the Maharaja of Kashmir.

Mr. Maitra : Item E. Entertainment charges. What is this ?

Mr. Caroe : That was due to the special visit of the Maharaja of Nepal to Calcutta at the end of 1939.

Mr. Maitra : But the sum spent is certainly very large.

Chairman : Every country has relations with other countries and it has to preserve certain decencies and so on. When our representatives go to other countries they are entertained and *vice versa*. When the Japanese came here we had to do the same thing. It is very important that you remain on good terms with Nepal.

Mr. Maitra : What is this unavoidable expenditure in connection with the Political Officer's journey ?

Mr. Caroe : When the new Dalai Lama was reincarnated, a mission went to Lhasa to partake in the reincarnation and inauguration ceremonies.

Maulvi Abdul Ghani : How is Kamran administered ?

Chairman : There is a contribution towards the Kamran quarantine fund which is raised locally by pilgrims' fees. I don't think the Government of India contributes towards it.

Mr. Maitra : In connection with the expenses incurred on the visit of the Maharaja of Nepal, since the ceremonies took place in Bengal and the Ministers in Calcutta also attended, should not the local Government be called upon to bear a portion of that expenditure ?

Chairman : We had to pay for it. It is an international matter. Serial No. 19 of the Statement of Outstanding Recommendations.

There is a Public Accounts Committee's recommendation that a decision should be arrived at as soon as possible and furnished to the Committee next year.

Mr. Caroe : It came up last year. We got a definite answer that His Majesty's Govt. could not take up the question till the end of the war.

Mr. Scott : Page 358. Column 1. Due to exploitation of *Asafoetida* and increased demand of Ephedra. What is this ?

Mr. Caroe : *Asafoetida* is another of these little shrubs, which grow in the deserts of Baluchistan and it should be possible to make more money out of that. Most of it at present comes from Afghanistan and Persia. We are trying to exploit it in Baluchistan too.

Mr. Scott : Page 366. A. 3, Col. 1—other contingent expenditure for the Canning factory. What is this ?

Mr. Caroe : Baluchistan is the very place for a limited quantity of fruit canning.

Mr. Maitra : Is this factory run by the Government for military purposes ?

Mr. Caroe : It is an experimental canning factory at the agricultural headquarters at Quetta.

Mr. Maitra : Is it run as a commercial concern ?

Mr. Caroe : It is primarily run as a pioneer concern.

Mr. Maitra : When did you start it ?

Mr. Caroe : I think we sanctioned it in 1936. We could not get it going until 1938-39.

Mr. Scott : Page 372. Right at the bottom, col. 1, under B. 8, unforeseen indent for roadside kerbs. What is this ?

Mr. Caroe : It has something to do with the Quetta earthquake. They could not get that stuff in India, and so it had to be imported.

Mr. Maitra : Page 375.

Mr. Caroe : These are mostly due to the earthquake in Quetta. Quetta is a particularly difficult place to deal with. One reason is that works have to close down in the winter owing to frost and another that all works programmes have to be sanctioned here as there is no local authority for it, and a certain amount of adjustment as the programmes go on becomes necessary.

Mr. Maitra : Why could not this expenditure be anticipated, and why did they not make provision in the Budget. Most items under this head are like that. I hope it will be covered by the general recommendations which you are going to make. I am not very happy over the External Affairs Department.

Sir C. Badenoch : There is one thing to be said here. The External Affairs Department depends very much on the Military Engineer Services.

The Chairman then thanked the witnesses who then withdrew.

The Committee adjourned till Monday, the 25th August 1941.

Sixth Meeting, Monday, the 25th August 1941.

POSTS AND TELEGRAPHS DEPARTMENT.

Dr. Dalal : Before we proceed with the appropriation accounts, I want to say that a key statement of the postal accounts would be of great help to us.

Sir Raza Ali : I also believe that if there was a key statement, it would save a lot of our time.

Chairman : In the case of the Posts and Telegraphs Department, we have to go straight through the Post and Telegraphs Accounts. In the case of the other civil departments, our material is all spread over a number of volumes and hence a key statement is necessary. In the case of Posts and Telegraphs the whole thing is here. We have to work through this. There is no short cut.

There are two outstanding items in the case of the Posts and Telegraphs Department which we have got to take up. They are items 16 and 17 in the statement.

Item 16 : That the ex-gratia payment of interest on post office cash certificates held in excess of the prescribed limit need not be treated as infructuous payments and that in future such cases might be omitted from the list of losses.

I think necessary action has been taken with regard to this.

Mr. Shoobert : Yes.

Chairman : The next item is : Item 17 : " That as the stock limit for stores at present prescribed appeared to be too low, the question of increasing the limit should be considered so as to avoid giving rise to an apparent irregularity in regard to the balance of surplus stores " .

Mr. Shoobert : That also has been done.

Mr. Sen Gupta : We are trying to build up stocks. At present we are aiming at 34 lakhs general stores and six lakhs workshop stores. But on account of rapid issue for war work, we have not been able to reach those figures yet. We have taken steps to speed up production in the telegraph workshop which is one of the big sources of supply.

Chairman : What was your limit ?

Mr. Sen Gupta : Previously it was 21 lakhs general and 3.25 lakhs for workshops. We have now increased it respectively to 34 lakhs and six lakhs. We consider that adequate.

Mr. Roy : We cannot get enough supplies. We want more.

Mr. Sen Gupta : We are actually issuing as fast as we are getting and so the stock in hand does not increase.

Mr. Scott : Are you taking any special steps to increase this ?

Mr. Sen Gupta : Yes, we are taking steps, but we cannot get a very much larger stock because we cannot import. The productive capacity of our workshops is now controlled by the Supply Department which is in the best position to advise as to the means of expanding production.

We take all the steps necessary to speed up production and we hope in the course of another year to increase our production rapidly.

Mr. Scott : You have got the position well in hand and would be prepared to increase stocks if you possibly can ?

Mr. Sen Gupta : Yes.

Mr. Scott : The position is not likely to get better in the next year or two ?

Mr. Sen Gupta : No.

Mr. Maitra : You are contemplating to build up stocks to the extent of 34 lakhs for general stores and six lakhs for workshop stores. When did you take this decision ?

Mr. Sen Gupta : This decision was taken last year after the recommendation of the Public Accounts Committee. We considered the matter and we fixed this as the top limit that is 34 lakhs and six lakhs, but we found that though we actually ordered about 125 lakhs worth of stores, yet we were able to get only 62 per cent. of that supply in the course of the year.

Mr. Maitra : That is the year under review ?

Mr. Roy : This was the year just preceding 1940-41.

Mr. Sen Gupta : For instance we now find that we cannot get within less than six to eight months electrolytic copper which is the raw material for preparing copper wire, because it comes mostly from America and it takes time. There is the question of the dollar exchange and all these things have got to be settled and we find that though we can place orders for 125 lakhs, we get in the course of the year only 62 per cent. of that supply.

Mr. Maitra : Are all the supplies drawn from overseas ?

Mr. Sen Gupta : A lot of them is produced in our workshops.

Mr. Maitra : I want to know whether you are taking steps to see that the bulk of these stores are actually manufactured in the telegraph workshops in this country ? What steps are you taking to ensure that ?

Mr. Sen Gupta : We are recruiting technicians.

Mr. Maitra : Have you got any progressive policy in this respect or do you spasmodically start taking experts ?

Mr. Roy : In 1938-39, our workshops produced 20 lakhs worth of goods, in 1940-41, we produced about 40 lakhs worth of goods.

Mr. Maitra : That registers some good progress. I am prepared to admit that.

Mr. Shoobert : To produce 70 lakhs is our aim, and we expect to reach that possibly in the next year.

Mr. Edmunds : That rate of production will probably be reached in the last half of this year, about six lakhs worth of stores every month.

Mr. Shoobert : A great deal of our trouble is in getting additional land for the telegraph workshops. We are full up and it is very difficult to get more land in Alipore, Calcutta. The Supply Department

is handling the question of getting us more land. I think they are having some difficulty.

Mr. Scott : Why don't you speed it up by acquisition ?

Chairman : This is connected with war efforts and so we can take land under the Defence of India rules, but if you can get it in the ordinary way by negotiation, it is obviously preferable.

Mr. Sen Gupta : We will get the land all right. When I went down to Calcutta two or three months ago I was told that the Bengal Government had decided to give us land which forms part of the Calcutta maidan, but the Defence Department took some objection. Of course it would be a purely temporary structure for the duration of the war.

Mr. Azhar Ali : Do you want this land for putting up machinery ?

Mr. Sen Gupta : Yes, for machinery.

Mr. Azhar Ali : For putting up a building for housing the staff also ?

Mr. Sen Gupta : There will be no labour colony, but simply storage space for supplies, also workshop sheds. The Bengal Government and the Defence Department have to settle this.

Sir Raza Ali : I wish to take up a general question before I come to details. I find this department is split up into four important branches, the post office, telegraphs, telephone and the radio. It is strange to see that under every head there is a saving, large or small, as the case may be except telegraphs. To begin with I want to know has there been any year since the department was established, when there was a profit on telegraphs ?

Mr. Shoobert : For the first time in 1940-41, there is a profit.

Mr. Maitra : So long the telegraph department has been run at a loss, but now owing to the impetus of the war, you are making a slight leeway, but it is not correct to say you are making a profit.

Mr. Sen Gupta : In 1940-41, it is real profit. The profits in that year would be 37½ lakhs.

Mr. Maitra : I find from the report for 1939-40, telegraphs actually registered a loss ? I take it that even now, the telegraph department has registered a small profit purely due to war ?

Chairman : There is no question about that.

Mr. Maitra : Then it does not throw much light on the efficient working of the department. The increase is really due to circumstances over which normally speaking we have no control. That does not show that in the normal course of activities the telegraph department is really making progress.

Chairman : Would you give us the main reasons why the telegraph department normally cannot run at a profit.

Mr. Shoobert : The first thing is we have such enormous distances to work over when you compare it to any western system. The second thing is you have a population which is not using the telegraphs to the same extent as they would in western countries. We have an element

to deal with which we have not got elsewhere, that is many interruptions. We have got to go through all sorts of climates with our telegraph wires. We have to engage a large staff everywhere ; in fact we are understaffed. It is really a matter of the economic structure of the country more than the efficiency of the telegraph department. There is also the Press aspect.

Chairman : Actually we provide the Press the same facilities at less than the cost.

Sir Raza Ali : I believe every country does it. On this point let me point out that that is by no means peculiar to India.

Chairman : It is not peculiar to India, but at the same time on the general volume of turnover it is a heavier burden in India than in other countries.

Mr. Maitra : I do not think I can agree with the statement made by the Director General. I can give you two other factors which really go to decrease of income in the telegraph department. In the first place your statement that Indians are not accustomed to use the telegraph facilities to the same extent as the people in other countries do, that is partially true. You talk of long distances. I am here to suggest that so far as these distances are concerned, they are mainly in canal and military areas where the public have not got full facilities. There is no legal bar but for certain military purposes certain telegraph lines have to be maintained and so also is the case of telephones. These two work as dead weights against the department. Secondly you have to maintain a more costly staff than the postal department. As a matter of fact in the telegraph department the staff is more handsomely paid than in the postal department and moreover in the telegraph department they do much less work.

Mr. Shoobert : I do not think that is correct. They are paid more but I do not think they have got to do much less work.

Mr. Maitra : Naturally when they get much less work.

Mr. Shoobert : Their work entails much greater strain and they have also to work continuously.

Mr. Maitra : From a psychological point of view, there is some strain in the sense that it requires a good deal more concentration but as regards the postal department their work entails much greater endurance and longer hours and they have to discharge all sorts of multifarious duties. In a way the fact remains that the telegraph department is more handsomely and more adequately paid than the postal department.

Mr. Shoobert : That is for their technical knowledge.

Mr. Maitra : You were stressing from the beginning that the telegraph stores meant a good deal of outlay on maintenance charges and also the equipment with high scientific apparatus and so on—all these take away a good deal of the income. What I was stressing till now and I will stress even now is if we can give greater facilities for the manufacture of telegraph stores and telegraph appliances and also telephone appliances in the Indian workshop, probably we will be able to reduce the overhead charges and also the loss in the department. These aspects will have to be carefully borne in mind.

Mr. Shoobert : Without doubt, the Government will be only too willing to give all facilities ; in fact we are doing today as much as we can. It has been pointed out that the Telegraph Stores and Workshops have been expanding, and I do not know if I am justified in divulging what is happening, but there are now negotiations going on to expand telephone manufacture in India itself.

Sir Raza Ali : What is the present position with regard to your stores ? Do you manufacture most of them in India or do you get them mostly from outside ?

Mr. Shoobert : We manufacture all we can in this country.

Mr. Maitra : Telephones appliances also ?

Mr. Shoobert : In India we manufacture telephone instruments, manufacture a certain amount of wires, posts, insulators and so on ; but more intricate apparatus has to be bought from outside.

Sir Raza Ali : What about telephone receivers ?

Mr. Shoobert : We manufacture them in India.

Mr Maitra : What is the present position with regard to taking over the telephone lines by the Government of India ? The telephone companies have been earning tremendous profits.

Chairman : That is why we have taken them over.

Mr. Maitra : My grievance is this. When I drew pointed attention to this fact, do you know what kind of reply was given to me ? Three months after I drew the attention of the Government in the Legislative Assembly, the Government decided to take over the telephone system. I welcome the decision. It will fetch an additional income to Government of about 1½ crores and with better handling you may get more. When I pointed this out in my Presidential address at a Conference the Government said this was absurd, this was inconceivable, there was no constructive criticism and so on. My grievance against the Government is that if we, non-officials, make some criticism, you simply brush it aside as impracticable and destructive criticism.

Mr. Shoobert : You can congratulate yourself because your suggestion has been adopted.

Mr. Maitra : You have blundered into a good act.

Chairman : No. The fact remains that these telephone companies have a contract. It would have been quite open to the telephone companies when we approached them to have said, " No thanks, we do not want to talk to you until the contract has terminated. We are not prepared to discuss the taking over of the telephones before the date on which you are legally entitled to take them over ". That would have finished the argument. You cannot get away from that.

Mr. Maitra : But you started before the contract terminated. You took a stereotyped objection.

Chairman : But it is a very important answer that they had the contract which, unless we were prepared entirely to disregard all laws of justice and fair dealing, could not be interfered with. In the case of Madras, a majority of shareholders did not agree, and the best we have

been able to do there is to buy ourselves as much share of the Company as we can. We could not force them to give up their contract. There was one-sided option to give notice. We took up the question in 1939 with a view to terminating it earlier. We had this advantage, which we realised when we began to consider this question, that the companies themselves were in a difficulty because in the last year of their contract they were going to be involved in capital expenditure, the benefit of which would not enure to them. Therefore from our point of view, it would be obviously unsatisfactory that they should refrain from any kind of capital expenditure except as would tend to increase their remuneration within their own period of contract. On the other hand, from their point of view, it was cramping just at the time of the termination of the contract that they should not be able to expand and so, on that consideration, they were virtually bound to come to some terms with us. It was a case of mutual convenience. Had it not been for that, they were doing very well.

Mr. Azhar Ali : Were you taking shares in all the companies ?

Chairman : In making the terms we are bound to give them the advantage of their current rates of profits for the remainder of the period of contract. You could acquire control earlier but you could not take away their profits three years before their contracts expired so that the agreement is to provide for their receiving their normal rate of profit up to 1943 as they were entitled to under the contract.

Sir Raza Ali : The net result is that you have come round to the views of Mr. Maitra.

Mr. Maitra : By accepting my recommendation, you have assumed control of telephones.

Chairman : Yes, we have assumed control but we are not yet full profit earners until the date when the contract would normally terminate and we have to give them compensation up to that date. So that a greater part of the profit still enure to the companies. Supposing they are earning 15 per cent. on their money, they are entitled to go on till 1943. Well, we say "would you like us to take over the company before 1943". They say, "yes, but what do you mean, we make 15 per cent. profit and we are entitled to get it till 1943". We say, "we would like to take it over in order to ensure a reasonable working and expansion of service". They on the other hand have got a good contract to which they are entitled by law. You cannot take it away from them without the greatest breach of law. Therefore we calculated what the rest of the contract was worth to them and we included that element of compensation in the arrangement. That had to be done. It is still well worth it from our point of view. Even so, on the capital so sunk, we expect a very handsome return.

Mr. Scott : It is very much more to our advantage to secure continuity of management.

Chairman : The thing could not be left till the last moment. It was administratively and from every point of view advantageous to get in on this business before the date of termination of the contract.

Mr. Maitra : Another important item which I am not able to understand is this radio. What is this business which is operated by the Postal Department. What is the exact function which they are doing. I feel that it is run at a loss.

Mr. Shoobert : This branch's business is chiefly between us and the Civil Aviation Department. We do not wish to make a big profit, it is really an inter-departmental affair. We run it on a no-profit basis. There is very little traffic between us and the general public. This is chiefly with the Civil Aviation Department.

Mr. Roy : This is open to the public also.

Sir Raza Ali : But the charges are so high that the public cannot take advantage of this.

Mr. Maitra : People do not know what the service is.

Mr. Sen Gupta : We have got the telegraph. Occasionally when there is a break down, the messages are sent through radio. They are used for sending aeronautical messages for ships. Ships coming to Indian ports start sending signals when they are within range saying that they are arriving at such and such time. Sometimes the passengers also send messages.

Mr. Scott : Do you use radio when the telegraph wires are overloaded ?

Mr. Sen Gupta : We use it only when there is a breakdown. Overloading might perhaps happen in war time, but until recently we have had some unused capacity on the wires. So there is no occasion to use the radio when the telegraph wires are all right.

Mr. Scott : A few months ago my experience was that for short distances, a letter reached much quicker than a telegram. I sent a telegram from Cownpore to Delhi, and at the same time I posted a letter. I found the letter was received before the telegram.

Mr. Shoobert : Did you bring it to the notice of the Post Master General ?

Mr. Scott : No.

Sir Raza Ali : What you say is the impression of every one of us that our postal department is much better administered than the telegraph department.

Chairman : I can quite see that where there is a night service of a mail train, if you post a letter at the optimum time at night, it is not much better to send a telegram, because in any case the addressee of the telegram won't get up from his bed before the telegram reaches, whereas the letter will be delivered, at almost the same time.

Sir Raza Ali : What were the savings under the radio ?

Chairman : You will find it on page 5 of the report.

Mr. Shoobert : Mr. Ramsay Scott just mentioned extraordinary delay in the case of some telegram. We are now working at great pressure, the telegraph traffic has risen three or four times and for financial reasons we have not got the spare staff trained for coping with this traffic. We have to do it all by overtime.

Chairman : Is it for financial reasons ?

Mr. Shoobert : Shall I say that we did not foresee that there was going to be war and that there was going to be such a big expansion in traffic and so we did not have the men trained who could cope with the traffic.

Chairman : I am not aware of having refused to provide temporary staff to meet increased traffic.

Mr. Shoobert : We cannot introduce temporary staff, because we want trained men.

Mr. Scott : Your profits for the year under review were 89 lakhs 59 thousand and I think you told me just now that you expect to get 1 crore 25 lakhs during the last year. Can you tell me what happens to that ? It is probably lent to the Government of India at some rate of interest.

Mr. Shoobert : You are going to get that as a contribution to general revenues.

Chairman : There are two elements from my point of view. First of all there is what may be considered the ordinary element of profit due to enhanced commercial activity. In the second place, there is an element of profit due to (a) increased war activity of the government and (b) the fact that the rates have been increased quite frankly as a measure of taxation. Every Government in war time uses its public utility services in order to assist it with its budgetary problems. We are doing the same with the railways, we are doing the same with posts and telegraphs. It is necessary to estimate the extent to which the first type of factor is operative and the extent to which the second is operative. The department is entitled to some advantage as a result of improved commercial conditions. The Government which is increasing its income by taxation is also entitled to appropriate permanently certain portions of the profits. It is on that basis that the matter has been decided. I think the department is being allowed to build up a reserve up to a crore and the rest is being taken away in relief of the general taxpayer.

Mr. Scott : In the past when the department made losses, you carried forward those losses and you paid interest thereon ?

Mr. Shoobert : Yes.

Mr. Scott . Can you tell me what proportion of this sum of 89 lakhs has gone to the relief of the general taxpayer ?

Mr. Sen Gupta : The sum of 82 lakhs has gone to build up the reserve.

Chairman : Part of this has gone to wipe out their previous minus balance on which they were paying interest.

Mr. Maitra : Emerging from the propositions laid down by the Honourable the Finance Member, I want to know this. If there has been an increase in the receipts of the Posts and Telegraphs Department, it is due to normal expansion of commerce and business and secondly to the war which has contributed substantially to increase the receipts of the department. The Government offer their patronage to public utility services and because of their patronage the Government want to take away a substantial share

of the profits. At the same time the Honourable the Finance Member said that consideration is to be paid to the taxpayer, for after all the taxpayer has contributed certain portions. I want to know what is the amount which the department is going to give to the relief of the taxpayer ?

Chairman : In the current year it is about one crore. In addition any excess over one crore which at present has been fixed as reserve will also go to the relief of the taxpayer.

Mr. Maitra : Just as the Railways.

Chairman : Yes. To the extent that this money comes in, there is less to be found by other taxation.

Mr. Azhar Ali : I find from page 5 that the capital outlay on Post Offices is very small when compared to total revenue as compared with other branches ?

Chairman : The policy of the Government is that there as much capital should be invested as necessary to carry out the services and earn the optimum profit.

Mr. Scott : Will you give me the exact details for this sum of 89.59 lakhs ?

Mr. Sen Gupta : 82 lakhs was carried over by way of a reserve.

Mr. Scott : You get 18 lakhs from this year and so you will have a crore built up. That is a satisfactory position. In the following year you will get more.

Mr. Shoobert : You have got a substantial amount this year.

Mr. Maitra : It is explained here that this wireless branch is a departmental service for Civil Aviation. Hitherto the impression has always been that apart from its service to Civil Aviation, the bulk of its business was in connection with the activities of the Defence Department.

Mr. Shoobert : The Defence Department has its own wireless stations.

Mr. Maitra : My impression is that a goodly portion of your activities is in connection with the Defence Department.

Mr. Edmunds : It was some years ago, but now practically there is none at all. A big scheme was started by Lord Kitchner in 1909. That was when the basic network of wireless was provided. Almost all the stations are now justified by the actual payments given to us either by the Aviation Department or actual telegrams which are carried on behalf of the Telegraph Department.

Mr. Maitra : What percentage of this service is rendered to the public apart from Civil Aviation ?

Mr. Edmunds : Probably one-seventh of it is for communication with the ships—that is public service. If one sends telegram to a ship it goes by wireless. Aviation roughly covers about 70 to 80 per cent.

Chairman : We now have a state of affairs in which every ship of a certain size has a wireless station and its own wireless equipment and also every aircraft of a certain size has its own wireless. Now these ships and aircraft keep coming to Indian territories and on their way they send or receive messages. These are the main customers of this service.

Mr. Maitra : You do a lot of work for the army ?

Mr. Shoobert : We do nothing for the military.

Chairman : The army contains a number of wireless telegraphists : one of the developments is wireless signalling : they are big users of their own wireless.

Mr. Maitra : The commercial community use this wireless in connection with shipping ?

Mr. Edmunds : Yes. The position is this : there is a wireless station worked by the department at the major ports of Bombay, Calcutta, Madras and Karachi and they work with the ships in the neighbourhood. If you send a telegram from inland, the message goes by wire to the port and then it is transmitted by wireless. We cover the whole of the oceans round India by means of these four stations.

Sir Raza Ali : What is the position of the telegraph department in other countries ?

Mr. Edmunds : We send telegrams at lower rates than other countries having similar distances. In the United States for example the rate for telegrams within one state is lower than the rates from one state to another. If you have to send a telegram right across the United States from New York to San Francisco it would come to the equivalent of about eight annas a word. Roughly the state charges in America are about the same as we have here for the whole of India—it is about 25 cents for 10 words within a state there. It may be that the department is not being economic but it may also be that the rates are too low. I hold, if I may, that the rates are too low.

Sir Raza Ali : South Africa is about 2,000 miles in length, but I believe there is a uniform rate there : the telegraphs there are paying. The rate is over a shilling.

Mr. Edmunds : Here it is nine annas.

Mr. Maitra : You give two reasons : first distance, and second, the disinclination of people to use the telegraphs on a large scale.

Mr. Shoobert : I did not say disinclination : I said it was a matter of education.

Mr. Maitra : It is a matter of money, the economic condition is the main factor : as Mr. Scott said if a postcard could reach in about the same time, why use the telegraph ?

Chairman : That might be between Cawnpore and Delhi, but as between Peshawar and Travancore I would send a telegram rather than a card.

Mr. Scott : Have you any statistics to show the average mileage of telegrams ?

Mr. Edmunds : I am afraid not. I do not think so.

Mr. Maitra : The Department might prepare some such statistics for their own guidance.

Mr. Scott : The telegraphic operations are the same practically, whether it is one mile or a hundred miles.

Mr. Shoobert : I think it would be very difficult to prepare such figures.

Sir Raza Ali : In South Africa the European population is about 2 millions, while the Indians number about 2½ lakhs : the native population very seldom makes use of telegrams; and yet with these 22½ lakhs of people over a big country, the telegraphs are paying there.

Mr. Edmunds : An important point is the number of telegraph offices you open. In the United States you find that small towns have not got telegraph offices and you have to telephone your telegram to the nearest point. If we cut down our telegraph offices we could show a very much more favourable result financially. India is very much better off from the public point of view than the United States. As I said, in America you do not have telegraph offices in small places : you have to phone your message to the telegraph office, and you have to pay for the phone. It is very difficult to compare different countries in this way.

Mr. Shoobert : Also the adjustment between telephones and telegraphs in South Africa is different to that in India. More is debited there to telephones than in India. Where we have a joint line here, we share the expenditure equally.

Chairman : If you want to put a better face on this picture, you could do the same ?

Mr. Roy : We have a proposal in that direction : it will make a difference of 4 lakhs.

Sir Raza Ali : In all European countries there is a flat rate.

Mr. Edmunds : We have a flat rate here also.

Chairman : In America is it a purely federal agency ?

Mr. Edmunds : It is a commercial (private) agency.

Sir Raza Ali : But in all European countries they show a profit ?

Mr. Edmunds : No ; there is a loss in every country practically : nearly every country loses on its telegraphs.

Sir C. Badenoch : The main reason is the very high capital carried by the telegraph system, which has not been properly appraised. The telegraph system is a very highly capitalised system : the depreciation and interest charges are very heavy ; and if you charge for a telegram on the actual cost, you would ordinarily be charging a very high rate which the public cannot bear.

Chairman : In other words, if you are to have a reasonably cheap telegraph system, you have to be prepared to subsidise it ?

Sir C. Badenoch : Or cut down your facilities.

Sir Raza Ali : Before the war, was the telegraphs department in Britain run at a deficit ?

Sir C. Badenoch : Yes and in most European countries, where they calculated the commercial results. In America it is run by private companies, but it is a much more expensive thing there.

Mr. Maitra : Generally speaking, I think the position here is we have much higher capitalisation ; here is over-capitalisation here which has reached the optimum.

Chairman : No.

Mr. Maitra : In the sense that cables, wires, etc., are jointly used by telegraphs and telephones and proper credit is not given to telegraphs.

Sir C. Badenoch : Mr. Maitra is correct with regard to the position several years ago because the department did carry very large store balances on which they had to pay interest and that certainly tended to affect the commercial results. But the balances have been cut down and now they are below safety level—from over 1½ crores they have come down to 20 lakhs.

Dr. Dalal : What was the loss on multiple Press telegrams in 1939-40 ?

Mr. Sen Gupta : The accumulated loss was 2 crores and 4 lakhs up to 1936-37. We have been paying it off all the time.

Dr. Dalal : Can this concession not be withdrawn ?

Chairman : We went into this in great detail last year : I myself was anxious to reduce this ; but actually during the war it is very desirable to stimulate publicity and information and therefore it did not seem advisable to make any change.

Mr. Maitra : The press would have been very adversely affected otherwise.

Sir Raza Ali : If we touch them, there will be awful trouble.

Mr. Scott : Regarding this memorandum, is it going to cost you much to effect these readjustments ?

Mr. Roy : No ; we have already made the adjustment.

Mr. Scott : This is merely to be more fair to the Telegraphs side ?

Mr. Roy : Yes.

Mr. Azhar Ali : It says in the end that the Telegraphs would get 4 lakhs more ; and so we must sanction it.

Chairman : The memorandum shows that there is a reasonable ground for doing this, and I suggest we should agree.

Sir Raza Ali : I think so too.

Sir Raza Ali : Regarding this memorandum about computation of the value of stamps used for the telegraph department, we find there are two systems practised side by side : you took two weeks in every half year for test purposes : which two weeks did you choose ?

Mr. Sen Gupta : At random.

Sir Raza Ali : The variation in 1937-38 seems to be greater than in the other two years.

Chairman : The variation is not more than 2 lakhs at the highest in the other years the error was negligible.

Sir Raza Ali : My impression is that since this system of keeping actual figures was introduced, a large amount of additional work is thrown on our over-worked staff. I think we can continue this method of half-yearly count.

Sir C. Badenoch : It is only the allocation of revenue between one branch and another ; it does not affect the total profit of the department ; we do not profess to be meticulously accurate with regard to commercial accounts between one branch and another. But if a good deal of extra work is thrown on the staff it is not worth while—it is infructuous : it does not make any difference to the results of the department as a whole.

Mr. Maitra : I think we may agree with the recommendation as a war measure.

Chairman : We might leave it to a future committee to decide as it likes ; for the present we should accept the arguments and revert to the old system. The question will inevitably come up from time to time.

Sir C. Badenoch : If there is any great change they are bound to bring it up again.

Chairman : Page 9 of the Audit Report brings out the main features. It might be better to go through this general review.

Mr. Azhar Ali : There is a large saving under Grant 74—see end of page 10.

Mr. Sen Gupta : The Public Accounts Committee decided last time to introduce the procedure of the P. W. D. estimates to be made first and then only provision to be made. A good bit of this saving—about 3 lakhs odd—would disappear if that decision were carried into effect. As regards the Telephone Development Fund, we must admit we have not got a solution yet. The whole fund is new, it is only two years old : but we expect in the light of experience to be able to tighten up the budget as we have done in regard to grant 10.

Chairman : The Telephone Development Fund is a comparatively recent creation and the department has not yet acquired the experience to enable it to bite off as much as it can chew and no more. In the year in question they bit off a good deal more than they could chew. Owing to unforeseeable causes, the unforeseen works failed to materialise !

Sir C. Badenoch : There is one technical point—para. 3 : the lump cut against the whole grant was Rs. 100. On page 27 we find that the lump cut was attached to one particular abstract unfortunately on that abstract there was an excess. The lump cut should be shown against the whole grant and not against any particular abstract.

Chairman : Under what grant was the reduction made ?

Mr. Sen Gupta : Grant 10 as a whole.

Chairman : But the grant as a whole was not exceeded ?

Sir C. Badenoch : The grant was not exceeded. It has been observed that from the technical point of view, it has been wrongly shown.

Mr. Maitra : These telegrams that were not sent—why do you not refund the money to the people who send them ? There is no moral justification for retaining the money when you do not give service ?

Chairman : That is a controversial point.

Mr. Skoobert : Ordinarily we refund it if it is asked for.

Mr. Edmunds : I do not know the details, but if they choose to ask for it they will get it.

Mr. Maitra : What is the amount involved in these censored telegrams—roughly speaking ?

Mr. Roy : Not more than a hundred rupees in the whole of India.

Sir Raza Ali : I find invariably that the variations are much higher in the case of non-voted grants than in the voted.

Chairman : That is not correct, because in most budgets the non-voted element is very largely on account of pay of officers and a much closer approximation is possible to the original provision in those cases than in other types of expenditure.

Sir C. Badenoch : There is another reason, that the comparison is with the final amount and the final grant of the non-voted is calculated much later in the year. You cannot remove a saving from a voted grant, whereas you can remove a saving from a non-voted appropriation.

Sir Raza Ali : On page 27 of the Appropriation Accounts you find a large variation in the non-voted portion.

Chairman : In this year in all the budgets the provision for leave of non-voted officers was not utilised owing to the war.

Maulvi Abdul Ghani : Page 54 : The variation is as much as 38.6 per cent.

Mr. Sen Gupta : We created the post of Deputy Director General, War, and the extra expenditure under voted was Rs. 73,000. A large portion of that went to meet the cost of the war establishment in the Director General's office.

Mr. Azhar Ali : On page 13 I find that 8 lakhs of additional expenditure proved to be unnecessary ?

Mr. Sen Gupta : This was about 1 per cent. of the total cost of establishment in that year. We found by experience that on account of men coming on new rates of pay, the estimate erred on the high side, and in the next two years we reduced the provision to .9 per cent. and .6 per cent.

Chairman : As the establishment begins to consist of more and more men on the new scales of pay, you will get a saving.

Mr. Sen Gupta : There are balancing factors now.

Chairman : It then goes on to the point at which the cost of your establishment should go down. As the new entrants begin to predominate, the salary bill will naturally go down.

Maulvi Abdul Ghani : Grant No. 10, page 12. There is an excess of 47.130. Has it been sanctioned ?

Mr. Sen Gupta : The non-voted excess has been sanctioned.

Maulvi Abdul Ghani : Grant No. 72. There is a note here—"The savings continued to be large". In this connection I would invite your attention to para. 10, page 13. In the middle there is a remark which says

that in one particular instance a building work was postponed for the fourth year in succession. What is this ?

Mr. Sen Gupta : It is about a Posts and Telegraphs building at Belgaum. The land was in the Cantonment and the Defence Deptt. did not approve of the site selected by the D. G. It was changed and the new site ultimately proved to be more economical. Similarly as regards the cost of the building, we first got the estimates from the Bombay P. W. D. which was in the neighbourhood of 3 lakhs. Meantime it was decided to let the C. P. W. D. do the work as we had the C. P. W. D. represented in Bombay. They prepared more economical plans and specifications which brought down the cost. Although we admit there has been a delay, it has not been futile.

Maulvi Abdul Ghani : At the end of para. 10, it is said—" A lump cut of 3, 98 for probable savings imposed in 1938-39 did not prove to be sufficiently effective ". Why was it imposed then, and why was it not imposed later ?

Mr. Sen Gupta : The provision itself was very severely curtailed. It was one of the economy years, and any accepted demands were scrutinised with great care. We thought we had gone down to bed rock and a further lump cut would not be justified. In future we will have to be a little more drastic with our lump cuts.

Mr. Maitra : Generally we are not in favour of such economies in the public utility departments.

Mr. Sen Gupta : The works are all going forward, though the picture here suggests that there is a lot of futility and delay. It is a question of how much is spent in the first year and in the second year. It is there we have gone wrong.

Sir Kaza Ali : At page 50, last para. it is stated—" The original variation was mainly due to a fall in the programme of works "..... Why did this fall take place ?

Mr. Roy : In 1938-39 we budgeted for 40 lakhs and actually spent 22 lakhs ; next year we cut down the provision to 35.

Mr. Azhar Ali : On the same page, column 4. Is there any difference in the rate of interest ?

Mr. Roy : The rate of interest is calculated for the year in advance, but later on it is finalised. But the rate varies with the borrowing rates of the Government of India which cannot actually be pre-determined.

Maulvi Abdul Ghani : Page 14, para. 13, control over expenditure. It is stated here—" The more important instances of defective control are indicated below. C. II. 4. (Page 26).

Mr. Sen Gupta : Due to re-organization of the stores arrangement there has been a speeding up of the supply of stores, and actually we did better than we had anticipated. More stores moved, and the freight on transfers of stores increased.

Mr. Maitra : Is it the case that in the beginning you anticipated there would be little issue of stores ?

Mr. Sen Gupta : Based on previous experience we did so, but suddenly on the outbreak of war the issues had to be speeded up.

Maulvi Abdul Ghani : H. 1. 2.

Mr. Sen Gupta : The rates of printing and the cost of stationery went up in the latter part of 1939-40, and in fixing the revised budget we could not foresee what the increases would be.

Mr. Scott : I. 2.

Mr. Roy : This related to works expenditure. We get information from the circles at the end of February and after that we got no further information, and we proceeded on guess work.

Chairman : The difficulty here is that about half the year was peace time and half was war time. The normal method of calculating the final results of the year is to go on the actuals of the first part of the year.

Maulvi Abdul Ghani : Page 35, I. 1, repairs to buildings, a surrender of Rs. 32,000 was made, and still there was an excess.

Mr. Sen Gupta : The progress of repairs is rather difficult to predict. We might be able to do better, but people cannot hold up the repairs when they have taken a building in hand.

Chairman : Pages 56 and 57—what is the explanation of this ?

Mr. Sen Gupta : Much of this was electrical and mechanical stores which take some time to test. There is a prescribed test to be done, and it takes time to carry out. These stores were supplied after 7th March, and by the time the year finished the tests had not been completed, and rather than pay the bills for goods which had not been tested, the safer policy was followed and the money was allowed to lapse.

Mr. Scott : I often find that when we come to about February, they have money to spare and they often take what they do not really want.

Mr. Sen Gupta : We rather let the money lapse. We go on placing the orders throughout the year. Our aim is to build up a stock, and while we go on ordering stores, we also go on testing them.

Mr. Maitra : I think here the case is not one of ordering the stores, but of manufacturing stores here ?

Mr. Sen Gupta : No.

Sir Raza Ali : Do you think you would be right in stating that you would rather let it lapse than make use of it ? I find on page 35 under Administration of the Grant, 1, 43 was surrendered and it included a reserve of 80. Then the final grant of 27, 37 was exceeded by 1, 21, the variation being 4.4 per cent. as against 2.1 per cent. (saving) of the previous year.

Mr. Roy : That refers to works, and not to purchase of stores. We receive stores ; before we test them we cannot pay. Then the other thing is, we do work for another department in spite of provision in the budget.

Pandit Maitra : In such cases, have you no tests ?

Mr. Roy : We do conduct tests, but those tests are different.

Mr. Azhar Ali : Page 56. In the last sentence you say " The last variation converted the anticipated increase in Manufacture Suspense and indicated absence of close control." That is rather bad.

Mr. Sen Gupta : We went on using the same stores over and over again. When we made the budget, we thought the balance would go down, but actually the balance did not go down. We thought that the balance of manufactured stores would be lower at the end of the year than at the beginning, but it was not so. It was partly due to the fact that prices were revised, because general prices were going up and prices of manufactured articles had to be revised. The other reason is that partly obsolete articles which in the ordinary course would have been treated as scrap were made serviceable by slightly doing them up in the workshop and taking them back into stores.

Sir Raza Ali : Now, what is the policy about employing school masters as branch post masters ?

Mr. Shoobert : We have been lately trying to get more school masters as branch postmasters, because we find them very reliable. They are intelligent and it is very convenient to employ them as an extra departmental agency.

Mr. Maitra : That is a most unfortunate policy. We have found by experience that this policy is most unsuited to the actual needs of the country. It causes any amount of inconvenience to the people in village parts.

Mr. Shoobert : The point is we could not supply the service at all unless we did it through this cheap agency. If we employ whole time men it would cost the taxpayer a good deal of money.

Mr. Maitra : When the department is earning so much profit, it should extend to the public all possible facilities, but I must say that from the public point of view, we feel a good deal of inconvenience in the matter of receiving money orders, insurance and so forth. That is the other side of it.

Mr. Shoobert : The money has to come from the taxpayers. You have the same system in England as we have here.

Mr. Maitra : But not people on Rs. 8 and Rs. 12 a month. For such petty salaries you cannot get honest men.

Mr. Shoobert : There are other things to be considered. The man who accepts this work gets a certain amount of status.

Mr. Maitra : If you will scrutinise the number of frauds committed in this department, you will find that a large proportion has been committed by these extra departmental men.

Mr. Roy : The proportion of frauds is considerably less in monetary value.

Sir Raza Ali : Do you call on this school master to deposit any security ?

Mr. Shoobert : We generally do it.

Mr. Maitra : He is merely asked to show what status he has got.

Sir Raza Ali : Please refer to page 40, item 6. Loss due to misappropriation by an extra departmental branch post master under.....

Mr. Shoobert : That depends upon the individual.

Mr. Maitra : What is the general rule ? I would like to see it if you can show it to me. What is the policy of the department with regard to taking security from school masters who are employed as branch post masters ?

Mr. Shoobert : The Head of the Circle has discretion. We feel that a school master who has a regular employment, and has very much to lose if he is dismissed from service, is generally considered as a fairly safe horse to back. We don't expect him to commit defalcations and you will find very few cases of schoolmasters letting down the department in this way.

Sir Raza Ali : Have you amended the rules so that no school master should be employed as branch post master unless he gives some security ?

Mr. Shoobert : That matter is now under examination as a general matter. How far it has progressed, I am not sure.

Mr. Maitra : From my experience I can tell you that there is a general body of instructions issued regarding recruitment to this extra departmental agency. They have first of all to get hold of people who have some status, and some people like a local doctor or some such man is caught hold of and is employed. There is no regular rule. There is another category of persons who are employed, and that is, people who have some financial status. No security is asked for, but only an inquiry is made to see whether the man has got any financial backing. In some cases if the man says he has got 10 acres of land, that its market value is so much, and if the recruiting agent is satisfied, then he is appointed.

Mr. Shoobert : The Recruiting officer is not entitled to do that.

Mr. Maitra : At least he recommends this man. I know that plenty of people like this have been employed, because they call themselves landlords. As a matter of fact, they are not landlords, they are not revenue paying people ; they have some lands and they receive some rent. But these people are paid only Rs. 8 or Rs. 10. They have not registered deeds in respect of their lands. Very ordinary inquiry is held in regard to the status and position of these people. In many cases it so happens that the security taken from this man is nothing compared to the amount of the fraud that he has committed, the fraud sometimes far outweighs the value of the security tendered, because in the transmission of postal articles, you cannot fix a limit.

Chairman : Take the case of a bank for instance. It works on precisely those principles which you have described. The main business of a local branch of a bank is to judge the worth or the liability of individuals, and it cannot always get a hundred per cent. collateral security for its advances. It has to use its judgment, and if it did not make mistakes, it would not be an enterprising business.

Mr. Maitra : In this case the extra departmental people are paid so low and you can imagine what kind of standing they have.

Mr. Shoobert : Our experience of most of them is this, firstly they don't become extra departmental agents for making something out of it. They think they will gain in status. If a man is a doctor, he gets many clients. It brings in an element of custom to him.

Chairman : What percentage of the number of persons employed would turn out to be bad hats ?

Mr. Shoobert : It is a very small fraction of 1 per cent.

Mr. Roy : Only 300 men proved to be culprits out of a staff of 120,000.

Chairman : Is the percentage higher in the case of extra departmental men ?

Mr. Shoobert : I should not say that.

Sir Raza Ali : My point is, if you employ a man without taking security, you place positive temptation in his way of misappropriating money, because he has very little stake in the matter except the fear of going to jail.

Chairman : It depends upon his status. What you have to take into account in each case is what the man stands to lose if he is faced with a criminal prosecution. I understand the department do take security, even from pensioners.

Mr. Sen Gupta : We verify their securities from time to time when we get adverse reports.

Mr. Maitra : When you employ a man on Rs. 10 we can at once see how much additional emoluments he hopes to make by this work.

Mr. Shoobert : Our policy is not to take a man with an income of less than Rs. 30. We first satisfy ourselves that the man can be trusted and has sufficient status.

Mr. Maitra : My point is this. Ever since you started this extra departmental agency business as a commercial concern you have looked at it more from the point of view of profit to the Government than from the point of view of the public. I may again repeat that a great amount of inconvenience is felt by the public. That is a point which has escaped the attention of the department. As I have told you, there are certain limitations put on these extra departmental people in the matter of delivery of insurance letters, money orders and so on. These are matters which really count. In a rural area where you have this agency and where there are no male members in a house, you compel the women folk to walk over a distance of three or four miles to take delivery of the insured article.

Mr. Shoobert : Whenever it is justified, we turn an extra departmental office into a departmental office. We examine the figures every year in our statistics.

Chairman : What is your criterion for it ?

Mr. Shoobert : As long as it pays its way, and in a case such as Mr. Maitra envisages, if the public give us a guarantee that they will meet the deficit should there be any, we open departmental offices anywhere.

Mr. Maitra : If you open departmental offices, I may tell you that you will have a better and purer organization. If you do so, you will see that there will be very little criticism about your department, except when the Finance Member puts up the postal rates. But as the position stands at present, our honest feeling is that the department is irresponsible and irresponsible to our demands. The test laid down by you that if a certain extra departmental post office is able to stand on its legs and then you will convert it into a departmental office, is not a correct test. At that rate there can be no expansion of post offices at all.

Mr. Shoobert : There is not a full day's work for an extra-departmental agent. There will be just the same temptation for a clerk on Rs. 35 to Rs. 45 a month to commit defalcations on a large scale or perhaps on a much larger scale because he will be handling the savings bank work as well as the money order work. So, the danger will be much greater.

Chairman : Surely, we get back to the criterion of the average honesty of human nature. This department is to be run by human agency and not by automatic machines. The question really is whether any agency which they are employing shows less than what might be expected to be a reasonable standard of honesty. You cannot get angels. You get back at the end to the percentage of defalcations or the percentage of dishonesty amongst these agents. Unless you feel that that percentage is far greater than it can reasonably be expected to be, I do not think you can condemn a system on the ground that some of the defalcations are performed by these extra departmental agents.

Mr. Maitra : It is not condemned solely on the ground that it is causing loss to the department. I am condemning it because it is less serviceable and less useful to the taxpayer. My point is that the people who are sought to be served by these extra departmental agencies are not properly served.

Chairman : At the same time, you have to remember that this is a commercial department.

Sir Raza Ali : I agree with that remark but I suggest that it should be run as far as possible on commercial lines, namely, do not employ a man unless he has any property or security. In the case I quoted you made the mistake because the rule was there. Under the rule you are not required to call upon him to give security.

Chairman : Could you tell us what the income of the schoolmaster was ?

Mr. Roy : He was a primary school teacher and was in receipt of a pay of Rs. 23.

Chairman : Such cases are bound to occur. There was an officer of the Survey Dept. of the Govt. of India on a salary of about Rs. 2,000 who was criminally prosecuted for a defalcation of Rs. 300.

Mr. Sen Gupta : When we are dealing with large sums of money and a big staff, such things are bound to happen occasionally. There is no system which will stop that.

Chairman : Pages 16 to 19. This gives the general picture.

Mr. Scott : You had special officers appointed to investigate the possibilities of adopting measures for prevention of fraud in connection with the savings banks and cash certificates. Has it not been a useful report ?

Mr. Shoobert : We have examined it very carefully from time to time and the recommendations have all been separately examined by the Posts and Telegraphs Board. In some cases we have adopted these recommendations.

Mr. Sen Gupta : Where there is a single extra-departmental agent, we have a system of having transfers at intervals of not less than 3 years, so

that even if he led into evil ways, he may not have much opportunity of continuing his malpractices for a long time.

Chairman : The change of climate may improve his morals.

Mr. Sen Gupta : We also call for reports on these extra departmental agents from the Superintendents, of Post Offices who go round.

As regards withdrawals, they can give on their own authority Rs. 20 at a time. For any amount which is in excess of this, they have to apply to the Head Office. Various recommendations have been made and many of them have been adopted.

Chairman : Take the year as a whole. The amount of loss has been very small. I think this is the best year that they have had for five years.

Maulvi Abdul Ghani : Page 16 of the Administration report. It appears that the crimes of the postal officials are increasing.

Mr. Sen Gupta : This is the gross amount involved but not necessarily the whole amount is lost. A good bit of it is recovered either from the delinquent official or from his security.

Mr. Shoobert : In many of these cases you may have one man who was involved in quite a number of crimes. You have got the number of departmental employees on page 60.

Chairman : Can you indicate why the amount went up in 1937-38 and onwards as compared with the previous year ? Was it due to a large expansion of savings bank accounts ?

Mr. Shoobert : These are not only crimes in the savings bank dept. Some are treasury crimes. There were two or three big crimes. There was the Madras fraud case and there was also the Dacca fraud case. Both of these cases involved a big amount.

Mr. Sen Gupta : You have to take the period of five years as a unit.

Mr. Maitra : Sir, I would like to make one or two suggestions. You will find from Appendix XIV that apparently there has been an increase in railway highway robberies in the year 1939-40. The point which I have been hammering all this time without any effect is that you should give sufficient protection to the postal people when they are on duty. There have been several cases of robbery in the railway mail vans in the past. In the case of ordinary mail runners, they have to carry mails by that crude process, carrying them overhead, and they practically go without any defence. They have got the ordinary spear to protect themselves as best they can. I want the dept. to provide them with some defensive weapons.

Mr. Shoobert : The dept. has thought of that. As a matter of fact, in certain places in the U. P., for instance, some steps have been taken. We cannot provide them with lethal weapons but we give them loaded lathis with which they can defend themselves pretty stoutly. With regard to these murder cases, I may say that although in some cases there has been loss of mails, others were due to personal jealousies. I know of a case in my own Circle in which the runner was murdered not because the people were after his mails, but because they had a grudge against him himself. It was a personal matter. Supposing we put an armed guard to look after the mails, you would find that the cost to the dept. and to the

general public would be far more than the losses have been for a period of the last 10 years in mail robberies. We could not do it unless the railways chose to put armed guards on the train in order to defend the passengers and the mails in these rather dangerous areas. I think it is all due to the lawlessness which in the last year or two seems to have spread in certain areas, mostly in the U. P. and Bihar.

Sir Raza Ali : Take the case of a mail runner. My recollection is that in my school days he used to be provided with a sword.

Mr. Shoobert : It is rather ornamental than useful. He has a spear to defend himself. The man who carries the sword is the mail overseer who has probably 7 or 8 runners under him.

Mr. Maitra : Besides, these mail runners are not provided with umbrellas. They have got instructions that they should not use them with the result that they work in the rains and in the sun without the umbrellas.

Mr. Shoobert : That has been done for years. These mail runners are generally men of the cultivating class and they are in the habit of working without umbrellas in the rains. However, we can consider the matter.

Sir Raza Ali : When was your system of 'certificate of posting' started ?

Mr. Shoobert : It has been in vogue ever since I have been in India. That is over 20 years.

Sir Raza Ali : Unfortunately I made use of it only a month ago from the Simla Head Office. The friend to whom I sent that letter is a very well-known man and he never got the letter.

Mr. Shoobert : The certificate of posting is not equivalent to registration. The certificate of posting only guarantees that the letter was actually put in the letter box. But whether friend's servant received it and then put it in his pocket, we do not know.

Mr. Maitra : Page 35 of the Administration Report. Compassionate gratuities. You say here that the dependants of the employees occasionally get something in the nature of compensation. May I know what is the exact code of instructions ? I can say from personal experience that in the last Punjab Mail disaster one gentleman died in the postal van. There were 14 people in it. Tributes were paid to their honesty and loyalty. What happened was that I immediately got into touch with the then Director General, Posts and Telegraphs. He was very kind and assured me that these cases were being considered very carefully. Later on what happened was this. Only Rs. 100 was paid to the young widow of the deceased. After full one year I inquired from the lady whether she got the amount due under the Workmen's Compensation Act. She said she did not. We suggested that Govt. official should be deputed with the money to go to her place and on proper identification deliver her the money. So far as I am aware up till January 1940 this was not done because I was in communication with the Director General on that point.

Mr. Shoobert : I am under the impression that she has already been paid the amount due under the Workmen's Compensation Act. We deposited the amount in the court. So if the amount was not paid to her, it is not our fault. That is the law.

Mr. Maitra : Then, take another class of cases. On occasions we find that a man suddenly dies of cholera. I think some definite policy should be laid down by the Government in this Department to deal with such cases of exceptional nature. I want to know if you have any rules about that.

Mr. Shoobert : Actually, the compassionate fund is rather a limited fund and, generally speaking, we do not give out of it anything to the dependants of people whose pay is over Rs. 150 a month. As a normal course, it generally happens that it is only the very poorest paid of the employees whose families get relief because the amount is so limited and the claims on the fund are so great. The amount that is given is supposed to be given in order to enable them to stave off the period between the death of the wage-earner until they are able to look after themselves. We generally give not more than two or three hundred rupees.

Chairman : The same applies to the other departments.

Mr. Maitra : In 1939-40 the magnificent sum of Rs. 4,000 was paid in 18 cases !

Mr. Shoobert : That is under the Workmen's Compensation Act. The family pensions are given under the Civil Service Regulations. Extraordinary pensions are given to the families of those persons who die on duty. Suppose a man goes to the Frontier and gets shot by a tribesman, his family gets a small pension. But these amounts which are shown here do not include the amounts paid from our compassionate fund. From that fund I think we paid Rs. 53,000 in the year.

Mr. Maitra : I am only submitting that you should deal with this matter more sympathetically.

Dr. Dalal : Page 22 : Why is it that the sale of quinine was discontinued in the Punjab and the N.-W. F. P. ?

Mr. Shoobert : The Punjab and the N.-W. F. P. make their own arrangements—I mean the local Governments.

Maulvi Abdul Ghani : Page 70 : It is mentioned that the Indian States were supplied with stamps worth Rs. 3 lakhs odd. May I know what services the States rendered to the Department in return ?

Mr. Shoobert : We enter into agreements or conventions with the Indian States and this was under those agreements.

Maulvi Abdul Ghani : Moreover, it is mentioned here that in the case of some other States free service is granted to them.

Chairman : Suppose you have a State which has its own post office system and the State's government work was carried by their own system and they used to have a balance at the end of the year. If they join the Indian Postal Union, then they would have to buy stamps for their government purposes. Naturally, they would not agree to join this Union unless at any rate, their government work was carried free.

Maulvi Abdul Ghani : Page 6 of the Report : In this connection I would like to say that the most important Muslim festival is the Id-ul-Fitar and it should be observed as a holiday.

Chairman : The only effect of your adding another holiday will be that you will have to pay double the amount for your telegrams.

Mr. Shoobert : I think the two holidays mentioned there were added as the result of interpellations in the Legislative Assembly.

Sir Raza Ali : I think your holidays are very few indeed ?

Mr. Shoobert : That is for the sake of the general public. The Telegraph people are allowed 20 days casual leave. That is some compensation for them. They get their earned leave as well.

Mr. Scott : I think in the present circumstances when there is scarcity of paper your report is a bit large though very useful.

Mr. Shoobert : I would be very glad if we could have it reduced.

Mr. Scott : Some of these graphs might be incorporated into one.

Mr. Shoobert : I will take my H.M.'s orders on that point and reduce the number of graphs if I can.

Chairman : Memorandum regarding the fixing of percentages of variations : The system on which they have been working for the last four years under the instructions of this Committee is the one which is described and which is different from the ordinary civil system for the reasons explained in this Memorandum. We are also told that even if the narrower limits provided by the general civil practice had been followed, no difference would have been made to the picture of budgeting and control. The proposal is supported by the Auditor General and there is also a proviso that 'in any individual cases the Accountant General will have full discretion to make any comments he considers necessary irrespective of the limits'.

Mr. Scott : I think that is satisfactory.

Sir Raza Ali : I do not want to be unfair to the Posts and Telegraphs Department but when I was reading through this report it appeared to me that it was rather a colourless document. I am comparing it with the last report.

Chairman : This was prepared by Sir Gurunath Bewoor. You think that he lost his power of vivid presentation during the year ?

Sir Raza Ali : As a matter of fact when I went through it I thought that I was going through a mechanical process. I mean the Appropriation Accounts and Audit Report.

Chairman : I wish this Committee would confine itself to the mechanical process which it is supposed to go through. For 95 per cent. of the time this morning we have not been doing the work of this Committee at all. I am taking the line that if this Committee prefers to deal with questions of policy and so on, I am not attempting to restrict them. But I must point out once more that the Committee is not discharging the functions for which it has been appointed by the Legislature. It is not for a very great part of the time doing what it is expected to do on behalf of the Legislature which has appointed it. It is asking questions and even discussing and putting forward its own views on matters of policy instead of finding out whether the money voted by the Assembly was spent in accordance with the grant and what the reasons were for important variations. In fact, the discussion this morning has been much too interesting to be a suitable expression of the duties of this Committee, which should be much duller than it has been.

Sir Raza Ali : My remarks are rather of a general character. When I went through these comments I found them rather insipid and I did not get much inspiration from them. I am speaking for myself.

Sir C. Badenoch : I do not quite understand your criticism.

Sir Raza Ali : Take, for instance, the percentage of variations.....

Chairman : The witnesses have given the facts lying behind these figures. Of course, you could explain this in a very much greater size by giving the administrative details in the accounts, but I do not think that would be in accordance with the rules.

Sir Raza Ali : I am thinking more of the comments made.

Sir C. Badenoch : The comments are exactly of the same character as they were in previous years.

Chairman : The nature of the reason is given and if you want to know more about it you have to ask the witnesses.

Sir C. Badenoch : There is much more information in this report than there is in the report of the Accountant General, Central Revenues because you are dealing with a single department. There is always an explanation of financial irregularities which you do not get in the report of the Accountant General, Central Revenues. I must say that I do not accept the criticism of Sir Syed Raza Ali.

Sir Raza Ali : I did not expect the Auditor General to agree with me because he has written the report and a certain amount of responsibility rests with him. Yet I stick to every word that I have uttered. Look at the stereotyped manner in which the comparisons have been made. Every sentence begins the same way. The scope of information is much less limited than is the case with the other reports which you have examined. That is what I meant. I entirely agree with the Auditor General that he has done his duty.

Chairman : I have several times pointed out what are the precise duties of this Committee. I do not desire to confine the Committee to the duller aspects of this work. But when Sir Raza Ali complains about the dullness of the appropriation accounts, I think he is going a little too far. The fact is that not only have the accounts in their nature to be dull because they merely deal with certain variations of figures and percentages and so on but, as I was reminding him, the proceedings of this Committee, strictly speaking, would not be much more interesting than that if they were strictly confined to the peculiar functions of the Committee.

Mr. Mitra : I am really thankful to you for the latitude that you have allowed us. But if we do not understand what is represented by these figures and what is actually going on under this head, it is a useless process.

Chairman : I must point out that accounts in themselves are a mere statement of figures and percentages and so on. To go so far as to say that because the proceedings of this Committee have gone beyond the scope of the account and therefore the account is very dull and mechanical is, in my opinion, reversing the whole order of things.

Mr. Scott : I have been a member of this Committee for 12 years and we understood when the Government of India Act came in 1935 that we had to strictly confine ourselves to things like the Chairman had said just

now. But Sir James Grigg and Sir George Schuster said that they did not want to restrict our remarks which practice had been in force for some time. I really think that we have got a tremendous lot of latitude and we must be very grateful to Sir Jeremy Raisman.

Chairman : At the same time, I must ask the Committee to exercise a certain amount of self-control and endeavour to get through the main part of its peculiar business. It is not a question of time. Actually, the Auditor General is in the best position to judge how far we have covered the ground and deal with the material placed before us. I cannot myself pretend that I have time to study all these papers. I have been hoping that the members of the Committee will draw attention to such points as appear to them to be of importance. My impression this morning was that we did a little less than we ought to have done on going through the accounts.

Sir C. Badenoch : I will say that I think the remarks were more suggestive on the administrative side than on the financial side.

The witnesses who were thanked by the Chairman then withdrew.

The Committee adjourned till 10-30 A.M., on Tuesday, the 26th August 1941.

Seventh Meeting, Tuesday, the 26th August, 1941.

LEGISLATIVE DEPARTMENT.

Mr. Maitra : Are these estimates made without consultation with the Leader of the House ? Who is responsible for shortening or lengthening of the session ?

Sir George Spence : It depends on the volume of business and the amount of time taken in disposing of it.

Mr. Maitra : Do you consult the President ?

Sir George Spence : The President knows nothing about the business until Government tell him what it is. In effect the length of the Council of State session depends on the length of the Assembly session : the Council of State has got to remain sitting until all Bills to be got through that session have been passed by the Assembly. As soon as the final batch of Bills is passed by the Assembly they are laid before the Council of State and they are taken up two or three days later.

Mr. Maitra : Who decides the period for which a session is to be held ?

Sir George Spence : The technique of that amounts to this, that Government plots out what they think will be required. The Governor General summons the legislature and fixes the days for non-official business.

Mr. Maitra : In the summons there is no indication of time. Who fixes the provisional period ?

Sir George Spence : It rests with the President to direct on what days the Assembly will sit for official business. Government having considered the volume of business send to the President a tentative programme for his consideration and he normally accepts it. Then you get the circular appointing the opening date of the session and allotting such and such dates for non-official business and such and such dates for official business—the former by the Governor General and the latter by the President.

Mr. Maitra : Has the President any hand in deciding on the length of the session ?

Sir George Spence : If the President chose to say " These proposals of Government are preposterous and I shall not allot these dates : I shall allot very much less ", of course he could do so. But I think we may take it that the President will normally take it from Government that they are in a better position to form an estimate of the probable length required than he is. The provisional programme is all plotted out beforehand and then you get your circular and calendar of dates for official and non-official business.

Mr. Maitra : I say the process should be reversed, and you should leave the President to judge the time required. We find it extremely difficult because almost the next day after the opening of the session non-official business is put down on the agenda when most of our men have not come and when we cannot say for certain whether we should move

this or that particular resolution or Bill. But what takes place is that the President without knowing the business fixes offhand such and such dates for official and non-official business.

Sir George Spence : The Governor General fixes the days for non-official business, not the President. The actual process by which the President is made aware of the proposals of Government is that I write a letter to the Secretary of the Assembly Department stating that Government's proposal is that H. E. the Governor General should be moved to fix such and such date for the commencement of the session, that it should be suggested to the Governor General that he should allot such and such dates for non-official business and that Government suggest for the consideration of the President that such and such dates should be fixed for official business.

Mr. Maitra : The President finally decides, but he has no initiative in the matter.

Mr. Scott : Do you get your proposals from the departments in ample time before the session starts or are you rushed up to the last minute and during the session with Bills ? I think there ought to be some sort of convention that departments ought to send in their Bills before the start of the session.

Sir George Spence : Of course in so far as it is possible to anticipate the necessity of bringing forward legislation, everybody concerned gets on to it as quickly as possible : but you cannot preclude the possibility of having to undertake legislation the need for which has suddenly arisen.

Mr. Maitra : I rather feel that departments delay things to the last minute.

Chairman : No. Every Member in charge of his department knows what legislation is concentrated in his department : they meet together some time before and discuss the business which they will have to bring forward and that enables Sir George Spence to judge what time will probably be required in order to dispose of the business. The President of course cannot know what time will be required for a particular Bill : if I bring up an amending Bill, he cannot know whether it is a mere formal amendment or whether it is highly controversial one. It is only the members of the Government who can inform Sir George Spence what is likely to be the volume of work during a session.

Mr. Maitra : But Bills are introduced a week before the close of the session and the Assembly is extended by three or four days for that purpose : that means springing a surprise on members of the legislature when towards the fag end of the session many of them might have left already.

Chairman : In the case of Tariff Bills and those relating to protective duties, it is not possible or reasonable to take a decision much before the close of the year : you have to decide in the light of the actual conditions prevailing at the time : for instance, the price of wheat may be very high and no protective duty may look necessary for the following year : in the case of fiscal measures it is not possible to give advance notice of the fact of their introduction.

Mr. Maitra : I am talking of other than fiscal Bills.

Chairman : Another thing which may happen is this : we decide to come with a measure A. In the course of the session developments may occur which make it undesirable to proceed with the measure and which may make it necessary to proceed with another measure in order that the time may be properly utilised. There may be a Bill which to me looks simple, but which members may find complicated and ask for more time to consider : that business drops and instead of wasting the time of the Assembly we endeavour to fill the gaps as well as possible.

Mr. Maitra : When Bills other than fiscal are introduced as I have described above, we become suspicious.

Mr. Azhar Ali : And express our suspicions on the floor of the Assembly itself.

Chairman : But the fag end of the session is also part of the session and business has to be transacted.

Mr. Maitra : As Mr. Ramsay Scott has also pointed out, except under exceptional circumstances the normal procedure should be that all departments having legislation to be put through should be well ahead of time and give notice so that members may not be taken unawares. That is Mr. Ramsay Scott's and my contention.

Mr. Scott : I may add that if Bills are prepared well in advance and placed before us a week or fortnight before the commencement of the session by publication in the gazette, they can then be taken in due course and we could have the opportunity of getting expert opinion and the opinions of our constituents. I am only making these remarks for clarifying the position and helping Sir George Spence's Department.

Chairman : I do not disagree at all and that is what we endeavour to do. We inform the Legislative Department well in advance of the session.

Sir George Spence : In regard to publication in the official gazette, the line hitherto taken has been that this is done only for special reasons ; it is not the normal procedure.

Mr. Scott : One of my reasons is to cut down the length of the session--economy of time.

Sir George Spence : You would not really get economy of time, unless the fact that a Bill had already been published led the House to consider at once a Bill which it would otherwise have referred to Select Committee.

Chairman : I do not know that that would meet the general desire of members of the House. From my point of view, it would suit us splendidly that Bills should be published in the gazette and considered straight off the moment the Assembly meets.

Mr. Maitra : That may not be possible : we cannot go on hunting gazette after gazette.

Chairman : Besides you do not get the benefit of discussion with your fellow legislators and so on in Delhi.

Mr. Maitra : In very exceptional circumstances you may publish in the official gazette, but the ordinary course should be to introduce as many official Bills on the first day as possible.

Sir George Spence : We do that.

Chairman : That is precisely what we try to do.

K. B. Piracha : Do Provincial Governments nominate their official members or not now ?

Sir George Spence : The position is that on the inception of provincial autonomy all provinces were told that it would be in their option to continue the system of supplying officials for nomination to the Assembly or not as they thought fit. All provinces except Bengal and the Punjab opted not to continue the supply.

K. B. Piracha : Is it a fact that in the next session you are not having any nominated member from Punjab and Bengal ?

Sir George Spence : Yes ; that, I think, is a fact. In the old days there was a sort of rough idea that the presidencies used to send two men each and the other larger Governor's provinces one man each.

Mr. Maitra : Do Government propose to fill the vacancies by nomination if the provinces do not send men ?

Sir George Spence : Yes ; you cannot very well leave a seat unfilled.

Mr. Scott : You used to nominate 27 officials ; but recently you have nominated 7 non-officials.

Sir George Spence : We amended the rules and reduced the number of officials from 26 to 20 and correspondingly increased the non-officials.

GRANT No. 16.—LEGISLATIVE DEPARTMENT.

Sir Raza Ali : Page 78-B. Col. 1. On what basis is this estimate made ?

Sir George Spence : The position is this : in the old constitution, elections to the Indian legislature were a provincial subject ; the provinces did the whole show and paid. Under the present constitution it is a central subject and the central government have to pay ; they employ the agency of provinces and pay for the expenditure incurred.

Sir Raza Ali : Are not the rolls for the provinces and the central assembly prepared about the same time and the agency employed the same ? On what basis does the provincial government charge the centre ?

Sir George Spence : At the time these rolls for the central assembly were prepared, there were no electoral rolls being prepared for the provinces. The central rolls were the only rolls involved and so the expenditure incurred by the provinces was a central liability.

Mr. Maitra : Does this Rs. 41,800 represent the cost of preparation of electoral rolls ?

Sir George Spence : That represents the biggest item. There were a few small charges for conducting bye-elections. The preparation of electoral rolls is a very expensive business indeed over the whole of India.

Mr. Maitra : Is it not possible to have some idea of the actual costs involved in this preparation.

Sir George Spence : When we had to prepare the budget sometime in the October preceding the financial year we were quite unaware how much of the work would be completed by the 1st April 1938. Under a provision in the India and Burma Transitory Provisions Order the provinces remained liable on the old basis for the first year and some work was done in that year. We had no idea at all how much that would be Rs. 10,000 was pure guess-work : we knew it would be something but it was almost a token amount.

Sir Raza Ali : But what about the share of the Central Government ? How is that arrived at ?

Chairman : The travelling and other expenses in connection with Central Government work are paid by us usually and also any additional clerks who may have been taken on. It represents the extra expense involved as far as possible. Sometimes controversies arise but we are acquiring experience in the matter.

Sir George Spence : A greater part of the expenditure is due to printing charges : the printing charges are enormous.

Sir Raza Ali : Let me correct Sir George : in 1936 both the rolls were prepared at one and the same time.

Sir George Spence : If you will excuse me, you are wrong. The rolls of the Legislative Assembly were to my certain knowledge prepared on various dates in 1937 and ran on into 1938. There were no rolls of the Assembly prepared in 1936. What you have in mind is probably simultaneous preparation of the rolls for the two chambers of the provinces.

Mr. Maitra : The note at the end of page 78 shows the percentage in saving.

Chairman : That seems satisfactory.

Mr. Jones : Normally you cannot surrender from a voted grant ; but on account of this expenditure for preparation of electoral rolls they were able to reappropriate all the anticipated savings under other heads and only ask for a supplementary grant for the surplus of 15,000.

GRANT No. 26.—ADMINISTRATION OF JUSTICE.

Mr. Maitra : B-3 : what does this mean ?

Sir George Spence : There was a prospect of the Advocate General going on tour for consultations and 1,800 was budgetted under this head, but he did not have to tour at all.

Mr. H. M. Abdullah : External Affairs. Sub-head I-6. What is the total amount of the Government of India's contribution to the League of Nations ?

Sir George Spence : The contribution in the current year was Rs. 7,54,649-3-7. In the year under report it was Rs. 10,77,930. The amount we pay is determined in the following manner. There is an allocation of expenditure among all members of the League. Every member is allotted so many units and every member pays X/Y of Z , X being the number of the member's units, and Y the total number of units and Z , the total expenditure of the league. India's units are 48 ; and the grand total of units is 522 at the moment ; and so India pays $48/522$ ths of whatever is the league's expenditure.

Mr. Maitra : Nobody has heard of the league's functioning for the past two years. Is it still functioning ? Has it got any staff ?

Sir George Spence : They have still got a nucleus establishment in Geneva and a considerable number have been shifted to Canada and the States. Of course there have been no delegates as the Assembly has not met for the last two years. But the machinery of the League is still continuing to a considerable extent. Before the war there were four Indians in the Secretariat of the league proper and four in the Secretariat of the International Labour Office. There has been a good deal of retrenchment—both absolute where engagements have been definitely terminated, and suspended retrenchment with a right to go back when things revert to normal. I think two Indians in the Secretariat are in that position.

Mr. Maitra : Whatever justification there may have been in the past, there is absolutely no justification for it in the present. It may have been functioning on paper, but nobody in India has got a scrap of paper from it in all these two years.

Sir George Spence : I don't think you are right in saying that in the last two years you did not get a scrap of paper. The documentation issued by the League is very much smaller than before, but all the same we do get a number of documents and a copy of every document that we receive is placed in the Library.

Mr. Maitra : You say there has been no delegation from India, there has been no retrenchment, and there has been less documentation, and yet you have to pay the same contribution ?

Sir George Spence : The position is this. As long as you are a member of the League you have got to pay your contribution.

Mr. Maitra : In other words, so long as you are compelled to be a member of the League, you have to pay the contribution, and though as we all know there has been no activity, you still ask me to foot the bill ?

Chairman : I don't think this Committee can take that point.

Sir Raza Ali : What I would like to know is this. Take the year under Report, 1939-40. Could you tell me how many members of the League have paid their annual contribution in the year 1939-40 ?

Sir George Spence : I should have to look that up, but I do know in general terms that in the position which prevailed immediately before the war, the default position had very greatly improved. There was a time when defaulting had become something of a scandal. There was a great improvement ; the defaulters paid up their arrears. I am talking of the situation which prevailed before the outbreak of the war.

Sir Raza Ali : You don't know how many members are defaulters ?

Sir George Spence : I could not tell you that.

Sir Raza Ali : Of course, the number of defaulters is very large.

Mr. Maitra : May I know whether they are still continuing as members of the League and enjoying all the benefits ?

Chairman : You are also one of the very few countries in the world that has never defaulted on its loans.

Sir Baza Ali : Most of the advantages really accrue to us from the social activities of the League of Nations. What is going to be our contribution in the current year ?

Sir George Spence : It has already been paid. I have already given you the amount,—Rs. 7,54,000.

Mr. Maitra : Was there any demand made for it or it was paid voluntarily ?

Sir George Spence : There is a regular routine procedure of some kind. Actually our contribution is paid in England. Presumably a document is sent indicating that contribution is due and then it is paid.

The Chairman thanked the witness who then withdrew.

LEGISLATIVE ASSEMBLY DEPARTMENT.

GRANT No. 14.

Mr. Maitra : Page 73, Col. 4. Why was this unforeseen expenditure in connection with the tour of the President ?

Mr. Kaul : The Honourable the President under the rules can make journeys to Calcutta, which is his constituency, as and when he likes, and there may have been some occasion for him to go to Calcutta which was not anticipated.

Mr. Maitra : Don't you get an idea of his tours from the President ?

Mr. Kaul : Yes, we do. It is on the basis of past years' experience that we proceed.

Mr. Maitra : Could you give me an idea of the number of tours the President makes in the course of a year ?

Mr. Kaul : He tours twice a year ordinarily.

Mr. Maitra : I believe he tours only his constituency, and does not move about the provinces ?

Mr. Kaul : That is a separate matter,—I mean his right to go to the provinces.

Mr. Maitra : The point really is whether the President gives you an idea as to what kind of tour he is going to make outside his own constituency ?

Mr. Kaul : He has not made any tours outside his constituency, so far as this financial year is concerned. He has only gone to Calcutta which is the headquarters of his constituency.

Sir Raza Ali : What do the rules provide ? Are there any special rules about that matter ?

Mr. Kaul : There are orders of the Finance Deptt. governing the tour of the President. Speaking from recollection he is also entitled to tour in the provinces in connection with visits to local Councils.

Mr. Maitra : And he is paid travelling allowance for it from the Central Exchequer ?

Mr. Kaul : Of course, if he goes there on official duty to meet the Speakers, because, as you know, one of the duties of the President is to convene a Conference of Presidents and Speakers all over India. There have been, I think, more than ten conferences, and all these Presidents and Speakers are invited to this conference. There is a very heavy agenda dealing with legislative procedure, and the conference sits for three or four days. In connection with this and other matters he may consult some of the Presidents and go on tour.

Mr. Maitra : Do we pay for all these conferences ?

Mr. Kaul : The Provincial Governments pay for their Speakers. We don't pay anything. Whenever these conferences are convened,—I think since I came here one was convened in 1938 and another was convened in 1939,—the expenses of the Speakers who come to attend these conferences are paid by their Provincial Governments. Our expenditure only relates

to incidental matters ; for instance we have to prepare an agenda, the notes of the conference have to be printed and so on.

Mr. Maitra : Our staff is utilised for that purpose, I suppose ?

Mr. Kaul : Yes.

Mr. Maitra : Why don't you publish the proceedings of these conferences ?

Mr. Kaul : In the time of Sir Frederick Whyte this idea of Presidents' conference was mooted, and one of the points which the first conference discussed was whether the proceedings of these conferences should be published or not. They are printed, but it was thought that they should be kept confidential because the discussions were of an informal nature, and it was suggested that the speakers might be embarrassed by their opinions being published.

Mr. Maitra : That will be a good check ?

Mr. Kaul : It is not for me to argue that here. The point is that the conference as a whole has got the right to settle its own procedure, and the printed proceedings are available to the Speakers and their Secretaries, but not to Members of the Legislature.

Sir Raza Ali : Is there any copy of these proceedings in the library ?

Mr. Kaul : No, the printed proceedings are not in the library, they are kept in the office.

Sir Raza Ali : Was any conference held in 1939 ?

Mr. Kaul : Yes, one was held in 1939 in Simla.

Mr. Maitra : Do you have any grant for it ?

Mr. Kaul : No grant is required for it. It is ordinarily met from contingent expenditure of the department. The Provincial Governments meet the expenditure of their Presidents and Secretaries.

Mr. Maitra : Here is an instance where we want to control something under the head contingencies.

Chairman : You want to control contingent expenditure, you want to be in a position to refuse stationery, etc., to Speakers and Presidents, is that your idea ?

Mr. Maitra : When the Govt. of India makes certain expenditure, and when the Presidents and Speakers from other provinces meet here, we should know what is being done in the conference because the Speakers' conference deals with matters which concern the legislatures.

Chairman : It means that every matter which is recorded on stationery provided by the Indian taxpayer must be published, is that your idea ?

Mr. Maitra : That is not so. We want to make our views felt in this matter. We want to be kept informed of what is going on in these conferences, because money is actually spent.

Mr. Scott : I am afraid I cannot agree with it.

Sir Raza Ali : I find here under B. 1—Pay of Establishments Rs. 86,900,—that was reduced by Rs. 1,500. I think the pay of officers is a fixed item. Why was this amount taken away ?

Mr. Kaul : It arose in this way. I think a couple of years ago economy orders were passed by the Government of India, and we were asked to economise on the expenditure of the department. Formerly we used to recruit a senior Watch and Ward Officer, but as a result of these economy orders, we decided to recruit a junior Watch and Ward Officer, who is generally a junior Deputy Superintendent of Police, and his pay being less, there was some economy.

Chairman : Actually you spent Rs. 950 more. You had a final excess of Rs. 953.

Mr. Kaul : The question was put to me with regard to the saving of Rs. 1,500, and my remarks only related to that item.

Mr. Scott : What was the cause of the increase of Rs. 953 ?

Mr. Kaul : This is due, I think, to officiating promotions which could not be anticipated.

Chairman : Actually on this item Rs. 1,500 was saved, but on another item Rs. 900 was lost.

Mr. Azhar Ali : Speaking about these contingencies, how is it that Members do not get even gummed envelopes ?

Mr. Kaul : You might have spoken to one of us during the session, and we would have put that right.

Dr. Dalal : Is the production of a Railway Receipt in support of the claim for carriage of conveyance insisted upon in the case of both officials and non-officials including Members of the Legislature ?

Mr. Kaul : Yes, every Member of the Legislature has got to produce a Railway Receipt.

Dr. Dalal : What is the procedure in cases where the Railway Receipt is lost or surrendered to the railway authorities ?

Mr. Kaul : I suppose a duplicate has to be obtained.

Mr. Maitra : Who introduced this procedure ?

Dr. Dalal : I suggested it in 1931. Some Members used to give incorrect certificates, and so this procedure was introduced.

Mr. Kaul : Where a railway receipt is lost and a member gives a certificate that he will be put to undue difficulty in obtaining a duplicate, then Audit accepts that certificate.

Dr. Dalal : Then Audit is all in all in this matter.

Mr. Kaul : Audit accepts that certificate.

Sir C. Badenoch : If in any case it is obvious that it causes a great deal of trouble to obtain a duplicate receipt or a cash memo., we do accept such certificates. That is the general rule both for officials and non-officials as well as for Members of the Legislature.

Maulvi Abdul Ghani : B. 2. I find there is a saving of Rs. 5,000 in way of establishments. What was it due to ?

Mr. Kaul : It was due to economy orders. We did not fill certain vacancies and certain officiating promotions were not made.

Mr. Maitra : Don't you think it has affected the efficiency of the department ?

Mr. Kaul : They were the orders of the Govt. of India, and we had to carry them out.

Mr. Maitra : Irrespective of whether they affected the efficiency of the department or not ?

Mr. Kaul : We expressed our view, but ultimately some of the posts which had fallen vacant were not filled, and certain officiating promotions were not made. We recruited extra temporary hands during the session.

Mr. Maitra : As Members of the Legislature we often are very much handicapped for want of sufficient number of chaprasis.

Mr. Kaul : I think these economy orders do not apply to inferior servants. At any rate, there has been no decrease in the strength of inferior servants, and if the Honourable Member feels any actual difficulty, he can bring it to our notice. During the session we employ extra hands.

Chairman : The point is this. This was as a result of the action which had to be taken in the previous year, and these measures applied to all Departments who were called upon to make some sacrifice on their existing budgets in order to contribute to a saving, and an impressive saving was secured in the course of that year. But I do think that even the Members of the Legislature must be prepared to accept some sacrifice when an economy drive is in operation,—something has to go from all departments. In the case of establishments, we suggested that vacancies which occurred during the year up to a certain percentage should not be filled during the economy campaign, and that officiating promotions should not be made in order to secure savings. This was imposed on all departments.

Maulvi Abdul Ghani : What was the number of vacancies left unfilled in that year which resulted in the saving of Rs. 5,000 ?

Mr. Kaul : I think two posts of Assistants which fell vacant were not filled, and one post in the 2nd division was not filled.

Mr. Maitra : My impression is that this Legislative Assembly Deptt. is often overworked and because of this retrenchment efficiency is suffering.

Chairman : You have to remember that it has an easy time during the rest of the year when most of the other deptts. work at high pressure. It has seasonal work.

Sir Raza Ali : Page 73. There are large savings under sub-head (a).

Chairman : The Congress contributed to it. Grant No. 64 sub-head H. 3. What is this Rs. 2,700 grant,—is this the Empire Parliamentary Association ?

Mr. Kaul : Yes.

Mr. Maitra : You are not sending any representatives from here ?

Mr. Kaul : None has been sent recently.

Mr. Maitra : Did you send anybody during the year under review ?

Mr. Kaul : It is a recurring grant.

The Chairman thanked the witness who then withdrew.

DEFENCE DEPARTMENT.

Chairman : Page 211, item J : Provincial statistics—Miscellaneous. What is this ?

Mr. P. M. Rao : It is payment made for the preparation of certain vital statistics relating to the Roman Catholic community.

Chairman : Page 269, Grant No. 64 : Indian Soldiers Board I (i).

Mr. Maitra : What are these Boards for ?

Chairman : This is a department of which I am the President. The object of this Board is to make arrangements for the care of ex-soldiers and their dependents and so on. It administers certain funds which have been earmarked for that purpose. It has been functioning since a long time. The balances of the war purposes fund in the last war were made into an endowment for this purpose and certain other sums too have from time to time been provided from various other sources.

Sir Raza Ali : Pay of establishment and officers.

Chairman : The machinery for running it is provided by the Government. A gazetted officer in the Defence Department, an Under Secretary does all the work connected with the Board which is quite considerable, and he gets an allowance of Rs. 200 for it, in addition to his own ordinary duty.

The next thing is page 324—Defence Department. I may say here that Mr. Ogilvie asked to be excused. Owing to very important business this morning, he has not been able to attend himself, and so he has sent Mr. Chambers.

Maulvi Abdul Ghani : What is this item (c) Indianisation Committee ?

Chairman : I think it was a Committee appointed by General Wilson. It was dissolved or kept in abeyance after the war.

Mr. Maitra : When did it come into being ? We never heard of it before ?

Dr. Dalal : I think it was in existence for about 9 months.

Sir C. Badenoch : I think that Committee met in the spring or summer of 1939, and when the war broke out, they could not meet more often. All the same, there is now very much more Indianisation than the committee contemplated.

Sir Raza Ali : Under what circumstances did it come into being ?

Dr. Dalal : The Defence Department started it. It consisted of both officials and non-officials.

Sir Raza Ali : I wonder if the witness knows anything about this item B—Pay of Establishments.

Mr. Chambers : I am sorry I do not know.

Sir Raza Ali : Then what about the next item—Sub-head D—Grants-in-aid, Contribution, etc. Where was the officer sent to and for what purpose ?

Sir C. Badenoch : It is probably a provincial officer who has been serving in the Defence Department, and the Government of India has to pay to the provinces the passage contribution. Apparently it had not been claimed or adjusted for two years. The passage account is maintained in the provinces, and when the Central Government borrows an officer from the provinces, the Central Government budget has to pay to the province a contribution of Rs. 50 a month on account of his passage money.

Sir Raza Ali : Is there any officer of the provincial Government working in the Defence Department ?

Sir C. Badenoch : All the I. C. S. officers are provincial officers.

Chairman : We all are. The Central Government has not got any I. C. S. officers. They get them from the provinces.

Sir C. Badenoch : The expenditure of Rs. 4,521 is not due to one officer, but covers the passage contributions of all provincial officers serving in the Defence Department.

Chairman : Ecclesiastical Department, page 325.

Sir Raza Ali : How is it that in Bengal, which is a much bigger province than the Punjab, there is a smaller number of Chaplains than in the Punjab ?

Chairman : It is because of the distribution of the army. There are more military stations in the Punjab than in Bengal. In nearly every military station there is a chaplain.

Sir Raza Ali : Does this expenditure include the chaplains in the civil areas ?

Mr. Chambers : Entitled personnel are persons who are entitled to the spiritual ministrations of Chaplains and these are chiefly European soldiers, civil servants and State Railway employees, and their dependents.

Sir Raza Ali : What is this A-14 (1) ?

Chairman : I can tell you something about it. The tendency of the Government of India has been for many years to reduce progressively the cost of the Ecclesiastical Department. One of the ways of achieving that reduction has been to reduce the number of regular establishment chaplains who are Government servants and to say to the Church that we will no longer maintain a chaplain in such and such a place. We will make some contribution towards the cost of alternative arrangements which may be made for providing service from time to time at that place. But we will not maintain a regular chaplain. Chaplains are now maintained only in stations where there is quite a considerable community of entitled personnel.

Sir Raza Ali : So, by adopting this method you have effected considerable saving ?

Chairman : Yes.

Sir Raza Ali : What about the next item A-14 (2) ?

Chairman : That is a similar thing. The first one was in lieu of Government chaplains. There were certain clergymen who were not

Government officers but were maintained out of Government grants. These regular allowances were reduced and there also a lump sum is paid in order to secure certain ministrations.

Sir C. Badenoch : The system was that the Government borrowed full-time clergymen from this Society.

Chairman : This is exactly similar to the previous item except that these clergymen were not Government servants but payment for them was made to a Society which provided them.

Mr. Scott : Do you know what the amount of the saving is ?

Chairman : There have been very notable savings to my knowledge. Can you give us any information about that ?

Mr. Chambers : I have not got the figures.

Sir C. Badenoch : We watch the total expenditure every year and see that it does not exceed 42 lakhs.

Mr. P. M. Rao : Rs. 36 lakhs were spent this year.

Mr. Azhar Ali : C. Church of Rome : Has this Church anything to do with the Italian Government ?

Chairman : It has nothing to do theoretically with the Italian Government. Actually, the attitude of the Pope is very different.

Sir Raza Ali : F. and G. What are these items ?

Chairman : I suppose it is for military chaplains. Then, there is the recovery item. I take it that K is the sum of F. and G.

Mr. Scott : As a result of the recommendations of the Public Accounts Committee we had all this expenditure allocated and we said it was not fair that the Indian civil budget should bear these figures of the Army and the Railway. Therefore, it has all been examined and the amount of the Army is paid by the Army and the amount of the Railways is paid by the Railway Department. It has come into effect only from this year.

Sir C. Badenoch : The idea is to include the whole thing in one appropriation in order to watch the total expenditure.

The Witness then withdrew.

DEFENCE CO-ORDINATION DEPARTMENT.

Sir Raza Ali : May I know what is the function of this Department ?

Chairman : The powers and responsibilities of the Governor General under the Act have grown so greatly that it has been necessary for him to increase the Secretariat which assists him in the carrying out of those functions. Could you explain the functions of your Department ?

Mr. Williams : The functions have changed very considerably. In December 1938 when it was a branch of the Governor General's Secretariat it was concerned mainly with the preparations for war, namely, the preparation of what is known as the war-book which is mostly a military thing. It was also concerned in a minor degree with correspondence, or what is now called "civil defence" and also with the drafting of the Defence of India Act and Rules. Also there was attached to this office the office of the Principal Supply Officers Committee, which formed the nucleus of the present Supply Dept. In addition, there was attached to it a branch which deals with European manpower. Now, the Principal Supply Officers Committee has branched off into the Supply Dept. The Manpower Section has branched off into the Home Dept. The war-book work has ceased. On the other hand, the work in connection with the Defence of India rules has very much increased. Anyone who looks at the Gazette will see that there are about a dozen amendments of those rules every week and latterly there has been a considerable volume of correspondence with the Provincial Govts. as regards the preparations to be made in the event of actual hostile action in India, i.e., things like evacuation and to some degree A. R. P. work.

Mr. Maitra : Then, I take it that this Defence Co-ordination Dept. is mainly in connection with this war and it had no existence before this war ?

Mr. Williams : It came into existence before the war. At that time we did not know that there was going to be a war. Actually, we started to think about it in May 1939. We began to get rather worried and naturally the Munich crisis accelerated action.

Mr. Maitra : The Defence of India pertains to your Dept. and not to the Home Department ?

Mr. Williams : Yes.

Mr. Maitra : So, the publication of the war-book has ceased ?

Mr. Williams : Yes.

Chairman : The preparation has been completed. The war book is intended to tell every dept. of the action it has to take on receiving intimation of the probable approach of the war and on receiving intimation that the war has actually broken out.

Mr. Maitra : This Dept. seems to be midway between the Home Dept. and the Defence Dept.

Mr. Williams : That is so.

Mr. Maitra : Is there no overlapping of functions ?

Mr. Williams : No.

Chairman : It is the business of the Defence Co-ordination Dept. to co-ordinate the action which is to be taken by every dept. of the Govt. and also by certain Provincial Govts. Each dept. has certain responsibilities according to the functions which it normally performs, but in order that they should, so to speak, keep in step there has to be an organisation to maintain liaison between the departments.

Mr. Williams : I may add that my office did start in the Defence Dept. and it was deliberately removed from that Dept. If one thought that the Defence Dept. was not doing quite what it should do, it was not quite easy to approach one's own superior officer, the Commander-in-Chief, and tell him that he was doing things in a wrong manner. So, it was deliberately removed from the Defence Dept. and kept outside.

Sir Raza Ali : I take it that this kind of work was done in the last war by the Home Dept. ?

Chairman : We started off this war with a bigger organisation than was reached even at the end of the last war. Take for instance, the question of supplies. There had been an organisation studying the question of supplies for a very long time before the war broke out.

Sir C. Badenoch : I think the Defence of India Rules were run by the Home Dept. as far as I remember.

Sir Raza Ali : I believe this dept. has nothing to do with the Supply Dept. ?

Mr. Williams : Not now.

Mr. Maitra : C : Cols. 1 and 4 : As a matter of fact, no deputation was sent ?

Mr. Williams : This is a provision for a deputation which did not come off.

Mr. Maitra : Did it go later on ?

Mr. Williams : No.

Sir Raza Ali : A. 1 : How many additional posts were created and what were those posts ?

Mr. Williams : The senior post which was created was a Joint Secretaryship which was held by Sir James Pitkeathly up to the outbreak of the war. Then, there was the Manpower section to which I have already referred. There was a Deputy Secretary and also an Assistant Secy. The Assistant Secy. was a retired officer.

Sir Raza Ali : Who has succeeded Sir James Pitkeathly ?

Mr. Williams : That appointment branched off into the Supply Dept. Nobody succeeded him. A certain amount of money was surrendered at the end of the year. In September Sir James Pitkeathly's post ceased to exist. It was sanctioned after the original allotment was made. The other posts of Deputy Secy. and Assistant Secy. started from September.

Sir Raza Ali : And those two posts are still attached to your Dept. ?

Mr. Williams : No. The Deputy and Assistant Secretaries have gone over to the Home Dept. I do not know if they are still maintained there.

Sir Raza Ali : B-2 : Pay of Establishments : There has been an enormous increase. What is the explanation ?

Mr. Williams : That is the staff of the Manpower Branch. It was actually bigger than the original staff of the dept. It was negotiated before the war and was brought into existence after the war broke out.

Sir Razi Ali : The increase under Contingencies is also very considerable. What is the explanation here ?

Mr. Williams : I may say as regards this that the original allotment was expressly made as a pure guess and the Finance Dept. at the time agreed to give us more if we wanted it. It was entirely a new type of work and we had no idea as to what the expenditure was going to be later.

Maulvi Abdul Ghani : B-5 : May I know if there is any other Association which was given such a contribution ?

Chairman : The Ordinance and the Act applied to the compulsory registration of European British subjects. How was compulsory registration first introduced for European British subjects ?

Mr. Williams : It started some six months before the war on a voluntary basis and these Associations got busy. Compulsory registration was done later by the Manpower Branch. But so much of the spade work was done by the Association that they had to take on special clerks and we got the sanction of the Finance Dept. to make this grant-in-aid to them.

Maulvi Abdul Ghani : May I know whether this contribution is still made ?

Mr. Williams : No. The work is finished.

Principal Supply Officers Committee. Page 322.

Sir Raza Ali : What is this Principal Supply Officers Committee ?

Chairman : This Committee compiled a large amount of very valuable materials before the outbreak of the war. It studied various commodities and visualised the circumstances which would prevail on the outbreak of the war and whether these commodities would still be available. It did a good deal of ground work.

Sir Raza Ali : What was the personnel of this Committee ?

Chairman : The Committee consisted of the Finance Member, the Commerce Member, the Quartermaster General, the Master-General of Ordnance and so many other officers. It had various sub-committees.

Sir Raza Ali : How long did the Committee operate ?

Chairman : It operated until the Supply Dept. was created and then it ceased to exist. The whole of the office was drawn into the Supply Dept. The savings in this year are all due to the fact that this organisation ceased to exist at a certain point when the Supply Dept. was created.

The witness then withdrew.

SECRETARY TO THE GOVERNOR GENERAL (PUBLIC).

Sir Raza Ali : When was this Department created and for what work ?

Mr. Donaldson : The separate office of the Secretary to the Governor General (Public) was created in 1938. It had originally been combined with the Home Dept. After some time, the two Departments were separated. The Secretary to the Governor General (Public) deals with a number of functions of the Governor General which used to be dealt with in the Home Dept. and which under the new Act, are dealt with by him in his discretion. For instance, a number of functions in connection with the High Court Judges are dealt with in this Dept. It also deals with the petitions from the condemned convicts which used to be dealt with in the Home Dept. It also deals with the Governor's staffs and their allowances.

Sir Raza Ali : How many officers have you got ?

Mr. Donaldson : We have four officers,—the Secretary, the Joint Secretary, and two Under-Secretaries.

Chairman : Is it not also the case that this Secretariat assists the Governor General in exercising his functions of supervision and direction over the Provincial Governors ?

Mr. Donaldson : That is also the case.

Mr. Maitra : Your Dept. also deals with the various activities of the Viceroy in connection with the inauguration of the Federation ?

Mr. Donaldson : We never had anything to do with the discussions relating to the Federation. That subject is dealt with in the office of the Secretariat of the Governor General (Reforms).

Sir Raza Ali : All I can say is that it seems to me that the proportion between the pay of officers and the pay of establishment is nothing like what it generally is in the case of other departments ?

Chairman : If you think of the nature of the functions of this Department, you will agree that it does not require a large number of clerks.

Mr. Maitra : What about A.-5, Grants-in aid, contributions, etc. ?

Chairman : These are the contributions to the provinces about which we have already had a discussion.

Sir Raza Ali : Do you find that there is sufficient work to keep all the officers busy ?

Mr. Donaldson : There is plenty of work.

Mr. Maitra : Do you think there has been duplication of work in your department ?

Mr. Donaldson : Certainly not.

The witness then withdrew and the Committee adjourned till 10-30 a. m. on Wednesday the 27th August 1941.

Eighth Meeting, Wednesday, 27th August, 1941.

COMMERCE DEPARTMENT.

Chairman (Mr. Ramsay Scott) : Gentlemen, I have to inform you that Sir Jeremy Raisman has sent word to say that he will be late by about an hour as he has some important business this morning.

Now, there seems to be some misunderstanding about this programme of to-day. I understand the Railways are coming at 12 and we have got only an hour and half to examine the Commerce and Supply Deptts., and I think you will agree that we should allot three quarters of an hour to each if that will suit your convenience.

GRANT No. 19—PAGE 83.

Maulvi Abdul Ghani : How did the need for provision come to be overlooked ?

Sir Alan Lloyd : The work of this Board before it was created was done by two branches in the office, and they did not quite realise who was responsible for looking after the financing of this Economic Board which was constituted with the Economic Adviser as Vice Chairman. It was not at first realised whether the branch of the Commerce Deptt. or the Economic Adviser's office should look after the budgeting details. When the Board was created, it was not possible to put down in black and white who was responsible for all the financial details. That Board is still existing, but it does not meet very often. The Board was set up at the beginning of the war, within about 2 or 3 months after the war started. The membership is exclusively official.

Col. Rahman : How many members are there ?

Sir Alan Lloyd : Secretaries of almost all the departments are members of it, though I doubt if the Legislative Deptt. comes in. Sometimes when a war problem arises on which we have to consult all the deptts. of the Govt., the Board meets, and it is a quick way of arriving at a decision on matters of policy because you get there all the senior officers of these deptts. together.

Sir Raza Ali : I suppose you put yourself in touch with Local Governments also ?

Sir Alan Lloyd : No. The Board as such is purely advisory. The Economic Resources Board has hardly got a separate existence except that its office produces certain periodical returns and statements for the use of the members of the Board. Actually the Resources Board has now as a result of experience ceased to function very frequently. At first we were faced with a lot of problems suddenly, and we wanted to consult together as to the method of approach. Now the general approach is much clearer and we don't often meet.

Sir Raza Ali : Has it published a report ?

Sir Alan Lloyd : No, the documents it prepares are official documents.

K. B. Piracha : Under A, although the grant was modified, still there is an excess. What was it due to ?

Sir Alan Lloyd : Actually what happened was that 2 posts were filled in the later part of the year which were not in the ordinary cadre. One was the post of Attache in the Commerce Deptt. filled by an officer under training for the Commerce and Finance Depts. service, and another was the creation of a post of price Advisory Officer in Calcutta which was filled by McIver. It was a war post which could not be foreseen until practically the day it was decided to create it.

Chairman : GRANT No. 23—PAGES 90 AND 91.

Mr. H. M. Abdullah : G. (3) col. 1. Who is responsible for over-estimating here ?

Sir Alan Lloyd : I should say Adolf Hitler. There was not any over-estimating. When the war broke out, the Hamburg man came back, and so his pay was saved. There was one Trade Commissioner in Hamburg and another at Milan, and both of them have come back.

Maulvi Abdul Ghani : In connection with the export of fruit and sugar to Afghanistan, I find from the report of the Trade Commissioner at Kabul that there is a very good market in Afghanistan for Indian sugar. The Report says that the demand for sugar is chiefly met by Russia and Java. May I know what steps the Commerce Deptt. have taken to export Indian sugar a large quantity of which is lying in godowns in U. P. and Bihar ?

Sir Alan Lloyd : I may say that in the U. P. and Bihar the sugar industry is very well organized and it can look after itself. We have given them such facilities as are necessary by arranging for a rebate of excise duty on export and so on. In fact the industry is so well organized in the U. P. and Bihar that there is no necessity for the Govt. to take any action. They have their own organization, like the Sugar Syndicate. I don't quite understand what the Government is expected to do.

Chairman : Has not Government also made a rebate of railway freight to Afghanistan ?

Sir Alan Lloyd : Yes.

Maulvi Abdul Ghani : Will Govt. try and give every facility to the traders in India to export larger quantities of sugar to Afghanistan ?

Chairman : I think this is a question which can be better put in the House. It is too much a matter of policy.

Maulvi Abdul Ghani : I want to know what steps the Commerce Deptt. have taken or are taking to encourage the export of Indian sugar to Afghanistan, because we have to pay huge salaries under this head.

Chairman : Sir Alan has told you that all the excise charged on sugar is subject to a rebate ; there are also special railway freights to Afghanistan.

Maulvi Abdul Ghani : May I take it then that the Commerce Deptt. is not ready to take any special steps to help the sugar manufacturers of India ?

Sir Alan Lloyd : They are quite capable of looking after themselves, and we have given them all the assistance they had asked us to give

them, but we cannot take over marketing from them. It is a marketing problem.

Maulvi Abdul Ghani : On receipt of the report from the Trade Commissioner, what steps did you take ?

Sir Alan Lloyd : We circulated the report to Provincial Govts.

Sir Raza Ali : Did any correspondence take place between the Commerce Deptt. and the Provincial Govts. with regard to the export of India sugar to Afghanistan ?

Sir Alan Lloyd : The correspondence that took place related to two matters—one was with regard to relief from excise duty and another was assistance in respect of railway freight.

Maulvi Abdul Ghani : May I draw your attention to a letter which I received with regard to this Report for the year 1939-40. It is stated here that it will be published on the 28th August 1941. But just now in reply to my question it was stated that the reports had been circulated to Provincial Govts. and so I put the question as to when they sent the report to them.

Sir Alan Lloyd : Then I may have made a mistake in saying it has been sent to Provincial Govts. If it has been sent to Provincial Govts. it has been sent within the last few days. I can safely say it was not ready until some time this month.

GRANT NO. 28—PORTS AND PILOTAGE.

Chairman : I think all these funds come to you from the customs or the trade, is it not ?

Mr. Pillai : No, it is not so. It is true in regard to the Bengal Pilot Service, but in regard to other items, recoveries do not fully cover expenditure except in the case of shipping offices.

Mr. Maitra : Do I take it that the whole expenditure does not come from shipping companies ?

Mr. Pillai : Not the whole of it ; a portion comes from general revenues.

Chairman : What is the amount which comes from general revenues ?

Mr. Pillai : The expenditure on the Mercantile Marine Administration is round about 4 lakhs a year, of which, I think, about two lakhs is recovered in the shape of fees. The "Dufferin" is not a self-supporting institution, and in fact was never intended to be.

Mr. Maitra : Then a portion of the cost set apart for Mercantile Marine goes to Ports and Pilotage ?

Sir Alan Lloyd : Mr. Pillai is answering with regard to the whole head. That includes many other sub-heads like pilot service, ports establishments, shipping offices and so on.

Mr. Pillai : On page 109 you will see the figures of receipts and expenditure.

Chairman : On that Note you will see that their receipts are 21 lakhs and the expenditure out of that is 20 lakhs.

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Mr. Pillai : From this you have to exclude the receipts and expenditure on account of the Bengal Pilot Service.

Sir Raza Ali : Page 102. You will find there the heading A. 1, under that sub-head pay of officers. Bengal Pilot Service. Again under A. 1 (1) it is shown pay of officers. Again at the bottom of page, under A. 5 (1) pay of officers. Which is the class of officers put under A. 1 (1) and under A. 5 (1) ?

Mr. Pillai : A. 5 (1) refers to pilotage establishment proper of the Bengal Pilot Service. The other item refers to other establishments connected with the pilot service.

Sir Alan Lloyd : If you look to demands for grants, page 102, you will find that A. 1 refers to officers afloat, that is, on the pilot ships or on the ships they are piloting, and A. 5 is the shore establishments. It also covers the cost of staff not borne on the pilot service cadre.

Col. Rahman : What are these other charges,—A. 5 (2) ?

Mr. Pillai : Passage money and so on.

Sir Raza Ali : Voted Rs. 94,000, does that represent passage money ?

Sir C. Badenoch : It is one of the items included in it. It covers the payment of medical treatment, cost of passage, passage money of pilots, pilots' allowances, payment for signal hoisting by pilots and so on.

Mr. Maitra : Is it the practice to lump together all these charges under these different heads—other charges ? It is a pretty large amount.

Sir C. Badenoch : It is not worth while overloading the accounts with the details under contingency and other charges.

Sir Raza Ali : Page 103. Under pay of officers, B. 1, Rs. 3,000 was taken away, and the explanation is—vacancy not filled. What was this vacancy and why was it not filled ?

Mr. Pillai : The Nautical Adviser was placed on deputation with the Defence Deptt. for a month, and his vacancy was not filled ; so there was a saving. It was found unnecessary to appoint a substitute for so short a period.

Mr. Maitra : Did he revert to his original post after a month ?

Mr. Pillai : Yes.

Chairman : The non-voted provision was increased by Rs. 3,600 and the voted decreased by Rs. 3,600. It would look as if that post was taken out of voted and put into non-voted.

Mr. Pillai : It is the pay of the Chief Surveyor who went on leave. The second one refers to the Nautical Adviser.

Col. Rahman : B. 3, Col. 4. Does this installation of telephone costs so much in the residence of the Nautical Adviser and Chief Surveyor ? It was pointed out that one of these gentlemen had gone on leave, and so why was it necessary to instal telephones in their residences in their absence ?

Mr. Pillai : Before the war these two officers were not provided with residential telephones at Govt. expense, but after the war it was found

absolutely necessary that they should be accessible to other officers of the deptts. at all times of the day and night. This sum represents both the installation cost and the charges.

Col. Rahman : 104, Light-house. I see the headquarters of the Light-House Inspector is in Delhi and Simla ? What is it due to ?

Sir Alan Lloyd : The brief answer is also that there is no port in Simla and Delhi, and yet the headquarters of the port administration is in Simla and Delhi. He does a good deal of touring.

Mr. Maitra : I think the headquarters of the B. I. N. is in Delhi ?

Sir Alan Lloyd : Yes.

Col. Rahman : Where is the headquarters of the Inspector of Light-Houses ?

Sir Alan Lloyd : His headquarters are not in Simla, but in Delhi. I think you will realise that Delhi is as central as any other place for light-house administration as a whole. He is adviser to the Commerce Deptt., and it is very helpful to have his office in Delhi.

Col. Rahman : Is there only one Light-House Inspector ?

Mr. Pillai : There are two officers at headquarters,—the Engineer-in-Chief and Engineer. There is in addition a Superintendent of Light-houses in every district, and a man in charge of every light-house. The engineers function also as inspectors ; they go round and inspect light houses.

Sir Raza Ali : I believe your biggest port in India is Calcutta, and I find that we spent more money there than in Bombay.

Mr. Pillai : Those figures are swelled by figures relating to the Bengal Pilot Service which is located in Calcutta.

Sir Raza Ali : How many Indians were there in the Bengal Pilot Service in the year under report ?

Mr. Pillai : At present there are 17 out of a total cadre of 50.

Sir Raza Ali : Is there any chance of more Indians being employed ?

Mr. Pillai : We have employed only Indians since about 1934. The rules provide first that recruitment should be made in India and not abroad, and secondly that preference should be given to *ex-Dufferin* cadets. Indianisation of the service is thus automatically secured by the recruitment rules.

Mr. Maitra : As a result of the war, how many Dufferin cadets have been absorbed in the Royal Indian Navy ?

Mr. Pillai : The B. I. N. has been taking Dufferin cadets at the rate of one or two every year for the last 7 or 8 years. So far about 350 cadets have completed their training on the Dufferin, and 342 have found employment in the Mercantile Marine Service, Bengal Pilot Service, port services of other ports, etc., and some hold shore jobs.

Mr. Maitra : What is the percentage of these who have been absorbed in the Navy ?

Mr. Pillai : I have not got exact figures,—I should say about 10 or 15.

Mr. Maitra : How many are in course of training or about to complete their training next year ?

Mr. Pillai : We take about 50 each year.

Dr. Dalal : Do they undergo further training after the Dufferin training ?

Mr. Pillai : We have two sides, one the executive and the other the engineering side. The executive cadets after passing the Dufferin passing-out examination go to sea as apprentices and stay there for 3 years. Then they sit for the examination for 2nd mates. After passing that, they become eligible for officers' posts. The engineers are placed with workshops in Calcutta, Karachi and Bombay, where they remain for 4 years. Then they go to sea for 18 months and sit for the examination for junior engineers, success in which qualifies them for an officer's post.

Mr. Maitra : Has there been any expansion in the activities of the Dufferin consequent on the war ?

Mr. Pillai : The maximum we can take is 50 a year, but this year we admitted two more as a very special case. There is no room for expansion.

Chairman : May I draw your attention to the Commercial Appendix at page 125 of the Commercial Appendix ? These are financial results of the Bengal Pilot Service,—that is the fund referred to at page 109, and that is entirely self-supporting. It has an accumulated surplus at the end of the year of 8,80,994.

Mr. Maitra : How do you propose to spend this accumulated surplus of 8 lakhs and odd ?

Mr. Pillai : When the time comes for us to replace the existing pilot vessels, we shall need this and much more.

Chairman : The next grant is on page 110. Light-houses and Light-ships.

Sir Raza Ali : On page 109 the expenditure is divided between provinces, and the first item is India. What does that mean ?

Mr. Pillai : "India" means headquarters establishment. As I said before, there are two technical officers attached to Commerce Dept., the Nautical Adviser and the Chief Surveyor. Their pay and certain other items are debited to this head.

Col. Rahman : I believe the Chief Engineer has been touring more than necessary ?

Mr. Pillai : I would not say, "more than necessary". There was some construction work at Quilon which necessitated. I believe, more than one trip there.

Col. Rahman : A. 9 : Can you explain this ?

Mr. Pillai : The engineer resigned early in 1940. I do not know who the other officer was.

Mr. Maitra : They get only the provident fund and not the pension ?

Mr. Pillai : That is so.

Chairman : Did he get more from the Provident Fund than he should have ?

Mr. Pillai : I do not think so.

Sir C. Badenoch : This is the Government share.

Maulvi Abdul Ghani : B. 3 : Contingencies : What are the chief items of this ?

Sir C. Badenoch : The items are the provisions for lighting, repairs, maintenance, miscellaneous expenditure other than stores, inferior servants and so on.

Col. Rahman : Then, we have the same heading under C. 4.

Sir Alan Lloyd : One is light-houses and the other is light-ships. As we all know, whether it is a house or a ship, the light costs some money to burn.

Chairman : Commercial Appendix. Page 133. These are very big reserves which, I think, will be required.

Mr. Pillai : The receipts from fees are going down.

Sir Raza Ali : What is the area for which the Bengal Pilot Service caters ?

Mr. Pillai : It caters only for the Hooghly.

Sir Raza Ali : How do Bombay, Madras and Karachi recruit their pilots ?

Mr. Pillai : The pilot services there are maintained by the Port Trusts and not by Government.

GRANT No. 46. INDUSTRIES.

Sir Raza Ali : B : I think for the development of the handloom industry you make a grant of 5 lakhs of rupees. Has there been an increase in this grant recently ? Was there any increase during the last five years immediately ending the 31st March 1940 ?

Sir Alan Lloyd : I am afraid my memory does not go quite so far back as that.

Sir Raza Ali : What is the general policy of the deptt. ?

Sir Alan Lloyd : The general policy of the department at the moment is rather static. Year by year we are able to persuade the Finance Deptt. to allow us to have this grant of 5 lakhs which we find is enough to do quite useful work.

Mr. Ashar Ali : Do you distribute it province by province ?

Sir Alan Lloyd : It is divided amongst the provinces in accordance with the recommendations that are made by a special committee that sits at the time of the Industries Conference, at which, I believe, I am the only

representative of the Central Govt. The rest of the personnel are the representatives of the Provincial Govts.

Dr. Dalal : C. : Sericulture : Is the handloom used for cotton only or also for wool and silk ?

Sir Alan Lloyd : It is used for all the three fabrics.

Dr. Dalal : In what province do you have the handloom industry in wool ?

Sir Alan Lloyd : It is pretty widely spread. The wool industry is now very largely engaged on making blankets for the army. The Supply Deptt. representative will be able to answer this question more fully.

Mr. Maitra : Could you give some idea as to what are the centres where sericulture is fostered at the expense of the Govt. of India ?

Sir Alan Lloyd : I shall have to refer to the report to give an exact answer. But it is, spread over quite half a dozen provinces.

Mr. Maitra : Could you give us a departmental report showing the activities of the Commerce Department so far as sericulture goes ?

Sir Alan Lloyd : I will send you the latest reports regarding the handloom industry and sericulture regarding these annual meetings for the distribution of money.

Mr. Maitra : Grant No. 51. Indian Stores Department. What is the present position about this Department ? It has now been replaced by the Supply Deptt.

Sir Alan Lloyd : It has been absorbed in the Supply Deptt. That change was not made till after the year 1939-40.

Mr. Azhar Ali : A. 4 : Col. 1 : Why should there be Hill journey charges so far as this Deptt. is concerned ?

Mr. Kirpa Ram : At the time the budget estimates were prepared it was not expected that the portion of the I. S. D. headquarters left in Delhi during 1938 would move up to Simla. But later on it was decided on account of the expectations of war, to move up the whole office and the Textiles Branch which was in the previous year left down in Delhi also moved up to Simla.

Sir Alan Lloyd : I do not think that is quite correct. This refers to additional expenditure not anticipated at the time of the preparation of the estimates. The estimates were prepared towards the end of 1938. It was in the middle of the summer of 1939 that this amount of preparation for war was thought advisable. His Majesty's Govt. placed larger orders through the I. S. D. for the manufacture of jute sandbags. I do not think it is a secret that these large special purchases of sandbags began before the war broke out.

Dr. Dalal : Do the Inspectors-General of Hospitals purchase their stores through the I. S. D. ?

Sir Alan Lloyd : It is not compulsory for them to buy through us.

Dr. Dalal : Would it not help the I. S. D. if you were to hold a Conference of the Inspectors-General of the different provinces ?

Sir Alan Lloyd : I think that will have to be postponed till after the war. Broadly speaking, the I. S. D. can only offer its services, and it cannot force its services on the Provincial Govts.

Mr. Maitra : Do I take it that the I. S. D. was not absorbed during the whole year under report ?

Sir Alan Lloyd : No ; it was absorbed in 1940.

Maulvi Abdul Ghani : Page 199. There is a net loss of Rs. 1,83,373 on Alipur Test House. What is meant by this ?

Mr. Karpa Ram : This amount represents the difference between the cost of the Test House and the fees realised. The fees charged for tests do not fully cover the actual cost.

GRANT NO. 52. COMMERCIAL INTELLIGENCE AND STATISTICS. PAGE 201.

Sir Raza Ali : H. Subsidies to Railways and Steamship Companies : What does this mean ?

Sir Alan Lloyd : The Railways and Steamship Companies have to do a lot of work in connection with the Compilation of statistics regarding the movements of goods by rail and inland steamer. We pay them a general contribution for the work which they do for us.

Mr. Maitra : What are the classes of work that these clerks do ?

Sir Alan Lloyd : They compile the statistics of the movement of goods by rail and by river. G is confined to raw cotton and H for all the other trade.

Sir Raza Ali : You make a similar subsidy to inland steamship companies ?

Sir Alan Lloyd : Yes.

Sir Raza Ali : Is the Scindia Steam Navigation Co. included in this ?

Sir Alan Lloyd : No, because it does not run any inland service.

GRANT NO. 56. JOINT STOCK COMPANIES.

Chairman : There is a note at the bottom of the page showing that receipts were Rs. 3,55,837 which is very satisfactory.

GRANT NO. 57. MISCELLANEOUS DEPARTMENTS. PAGE 211.

Chairman : H. Registration of Accountants : There is a note showing that that is not yet quite self-supporting. Although you got more fees this year, there is a bigger loss. How do you account for that ?

Sir Alan Lloyd : You have got to look at the items on the expenditure side. The main reason for that is that we could not in the year under report sit for one day but had to sit for two days. That is the principal reason for the increased expenditure on travelling allowance to the members of the Board.

(At this stage the Honourable Sir Jeremy Raisman resumed the Chair.)

We now anticipate economies under other heads but not under travelling allowance. We do anticipate economies under the pay of officers.

Mr. Scott : But it was promised that it should be self-supporting.

Sir Alan Lloyd : In 1940-41 it will probably be.

GRANT NO. 64. MISCELLANEOUS.

Sir Raza Ali : C. 4. Subsistence allowance to distressed seamen : I find the actual expenditure incurred is only Rs. 35.

Chairman : Can you tell us how to guess how many distressed seamen we shall have ? This is a technical term.

Sir Raza Ali : In what cases do you give financial help ?

Chairman : It refers to seamen who leave their ships in Indian ports and have to be helped back to their original ports. That is the usual form that the relief takes.

Sir Raza Ali : L. 6 : Trade Negotiations with Ceylon : May I ask what is happening now ?

Sir Alan Lloyd : There is no likelihood of our entering into trade negotiations with Ceylon until after the immigration negotiations which are going to place next month have reached a satisfactory conclusion.

Sir Raza Ali : I believe it has been decided that it is in the interests of India that this immigration question should be settled first ?

Sir Alan Lloyd : That is so.

MISCELLANEOUS EXPENDITURE CONNECTED WITH THE WAR. PAGE 380.

Mr. Scott : B : What about this Tea Controller for India ?

Sir Alan Lloyd : The Committee might like to know that the entire expenditure is recoverable from His Majesty's Govt.

The witnesses then withdrew.

SUPPLY DEPARTMENT.

Chairman : I may inform the Committee that in the Military Accounts Committee we actually spent a great part of our time with Mr. Jenkins and discussed these matters with him in great detail as the Committee will find from the Military Committee's report. We discussed with him the methods of placing contracts and also the basis on which prices are fixed. That is, of course, a very important matter but almost entirely it came within the scope of the Military Accounts Committee.

Sir Raza Ali : May I just ask a general question ? I find from the accounts generally that the pay of establishment is about double the amount spent on the pay of officers. How is that ?

Chairman : The nucleus of the whole thing was the Principal Supply Officers Committee. This Committee was at a very high level and it did not have a large secretariat. The Supply Deptt. started off by taking over that machinery which consisted entirely of officers and so on. Of course, the secretariat still remains very largely an officer machine. The relation between the clerks and the officers depends very largely on the nature of the work done. The pioneering of any department must be done by men who are able to think out and plan out their schemes. As they conquer their problems and as these matters are devolved downwards, there becomes more and more scope for the use of the clerical establishment. But in dealing with new problems it regularly happens that you start with an officer and a stenographer. As things settle down, they devolve them down to the clerical establishment. To give you an example. In the Legislative Dept. the relation between clerks and officers is quite different from the relation, say, in the Dept. of Education, Health and Lands. What you want from the Legislative Dept. is the opinion of qualified officers and clerks can only collect papers for the Secretary, the Deputy Secy, and so on. They can not dispose of cases themselves, whereas in some other depts. the volume of mechanical or routine work is much greater.

Sir Raza Ali : B-1 (2) : What does the pay of establishment mean ?

Mr. Ikramullah : The entry is in respect of pay of the establishment of the Contracts Directorate. They had a fairly large staff when they came over to us from the Defence Deptt.

Mr. Maitra : May I take it that this staff was passed on to you and you had no control over it in the matter of payment ?

Chairman : That was taken over as a working organisation.

Mr. P. M. Rao : It is charged to the Defence estimates.

Chairman : The actual expenditure in col. 3 represents the expenditure incurred during the year under this head. It is not on additional establishment. As I said, the Contracts Directorate represents the establishment which existed before but as it was not provided under this head at the time of the budget which was made in peace time, the whole of it appears as a new item made after the budget was framed. This head was opened during the year. There was no original provision under this head at all.

Mr. Maitra : What is the total number of hands appointed by you in this Dept. ?

Mr. Ikramullah : I think the figure has gone up to some hundreds now. They came up with a staff of 91 clerks and I think about the 1st January they had nearly 400.

Mr. Maitra : Can you give us a rough idea of the number of officers who are drawing Rs. 1,000 and above ?

Mr. Ikramullah : In the beginning there were no Lieutenants in the Contracts Directorate. The most Junior Officers were the Staff Captains and they got over Rs. 1,000. We have been recruiting a large number of 2nd Lieutenants and Lieutenants whose salaries range from Rs. 405 to 685. We recruit them directly as well as select them from lists supplied by the Provincial Governments. The Provincial Governments have at our request sent us lists of officers who are considered suitable for appointment in the Contracts Directorate. From the 1st of August, however, the Contracts Directorate has been placed in abeyance and all recruitment to the Purchase Branch of the Supply Department is now made on a civil basis. Recruitment on the civil basis is on three grades : Assistant Purchase Officers on Rs. 350 to Rs. 500 ; Purchase Officers Rs. 600 to Rs. 800 and Senior Purchase Officers on Rs. 1,200| 1,500. We have established Selection Boards. The Selection Boards advertise the posts and do the selection. There are two Selection Boards. One is at Delhi and the other at Calcutta. They are presided over by senior officers. The other two members are selected, *ad hoc* according to the needs of each case. These Boards were set up about two months ago.

Mr. Maitra : When you take over officers from the Provincial Governments, what kind of salary do you give them ?

Mr. Ikramullah : Those whose civil salaries are higher than the pay of the post (civil or military) are allowed to retain their salaries—Others get the salaries of the post to which they are appointed.

Sir Raza Ali : It is not always the case that you select officers according to their qualifications because I know that well known case of the Punjab E. A. C. who, without any technical qualifications, became a Lieutenant-Colonel I believe.

Chairman : That case was taken in the Standing Finance Committee and we went into all the things in great detail That man had been a volunteer soldier and officer for about 20 years.

Sir Raza Ali : That I know, but surely he has no technical qualifications ?

Mr. Ikramullah : There are certain posts for which you do not require special technical qualifications. Moreover every officer has to deal with a variety of subjects. Take, for instance, the Director of Textiles in the Indian Stores Dept. He is not dealing with textiles only but with numerous other miscellaneous items. Sometimes it is necessary to have people who have got administrative qualifications rather than technical qualifications.

Mr. Maitra : We know of a case when a Judge of a Munsiff's court was taken over by the Supply Department ?

Chairman : We discussed that case for a long time. The basis of that appointment was that he was a man of considerable ability and he had a good deal of experience of commercial matters in connection with civil courts. He was a senior Sub-Judge.

Mr. Ikramullah : He is now the Controller of Supplies at Lahore and as far as I know he is doing quite well.

Chairman : And he was given pay which is far less than the pay of the Controller of Supplies in any other Province.

Chairman : I may say that I had a special meeting of the Standing Finance Committee in order to examine these matters in great detail. We had a list of the whole establishment before us and we went through each name. We went through each case and discussed why a particular officer should have been given Rs. 150 more or why he should have been taken as a Captain or a Major.

Mr. Maitra : May we hope that the lessons of that enquiry will not be lost on the department.

Chairman : Certain conclusions were formulated and accepted by Mr. Jenkins for guidance in making appointments. Of course we were very much helped by Mr. Jenkins in formulating those principles.

The Chairman thanked the witness who then withdrew.

RAILWAY BOARD.

Dr. Dalal : At the outset I wish to put certain general questions. May I know whether the scheme of placing the Chief Accounts Officer under the General Manager has been extended to all railways in India ?

Sir Leonard Wilson : On State managed railways only. The Company—managed railways already have the scheme.

Dr. Dalal : Is it a fact that still the Financial Commissioner, Railways, deals with promotions, transfers, punishments, etc. ?

Mr. Staig : Under the detailed orders on the subject the General manager deals with certain of these matters relating to certain establishments.

Dr. Dalal : Are punishments inflicted by him.

Mr. Staig : The position is that in the case of punishments to gazetted officers, they have to come up before the Railway Board and they come to the Financial Commissioner in his capacity as a Member of the Railway Board, the accounts administration being within his portfolio.

Dr. Dalal : To my mind, then, it seems that the control is not complete. We have handed over the Vaccination Department, for instance, to local bodies, and they deal with officers direct as regards punishment, etc.

Sir Leonard Wilson : All gazetted officers' cases come up to the Railway Board. No punishment is dealt with by the General Manager.

Chairman : In some cases they are Officers recruited by the Secretary of State. The power of taking disciplinary action against officers is carefully regulated by certain statutory rules and they have to be dealt with only by certain authorities. You cannot merely hand them over like that.

Dr. Dalal : There is one point which is greatly exercising the minds of Upper class passengers and it is this. For reservation of berths the Railways charge a fee of eight annas and when they issue the reservation ticket, it is stated that accommodation is not guaranteed.

Sir Leonard Wilson : That is a legal point. If we reserve a seat for the Honourable Member and if you sit in it and refuse to move, the Railways have no power to shift you from that seat and therefore there is this note on the reservation ticket.

Chairman : Does it happen at all frequently that a person has reserved his accommodation and he fails to get it.

Sir Leonard Wilson : Very infrequently.

Mr. Scott : You take a sum of eight annas, you undertake to give him a seat, but you make this mental reservation that if the seat is occupied, you are not liable to give him a seat.

Sir Leonard Wilson : If I cannot turn him out of the seat, you cannot get into it.

Mr. Scott : Then you cannot reserve at all.

Sir Leonard Wilson : It is subject to that qualification that the seat is reserved.

Chairman : It is not a satisfactory position at all.

Sir Leonard Wilson : I agree to consider that point. It was raised in Bombay and I have agreed to consider it.

Summary of approximate financial results.

Mr. Scott : In 1940-41 there was a surplus of 18.46 crores. How much was given to general revenues and how much to the Railway Reserve Fund ?

Chairman : Out of this 12.19 crores were paid to the general revenues and 6.27 crores to the Reserve Fund.

Mr. Staig : On page 2 of the summary you will find :—

“ The amount at credit of the Reserve Fund at the close of the year was 5.86 crores. This includes a sum of 2.51 crores representing 1/5th of the surplus in 1940-41 in respect of commerial lines. This amount is ordinarily payable to general revenues in 1942-43, but for the reasons stated in para. 27 of the Budget speech of the Honourable the Railway Member, will be paid in 1941-42.

Chairman : This refers to the statement that railways are required in addition to various other payments to pay one-fifth of the surplus of the penultimate year.

Mr. Scott : That is an advance payment.

Chairman : The word “ penultimate ” is not used in this convention. In the present year, we are taking credit for it in the immediately following year. That was explained in the Railway Member's speech.

Mr. Azhar Ali : Have you reduced the debts in capital outlay ?

Chairman : That is a question to be considered in connection with the expiry of the moratorium and the provision to be made henceforth for the treatment of the surplus.

Mr. Maitra : The total liabilities of the railway now amount to 61.95 crores ?

Chairman : Yes. Of this 61.95 crores, 30.29, or roughly half represents loans from the depreciation fund and it is the question of the treatment of that which is to be considered and placed before the Assembly before the expiry of the current financial year.

Mr. Scott : Will you place it before the next session ?

Mr. Staig : We are working at it now.

Mr. Maitra : In 1940-41, you expect a surplus of 18.46 crores ?

Chairman : The latest approximate actuals show a surplus of 18½ crores.

Mr. Azhar Ali : What is the rate of interest charged to railway ?

Chairman : The rate of interest is calculated on a certain basis which gives different results in different years and to some extent it depends

on the borrowing rate of the Government of India. The rate is the average over a certain period. At the present time the borrowing rate is about three per cent, but that is only for what you may call medium term loans. We are not borrowing long term at the present moment. The railways are paying about 4.1 per cent. which is being gradually reduced by the effect of the present cheaper rate.

Mr. Staig : It was 4.6 in the year under review.

Mr. Maitra : I take it that the surplus on 31st March last was 18.46 crores Has this upward curve been maintained in the next few months ?

Sir Leonard Wilson : Yes, it is being maintained.

Chairman : Owing to war conditions. It is very like the telegraphs.

Mr. Maitra : Then why do you withdraw the week end concessions. The Railways are making tremendous profit.

Sir Leonard Wilson : If the war lasts many years, we will be unable to get additional stock during that time. We must live on the stock which we have at present and it will be more and more difficult to get materials for repair and therefore all unnecessary travel must be discouraged.

Chairman : It is in fact a form of rationing

Sir Leonard Wilson : We felt that in course of time we will be able to give only smaller and smaller service to the public and I am quite sure that the general public will appreciate the reason for it and therefore there is no necessity to give concessions which in the past we did to encourage travel.

Mr. Maitra : The idea of the Railway Board is that they are unable to replace their stock, at the present moment ?

Sir Leonard Wilson : Taking a long view, I have said so.

Mr. Maitra : We have said on the floor of the House several times that locomotives could be manufactured in India. We passed resolutions that the workshops should at once be so organised as to be able to manufacture locomotives.

Sir Leonard Wilson : Locomotives are now being manufactured on a small scale at Ajmer ; these are meter gauge engines and a small number of light broad gauge. The idea of manufacturing broad gauge locomotives on a large scale has had to be postponed on account of the war. The workshops which might be used for the manufacture of locomotives are now being used for the manufacture of munitions.

Mr. Maitra : Do you think that the rolling stock you have now will give you service for the next four or five years, if the war should unfortunately continue till then ?

Sir Leonard Wilson : It will give service for the next four or five years.

Mr. Maitra : Still you apprehend that you might run short of stocks and therefore you are curtailing railway services ?

Sir Leonard Wilson : The present stock will give service, but it will not give adequate service for war traffic and the traffic which might be

encouraged by concessions. The concessions are therefore being withdrawn.

Mr. Maitra : Don't you think there will be a setback in railway earnings if you curtail railway facilities and withdraw the concessions ?

Sir Leonard Wilson : I do not think so.

Chairman : At present you have a condition where the supply is less than the demand. These concessions were meant to stimulate the demand at a period of time when the demand was less than the supply. At the present moment, we are rapidly approaching the opposite position.

Mr. Azhar Ali : So far as the traffic on the military side is concerned, the earnings are merely book adjustments ; but in the case of concessions to the public, you get money from the public.

Chairman : The position is that the railways have got no surplus commodities to sell just now and therefore the concessions cannot be given and they are not giving cheap rates.

Maulvi Abdul Ghani : From the Chief Commissioner's Review, page 3, it appears that the total capital at charge is 759 crores, but from the appropriation report, page 169 it comes to under 725 crores.

Sir C. Badenoch : There are commercial lines and strategic lines and the latter account for 33 crores.

Mr. Staig : There is a special Capital statement on page 39 of the Chief Commissioner's review.

Mr. Maitra : What do you mean by non-specific debt ?

Chairman : Specific debt is where the loans were raised specifically for this purpose and non-specific debt is where the capital was provided from general loans raised by the Government of India.

Mr. Scott : Specific debt is at a fixed rate of interest and non-specific debt is determined on the average borrowing rate.

Mr. Maitra : Then a specific debt means *ad hoc* loans raised for the specific purpose for which the railways wanted them. Do they also include sterling loans ?

Chairman : I think it does include sterling loans.

Mr. Maitra : What percentage ?

Chairman : On page 168 of the Appropriation Report you will find specific sterling debt and specific rupee debt but it does not divide non-specific debt.

Mr. Maitra : Non-specific debt covers sterling loans also ?

Chairman : Yes.

Mr. Maitra : Their rate of interest is being determined by the average of the general market rate.

Sir C. Badenoch : The rate is determined by the calculation of the total outstanding debt, the total interest charges, charges for the management of debt and one or two other items. Then these total payments are divided over the total capital.

APPROPRIATION REPORT, PAGES 1—4.

Mr. Maitra : Paras. 2 to 5 of the Audit Report give the reductions made by the Legislative Assembly. The expenditure was well within the reduced grants except in the case of Grant No. 6-B where the excess was covered by a supplementary grant. In the case of Grants Nos. 6-C, and 6-II the supplementary grants proved unnecessary.

Chairman : This is explained on page 16 of the Chief Commissioner's review.

Mr. Staig : The chief cause of the saving under 6-C was the postponement of the payment for certain Diesel cars obtained for the N.-W. Railway as the trials were not completed during the year. Those payments could only be made after certain contractual conditions were satisfied, and these cars had not at that time satisfied those conditions. They were expected to do so within the year and so the payments were provided for.

Mr. Maitra : When the demand for supplementary grant was made, you anticipated that you would be taking over the Diesel cars and it never occurred to you at that time that the cars would not be properly equipped ?

Mr. Staig : The cars were under trial. When I prepared the revised estimate, there were still two or three months left of the current year. It might, however have been possible to foresee that these payments would not be made.

Chairman : Did they prove satisfactory ?

Mr. Staig : The trial was not complete by the end of the financial year.

Mr. Maitra : It did not occur to you that these cars might not give satisfactory service ?

Chairman : Before they completed the mileage some spare parts had to be got from abroad. But they finally proved satisfactory and they are now running.

Mr. Maitra : Do I take it that these cars which were originally anticipated to be ordered and for which the supplementary grant was made were actually purchased in 1940-41 ?

Mr. Staig : The price was paid in 1940-41.

Chairman : The supplementary demand was not on account of these, but on some other account ?

Mr. Staig : If we had realised that the payments for these cars would not be made, then the supplementary demand would have been for a less amount.

Chairman : This was not a new item ?

Mr. Staig : Provision was in the original budget.

Mr. Maitra : There must be something more. That must have absorbed the 15 lakhs, but the supplementary demand is for 19 lakhs.

Chairman : So the supplementary demand is not for the cost of the cars.

Mr. Maitra : I should like to point out that our main difficulty in getting relief for the taxpayer is that we are faced with so many programmes of the Railway Department. We cannot reasonably expect any relief in the face of these demands. Here is a case in point where a supplementary demand was asked for which was actually found useless. If this amount was really necessary in the year following, then of course the *pro rata* budget provision would have been reduced under these heads. A surplus to that extent would have been shown. So I would like to suggest that before making recommendations for supplementary grant, these factors should be carefully borne in mind.

Chairman : That is exactly what they do.

Mr. Maitra : But this case demonstrates that it is not so.

Chairman : Before they make a supplementary demand, they endeavour to assure themselves that it will be actually necessary.

Mr. Maitra : Nineteen lakhs is no small matter.

Sir C. Badenoch : Very small when compared with the whole revenue.

Mr. Maitra : The next Grant 6-H shows that a supplementary grant of 8.49 lakhs was obtained from the Assembly which was not required.

Chairman : This was mainly due to a change in the method of calculation of the cost of electric energy resulting in more recoveries.

Mr. Maitra : The saving occurred mainly under the voted portion. The same story is repeated here.

Mr. Maitra : Page 21 of the Review : A supplementary grant of 8.49 lakhs was obtained which was not required. Why was this ?

Sir C. Badenoch : Para. 12 (i) on page 8 of the Audit Report deals with the same thing.

Chairman : Para. 12 (iii) on the next page deals with this change in the method of calculation.

Mr. Maitra : What is this change ?

Chairman : Instructions were given that the cost of certain overheads must be added to the cost of production of power.

Sir C. Badenoch : It put up the price per unit.

Mr. Maitra : This was done during the year after the supplementary grants were obtained ?

Sir C. Badenoch : Presumably the effect could not be calculated with certainty.

Mr. Scott : Page 13 of the Audit Report—"The position regarding Revenue expenditure shows a slight deterioration over the previous year." Is there any reason for that ?

Sir Leonard Wilson : The variation is only .4 per cent in comparison with the previous year's figure of .1 per cent.

Chairman : It was extremely good and there was some luck about it. We noted it last year. Actually compared with the previous three years, 1929-40 was a good year in this respect.

Mr. Staig : Due also partly to a judicious application of the system of lump cuts. We have been grouping our way towards greater accuracy as the years go on.

Mr. Scott : Page 14. Injudicious Surrenders : Any explanation of this excess of 18 lakhs ?

Chairman : It is interest charges—page 59 of the Appropriation Account.

Mr. Seshu Iyer : 7,78 plus 4,09 under non-voted.

Chairman : Two things seem to come in. The fact that the rate of interest which is finally applied is determined later in the year and also the rate of exchange. Variations are likely to happen there.

Mr. Jones : I know during this year the revised figure was 4.57 and the actual rate was 4.60—a difference of .03 ; on a few hundred crores this would mean 10 or 20 lakhs.

Chairman : Page 36 of the Review : Para. 56. " Minor instances of irregular reappropriation within the same grant were noticed..... Annexure I."

K. B. Piracha : P. 90 of the Appropriation Accounts. Here it says that the Chief Mechanical Engineer stated in January 1939 that the estimate was ready for submission but it was held over. I cannot understand this : when even the estimates were not prepared in 1938 how can the expenditure be incurred in 1938 as shown in column 4 ?

Chairman : Is this the case we had last year ?

Mr. Staig : Yes.

Chairman : The reason why this expenditure was not sanctioned was that the question of the proper type of bogie was still under consideration by the Railway Board, although the expenditure on the chassis had been approved and the provision had been made.

Sir Leonard Wilson : We agreed last year that no objection would be taken to such item but there was not time to give full effect to your recommendations and this has appeared again.

Chairman : This is technically objectionable, but the Committee came to the conclusion that it was not objectionable in its nature ; and we said that this type of thing should be excluded in future : that will take effect in the coming year.

Mr. Staig : There is a special memorandum for the committee on this subject.

Chairman : Serial No. 4 of the outstanding items.

We found last year there were a tremendous number of cases the details of which were really not of interest and the nature of the objection was technical rather than substantial.

K. B. Piracha : Page 88 of Annexure A—Statement of unsanctioned expenditure : the number has increased this year as compared with last year and before ?

Sir C. Badenoch : The important thing really is the statistics shown below—No. 3 : it shows that it is actually lower than the percentage of the preceding year—33 as against 58 : actually there is an improvement.

Mr. Maitra : When was this decision taken to increase the limit from 10,000 to 25,000—para. 60 of the Review ?

Mr. Staig : That was an arrangement arrived at with the Auditor General.

Sir C. Badenoch : It was in pursuance of the recommendation of this Committee.

Mr. Maitra : I remember the limit was brought down from 50,000 to 10,000 and now it has been raised to 25,000 ?

Chairman : I cannot remember : at any rate, we found last year there was a lot of waste of time over a number of petty things.

Mr. Azhar Ali : Para. 63 of Review, page 40 : Does this include the acquisition of railways ?

Chairman : This premium may be called goodwill or whatever you like : they do not correspond to any actual physical assets.

Mr. Maitra : After a proper calculation of the assets you add something ?

Chairman : Actually, in the contracts with company managed railways, there are stipulations regarding the terms on which government can take over and some of these provide that government has to pay up to 20 per cent. of the capital outlay on the railways.

Mr. Maitra : The actual valuation of the assets together with a sum not exceeding 20 per cent. of the capital outlay is generally taken into consideration ?

Chairman : Not generally, but this is a type. There is usually an alternative namely, 25 times the average earnings of a number of years.

Sir Leonard Wilson : Or 20 per cent. of the capital expenditure.

Mr. Maitra : When you purchase do you take into consideration simply the capital outlay and not the actual valuation of the assets ?

Sir Leonard Wilson : You take into account the conditions of the contract ; you may purchase under certain conditions in the contract, and if those conditions say that you may purchase at a price equal to the capital value plus 20 per cent. that is the payment which is made : 20 per cent. is a premium.

Chairman : The minimum is the capital expenditure and the maximum is plus 20 per cent.

Mr. Scott : Is that the original capital or the depreciated capital ?

Sir Leonard Wilson : The original capital : the total capital expenditure of the company as shown in the capital account.

Mr. Scott : No account is taken of depreciated capital assets ?

Sir Leonard Wilson : It is assumed that they are kept up to a reasonable standard of maintenance.

Mr. Maitra : The next sub-para. of para. 63 is very abstruse : what is this loss of 9 crores by exchange ?

Sir C. Badenoch : It is in connection with the calculation in rupees of the sterling capital. The sterling capital was built up over different periods

of exchange—some at 2s., some at 1s. 4d., some at 1s. 6d. We have had to do this on several occasions. 9 crores is the figure for the last calculation. There is an addition of 9 crores because of the recalculations of sterling capital in terms of 1s. 6d. and not in terms of 2s. It shows a larger rupee amount.

Chairman : Suppose they raised £1 million in 1920—it represented a crore of rupees then : so the capital account in that year stood at one crore for that item. At the present time that £1 million has got to be represented by 133-1/3 lakhs ; so the capital has swollen by 33-1/3 lakhs though no further money has been received : in keeping this rupee account we shall have to pay more in rupees. This is the net effect of various fluctuations ; some have been favourable to us, some not.

Maulvi Abdul Ghani : When does the B. N. W. Railway contract expire ?

Sir Leonard Wilson : 31st December 1942.

Maulvi Abdul Ghani : Is it under contemplation to purchase the company ?

Chairman : The whole question is at present under consideration. Notice has to be given 12 months in advance.

Mr. Maitra : In the same sub-para., it says " 3 crores on assets not in use but not written off ". What happened actually ?

Sir C. Badenoch : The amount exists in the capital fund. The assets do not exist. Actually in a certain number of contracts with companies there is no provision for writing down capital. There should be some provision for this : actually one or two railways offered to write it down.

Mr. Staig : Examples occur in the capital statements of individual railway, e.g., of the South Indian Railway at p. 59, there is an item of 21 lakhs—" includes Expenditure on certain Railways and other assets not in use ".

Chairman : That is one example. It merely represents what is called water in the capital. But on the other hand you have to remember that if owing to a rise in prices the value of your railway system has gone up it may more than counterbalance any element of this kind. For instance, it would, at the present moment, cost you a good deal more than this figure to replace the railway system of India. It means merely the historical way in which the capital has been built up.

Mr. Maitra : But this is bad feature.

Chairman : I agree. As a matter of policy it is highly desirable that ineffective water should be squeezed out of capital and that the capital account should be reduced.

Mr. Staig : We actually did something in this direction in last year's accounts. A sum of 41 lakhs was written off capital by debit to depreciation fund on account of abandoned assets of state-managed railways.

Sir C. Badenoch : In state-managed railways it is done as a matter of principle. On some company-managed railways you cannot do it—the contract does not provide for it.

Mr. Stalg : On some of the state-managed lines also it has not yet been fully done.

Mr. Maitra : I do not suppose this can be done unless there is something in the system of contract ?

Sir Leonard Wilson : The whole para. is only a historical review.

The Committee then adjourned till Thursday, the 28th August 1941 at 10-30 A.M.

Ninth Meeting, Thursday, the 28th August 1941, 10-30 a.m.

RAILWAY BOARD—*contd.*

Sir Raza Ali : How does the position stand with reference to the E. B. Railway ? Is the expenditure still going up or a halt has been called ?

Mr. Staig : I do not think it is going up. There was a special accounts adjustment in this particular year.

Sir Raza Ali : I do not think it is a case of an adjustment in a particular year because if you go through these items you will find that there is a steady increase.

Mr. Staig : They had to incur a good deal of extraordinary expenditure in connection with floods and river training works, particularly the Hardinge Bridge.

Sir Raza Ali : Am I to understand that the working expenditure in the case of the E. B. Railway yields a higher percentage than the expenditure on other principal railways ?

Mr. Staig : That is so.

Mr. Scott : Even if you take out this sort of extra expenditure so as to compare it with other railways, would it be high ?

Sir L. Wilson : The gross receipts being lower, the percentages are higher.

Mr. Scott : The gross receipts have not improved in the same degree as in the case of other railways ?

Sir L. Wilson : That is the position.

Chairman : The fact is that you have got very good facilities for river borne traffic in Eastern Bengal and the Railways there have not got a monopoly to the same extent as elsewhere, even in regard to bulky goods.

Sir Raza Ali : How does the mileage of the E. B. Railway compares with that of the A. B. Railway ? I believe the A. B. Railway is bigger.

Sir L. Wilson : The E. B. Railway is bigger.

Mr. Staig : The length of the A. B. Railway is 1,500 miles and that of the E. B. Railway is 2,008 miles.

Chairman : How do the expenses compare with the receipts ?

Mr. Staig : The expenses are going up.

Sir Raza Ali : I take it that the A. B. Railway has been acquired by the State ?

Mr. Staig : It will be taken over on the 1st of January 1942.

Sir Raza Ali : I believe the amalgamation of these two Railways will bring about a certain reduction in the working expenses ?

Sir L. Wilson : Yes ; and we are hoping that we will be able to improve the revenues. That will depend very largely on our success in combating river competition.

Chairman : The working expenses do not include interest ?

Mr. Staig : No.

Chairman : If you look at the profit and loss account of the E. B. Railway for this year, you will see that they have run at a loss this year.

Sir L. Wilson : These two lines are very unwieldy because they are separated by large rivers.

Sir Raza Ali : There are two more noticeable figures on page 52 of the Review—the South Indian (including Travancore) and Tirhoot. There is no explanation given in the notes. Could the Chief Commissioner say something to explain that ?

Sir L. Wilson : In the case of Tirhoot the variation is negligible.

Chairman : If you look at the traffic receipts, they seem to be coming down.

Sir C. Badenoch : The explanation for the South Indian Railway is given in the last year's Review.

Sir Raza Ali : What about Tirhoot ?

Chairman : It has been fairly steady now, but there seems to be a big decline compared to about 12 years ago. I think that probably corresponds also to the economic fortunes of the country-side there. I imagine the traffic in Tirhoot was also considerably higher about 12 years ago. It was somewhere about 170 lakhs as compared to about 150 lakhs. It is probably mainly the fortunes of the sugar industry that affect this railway's earnings.

Sir Raza Ali : It shows that in the receipts there has been a steady decline whereas there is a rise in the working expenses.

Sir L. Wilson : There is a very small rise. I think you may take it as a fact that Tirhoot is one of the most economically run railways in India.

ANNEXURE G.—*Principal statistics of Class I Indian Railways. P. 59 of the Review.*

Mr. Scott : Serial No. 2. Is that the total of the whole of the Railways ?

Mr. Campbell : This refers to Class I railways only.

Mr. Staig : Class I railways include the Nizam's Railway and the Mysore State Railway. The figure of that was not included in the figure which we were discussing yesterday.

Sir Raza Ali : Is the Mysore State Railway also a first class railway ?

Sir L. Wilson : Yes.

ANNEXURE E.—*The working expenses and other revenue charges relating to Strategic lines. Pages 135-36 of the Appropriation Accounts.*

Sir Raza Ali : Is the total loss incurred on running strategic lines debited to Defence expenditure ?

Chairman : No. From the point of view of the general tax-payer, however, it makes no difference.

Mr. Maitra : Am I to take it that the attitude of the Govt. in this respect is static for all time ?

Sir Rasa Ali : What I meant was that it would be more fair and just. Suppose our expenditure on Defence is 45 crores and the loss on strategic railways is 2 crores, then the Defence expenditure should really be 47 crores. That is what I meant.

Chairman : I do not know that it helps you. At the present time if you were to add all the expenditure which is necessitated by the war, it would be a great deal more than what the Defence estimates amount to at present. What good will it do you ? In relation to a certain political attitude, which has now been proved futile, namely, that the Defence estimates were excessive, that had some meaning. In other words, the object was to lump everything under Defence so that it could be reduced. But at the present stage of history I do not think it will do any good. The matter is governed by the 1924 Convention. The view taken here is that the expense of these strategic railways is borne by the Railways but their contribution to general revenues is reduced by that amount. It is just the same as if you had put it on the Defence estimates.

Mr. Maitra : I do not say that there is a good deal of difference from the point of view of finance. The difference is only from the point of view of discussing the railway budget and discussing those things which we may get out of the railway administration.

Chairman : You must remember that you are the owner of the railway system as well as the customer. You should look at it from the point of view of your responsibilities as part of the State which owns this system and not merely from the point of view of what you can get out of it as a customer.

Mr. Maitra : We have a monopolistic system and having regard to that we try to get as much as we can.

Mr. Scott : We have got the 1924 Convention and I would very much like to see how it has worked for this year. It is very complicated.

Mr. Staig : We have explained its working in the Memorandum on the budget. This document is one of the documents that are sent to the Members of the Legislature.

Chairman : In other words, they treat the loss on strategic lines as part of their contributions to the general revenues. So, the position is quite clearly exhibited already.

Mr. Maitra : When did you begin showing this deficit as a contribution ?

Mr. Staig : Since 1925.

Mr. Scott : I think it would be very useful to include a copy of the way in which this is worked in our report for this year because we are very badly informed. I know a certain amount about it.

Chairman : In the records of these proceedings it will be emphasised that this point was brought up and it can be said, for instance, that the figures for such and such were exhibited to the Committee. An example might be given in the proceedings showing how the contribution is exhibited.

Mr. Maitra : At least, that will go to clarify the position.

Mr. Scott : That is my suggestion.

Mr. Azhar Ali : On page 135 of the Appropriation Accounts I find that the whole amount of interest charges is non-voted. How is that ?

Chairman : Interest is payable whether you vote it or not. There is no point in voting the interest. There is no sense in asking the Assembly whether it will or will not pay the interest on the capital. It has got to pay that amount. Even in England items of that nature are not voted. They are called Consolidated Fund charges.

Railway Audit Report. Pages 16 to 24.

Sir Raza Ali : Para. 27 : What do you mean by 'time-barred' ? I know what it means legally, but so far as I know there is no time-limit between one Government and another.

Chairman : That is quite true. At the same time, in practice, between ourselves and the Provincial Governments, we have a convention that we will never recover arrears for more than 3 years, otherwise it becomes impossible and you never know where you stand. In this case they recovered for more than 6 years.

Mr. Maitra : It is surprising that the whole thing could not be deducted for so many years.

Maulvi Abdul Ghani : May I know what kind of supervision it was which cost them Rs. 3,940 ?

Mr. Maitra : Why was not this amount recovered ?

Chairman : It was more than six years old.

Mr. Maitra : It was a continuing transaction and therefore the law of limitation did not apply.

Sir C. Badenoch : Probably it was due to some failure on the part of the Accounts Officer that this agreement was not registered. If it had been registered, it would have been watched by the audit department.

Chairman : The position here seems to be that the Railway had to make over to the Cambay Durbar the net earnings of the system and, in doing so, they made over the whole of the net earnings forgetting to withhold that part for which the Darbar was responsible. Had it been the other way, had they been retaining the net earnings and had they had to make a recovery from the Durbar, they would remember what they had to get and so withhold a certain part of the money due to the Darbar.

Sir C. Badenoch : I do not think that will really affect the position regarding signing of agreements.

Mr. Campbell : We have tightened up the procedure.

Sir C. Badenoch : A new system has been evolved under which such omissions are not likely to happen. Probably the system was not so developed in 1911.

Mr. Maitra : Is it not a fact that you maintain separate accounts for all the sidings which are specially constructed at the instance of other parties ?

Mr. Puri : In the case of sidings we recover maintenance charges at a fixed rate. In this case, we were not required to maintain the siding.

Mr. Maitra : In the postal department, you have got a practice that when arrears are not paid by people, the postal department will stop working for them. Can't you do something like that, apart from legal technicalities ?

Chairman : They intended to withhold the whole of the payment to the Cambay Government, but then they had to take legal advice.

Sir C. Badenoch : I know of an analogous case in the postal department where there was a failure to recover under a guarantee, the State just refused to pay at all.

Chairman : When we are faced with these old claims, we refuse to go back beyond a certain period. It is one thing to bear a burden year by year, though small, but it is another thing to be asked suddenly to produce twenty or thirty years payment. This is a serious matter.

Mr. Staj : Actually in this case, the agreement was that the State should maintain the siding and not the Railway Department.

Mr. Maitra : Then it was through an oversight that the Railway Department started maintaining it ; they were doing somebody else's job without being paid for it.

Chairman : It is a regrettable incident which happened on the operating side.

Mr. Scott : Page 16 (Audit report) : Where is this workshop of Kanchnrapara ?

Sir L. Wilson : North of Calcutta.

Mr. Maitra : What use was made of this Engine hoist ?

Sir L. Wilson : During my tour, I found that the E. B. Railway wanted another hoist and we looked round to see whether we could get it from any other railway. This additional hoist is required in Calcutta for the very purpose which is mentioned on page 17, that is, for use in the running shed.

Mr. Maitra : This engine hoist mentioned in page 16 was really intended for the specific purpose, but it was found later on that it was not so needed. Finding that this engine hoist and the well wagons were of no use and would remain idle, it was drafted on to Lalmonirhat. I want to point out that these are among the matters which really account for loss in the running of the E. B. Railway. It is not the explanations generally given that account for loss in railways.

Sir L. Wilson : This would not affect the working expenses. This was charged to capital.

Mr. Maitra : Ultimately it increases the capital and increases interest charges.

Mr. Maitra : Has the Railway Board really enquired as to whether this plant has been really used in Lalmonirhat and whether it has been really found to be of some use ? If not, you have got so many important

railways and stations ; you can shift this plant to some other place where the engine hoist is required ?

Sir L. Wilson : It is used at Lalmonirhat.

Chairman : Do the Railway Board accept the view of the Administration " that such a hoist is now a days considered an important equipment in running sheds where lifting and intermediate repairs are undertaken ?

Sir L. Wilson : That is a fact. In fact we were going in for another hoist in Calcutta.

Mr. Scott : This scheme was sanctioned by the Railway Board in 1933. What are the reasons which led the Railway Board in 1935, that is, two years later, to abandon the scheme at such short notice ? It is a very short-sighted policy to approve a thing one day and then sometime later to abandon it. It is so much loss of capital.

Sir L. Wilson : The answer is that the original estimate was low and the expenditure was going to be much greater than was anticipated and at the time it was considered not justifiable to incur it.

Mr. Maitra : Then the explanation should have been that the scheme was kept in abeyance, but the expression used here is—' abandoned '.

Sir L. Wilson : The scheme that was abandoned was the one to bring metre gauge locomotives for repairs to Kanchrapara.

Mr. Maitra : " In January 1935, the Administration realised that all the factors necessary for the successful operation of the scheme had not been taken fully into account." This is very significant.

Mr. Scott : The estimate must have been hastily considered and all due facts not taken into consideration. Is there any reason why they did not give it mature consideration ?

Sir L. Wilson : We sometimes make mistakes. When you consider the enormous responsibilities which the railways carry, the number of mistakes they make is not very high.

Mr. Maitra : Having abandoned the project, why was no attempt made to stop the supply ?

Chairman : That is the real point at issue here. Probably they could not have stopped it without having to pay some penalty.

Mr. Maitra : Audit Report (page 17) : Here is another case. Originally the work of relaying 18 miles of track was sanctioned and then it was reduced to 10 miles though the necessary materials were collected. The reason given is ' in the interests of economy '. I do not like such spasmodic fits of economy. The materials were collected in August 1935 and, three months later, the number of miles for relaying was reduced.

Mr. Scott : It would be very interesting to see the memorandum which suggested 18 miles as the limit and then a few months afterwards changed it to 10 miles. It shows that the Administration did not examine the thing carefully.

Chairman : Is this a revenue item ?

Sir L. Wilson : No, it is charged to depreciation.

Chairman : I suppose this was not part of the general economy campaign ?

Mr. Staig : I imagine it was. The railways were then running at a deficit and the then Finance Member, Sir James Grigg, put great pressure on them to economise.

Chairman : Then it takes on a different complexion if owing to pressure you reduced the work to the limit which was absolutely essential.

Mr. Maitra : But the stores were already acquired for the purpose.

Chairman : I suppose it was more economical to refrain from relaying the extra eight miles and face up to the loss of about Rs. 5,879 rather than proceed with the work. Some of the most extravagant things are done under the stress of economy. I may say that in the last General Retrenchment Campaign of 1931, very valuable assets were abandoned in order to secure economy in the cost of maintenance. But since the pressure was to reduce revenue charges, there was no help for it.

Mr. Maitra : It was very doubtful economy. You will see that it was a case of relaying the track and this was necessary in the interest of the travelling public. Accordingly stores were ordered and barely after three months, the question of economy crops up and the relaying is reduced to 10 miles. If accidents happen, who will be responsible ?

Chairman : I take it the eight miles which were abandoned did not fall below the limit of safety ?

Sir L. Wilson : No. We are doing it again now. I may inform you that owing to the war instead of 90,000 tons of rails every year, we are relaying only 40,000 tons. In 1935, there was overwhelming necessity to reduce expenditure. Things are sometimes done which in the long run are not economical. Only one or two items like these come to our notice because infructuous expenditure was incurred in freight. But a greater number of cases come to the notice of the Railway Board. Those were troublous times.

Mr. Maitra : I can understand abnormal times like the stress of war. But I think it is extremely doubtful wisdom that where you require 90,000 tons of railway for the purpose of safety of passengers you put in only 40,000 tons. No wonder that for lack of replacements accidents take place and you attribute them to sabotage.

Sir L. Wilson : When necessary the speed of trains is reduced. When we relay a main line the rails are used again in subsidiary lines or sidings before they are scrapped.

Mr. Maitra : Are the lives of the passengers who travel in subsidiary lines any less valuable than those of passengers who travel on the main lines ? If we are faced with frequent accidents, no wonder this serves as a contributory factor.

Sir L. Wilson : That is a responsibility which is shouldered by the railway officers. If the track is found unsuitable for the speed at which a train at present travels, then the speed is reduced. It is the responsibility of the engineers which they shoulder. This is a minor thing compared to what the people are suffering on account of war in Europe and we have to suffer this at the present time due to war.

Sir Raza Ali : Audit Report (page 17). Loss on supply of timber to the Defence Department : How did this happen ? Was this timber supplied to the Defence Department or not ?

Mr. Staig : This happened in 1932. Certain barracks at Saidpur had to be provided urgently. The military approached our local representative to dispense with any possible formalities in order to get through the work quickly. Possibly our local representative was too accommodating on this point. After the transaction started there was a change of officers, and when payment was demanded by the railways, the military wanted the production by them of a receipt which was not forthcoming. The military then refused to pay.

Sir Raza Ali : I cannot understand how two Government Departments could behave like this.

Chairman : I can tell you that owing to the pressure from the Assembly, it has been much harder until the war began to get the Defence Department to accept a debit of five rupees than the other departments. They have been kept down so severely and they were not able to allow themselves any latitude.

Sir Raza Ali : Was it not the duty of the Defence Department to recover this money from the contractor ?

Sir C. Badenoch : The contractor denied all liability.

Sir Raza Ali : Where has the timber gone ?

Mr. Seshu Iyer : There was an arbitration between the contractor and the Defence Department in which the Defence Department lost the case. So, the Defence Department having lost the case refused to allow the debit.

Mr. Maitra : The explanation on page 17 is—" In view of the exceptional circumstances of secrecy and urgency, nobody was held responsible for the loss ". Where is the secrecy in handing over goods ? Either you hand over the goods or you do not. There is no question of secrecy. Nobody wanted to know what use they made of the timber.

Chairman : If it had been handed over to an officer of the Defence Department it would have been different.

Mr. Maitra : The responsibility should have been fastened on some one. I would have understood if the explanation had been that such and such a man is responsible, but in view of the abnormal circumstances, no action need be taken against him. That would have been a more reasonable course to adopt.

Chairman : There is no question of dishonest motive on the part of anybody in the Defence Department. All that we can say is that here was an officer who was too trustful and unbusinesslike.

Sir Raza Ali : It is certainly a bad reflection on the Defence Department.

Chairman : The Defence Department endeavoured to fix the responsibility on the contractor, but in the arbitration, they lost.

Mr. Scott : Audit report (page 18) : How did this fraud in the custody stores happen to be committed ?

Mr. Puri : There are two sets of ledgers in regard to stores, the one maintained by the store-keeper and the other maintained by the Accounts Officer. In this case, as the stores had been charged off to construction works, the stores accounts officer did not keep any priced ledgers in respect of the stuff.

Mr. Scott : There are instructions issued that stores like these have to be taken on to the ledger and proper accounts kept. What reason did he give for not keeping these ledgers ?

Mr. Puri : The point is that stores really should have been in the custody of the Engineering Department, and the material-at-site accounts would have been kept in the normal course and those accounts would have been checked month after month by the Accounts Office. In this case the Engineering Department had no place where to keep the stores and so the custody of the stores remained with the stores department while the stores accounts officer did not keep any accounts himself.

Chairman : This is a case where disciplinary action was taken against all persons concerned and the system has since been abolished.

Mr. Campbell : It is exceptional for 'custody stores' to amount to such a large figure. They were required for reconstruction work after the Quetta earthquake. The fraud was partly due to the failure of the Accounts office to lay down a system of proper control for custody of stores.

Mr. Maitra : Do you think that simply tightening of supervision will obviate future cases like the one under review ?

Mr. Campbell : I have explained that this was an exceptional case and dealt with large quantities of stores. 'Custody stores' do not usually amount in value to anything like the figure we are dealing with.

Mr. Maitra : What is the change of system you have introduced ?

Mr. Campbell : We have gone back to the system whereby stores transactions are recorded in the books of the Accounts Officer, *viz.*, the stores ledgers.

Sir C. Badenoch : If you keep the stores on the books, then you may be sure they are verified and properly inspected. The Audit Department accepts that. That is the safeguard. Verification and inspection covers all safeguards you can possibly apply. In the present case what led to the loss was that both these safeguards did not exist.

Mr. Maitra : Audit Report (page 19) : "In conveying sanction to the write off in this case, the Railway Board observed that the failure to provide for indirect charges in subsequent estimates or bills against the Government departments concerned, after that date is, therefore inapplicable and can only be attributed to a lack of co-ordination in the offices responsible for the preparation of estimates and the submission of bills". What is the position now ?

Chairman : You yourself check now the statement of capital cost and indirect charges ?

Mr. Staig : Yes, the accounts office does check.

Chairman : Para. 32 : it is a question of increasing the rate.

Mr. Maitra : These charges have been mounting year after year : if this was found in one year, it should have been regularised long ago ; instead of which it was allowed to go on mounting.

Chairman : I take it these figures were all found at one time.

Mr. Scott : And information of earlier years is not available, having been destroyed !

Mr. Staig : We have asked the N.-W. Railway to investigate the position and try to get these charges down.

Mr. Maitra : Has this anything to do with the strategic railways ?

Chairman : No : I think it is the saloons for the Government of India officials.

Mr. Maitra : Para. 33 : Eastern Bengal Railway : Loss on unsuitable injectors : That seems to be a bit of carelessness in specifications.

Sir L. Wilson : The boilers of the East Indian and Eastern Bengal are of the same type ; and the East Indian placed orders for both railways ; but the East Indian injectors were different from the Eastern Bengal. All these surplus injectors of the Eastern Bengal are now being handed over to the East Indian so that they can be utilised for the East Indian Railway boilers. In future a smaller number will be ordered there.

Mr. Maitra : Perhaps this is due to the importation of several odd engines and locomotives which were in use on that railway—very heavy engines.

Sir L. Wilson : It has nothing to do with that. The boilers being of the same type it was assumed that the fittings would be of the same type. It was a wrong assumption. There was not the necessary exchange of information regarding the fittings.

Mr. Scott : In your inquiry you do not say who is to blame for this matter ?

Sir L. Wilson : It is an oversight, there seems to be no doubt.

Chairman : It seems it was revealed for the first time that there was danger in furnishing general specifications only. What is an injector actually ?

Sir L. Wilson : It is for feeding water into the boilers for producing steam.

Chairman : The E. I. Railway are gradually buying up the injectors : I take it the loss can be neutralised.

Mr. Maitra : Para. 34 : Is there nobody to check these overtime allowances ?

Chairman : I suppose there must be a rule that consolidated overtime allowance cannot be drawn during periods of casual leave—it may not be related to the actual overtime work. But it is conceivable for a man to think that it is drawable when full pay is drawable.

Sir C. Badenoch : Actually there were no orders ; but when it appeared subsequently that in other places they were deducting overtime when the man was on casual leave, it was decided to bring Moradabad into line with the others.

Chairman : I do not consider that this is a very heinous matter. It was a misapprehension and when it was discovered that it was not allowed in other places, it was not allowed here.

Mr. Scott : Recently the Bombay High Court decided that allowances paid as bonus form part of a man's wages : even if it was only for three days in a week you had to pay a proportionate part of this bonus. Mr. Maitra's point is that there was no machinery for promptly checking this misapprehension.

Sir L. Wilson : There was no rule on the subject.

Sir C. Badenoch : The trouble is that casual leave is not shown in the accounts : that is one reason why this was not discovered : probably the discovery was quite accidental.

Chairman : Casual leave ranks as duty for all purposes.

K. B. Piracha : Para. 35 of the Audit Report : In the end it says the balance was written off. Why ?

Chairman : In accordance with the usual convention that if the money has been taken in good faith we do not insist upon full retrospective effect being given to recoveries.

K. B. Piracha : What were the original orders about this remuneration ?

Sir L. Wilson : The original orders were that this was a special pay of a temporary nature.

Mr. Maitra : Therefore the payments under these orders were correct ?

Sir L. Wilson : But it was later decided that it could not be treated as temporary : the question was raised by the auditor of the Indian Home Accounts.

Mr. Scott : How long can these temporary posts go on ?

Sir L. Wilson : They can go on for twenty years.

Chairman : What was the nature of these *ex-officio* duties ?

Sir L. Wilson : As Chairman of the Soft Coke Cess Committee and the Coal Grading Board—for which he drew in all Rs. 800—these are not part of his ordinary duties.

Chairman : Was he doing this in his personal capacity ?

Mr. Staig : No ; he was doing it *ex-officio*. It was originally sanctioned by the Government of India as a special pay (in addition to his pay), in respect of these two particular jobs. His normal function is Chief Mining Engineer.

Sir C. Badenoch : The mistake was in describing these allowances either as allowances or as allowances of a temporary nature. Actually now they have been described as fees and therefore they do not come into any calculation for overseas pay.

Chairman : It was due to the classification of this as special pay that the overseas pay became inadmissible ?

Sir C. Badenoch : As temporary special pay.

Sir L. Wilson : It was originally ruled by the High Commissioner that it was temporary ; and on this assumption overseas pay has been drawn. Now our attention has been drawn that it cannot be treated as temporary special pay. I may say it is not from government funds that he is paid these allowances. It is contributed from a special fund.

Chairman : Do our recent orders about fees not affect this case at all ?

Mr. Puri : Because he gets these allowances in an *ex-officio* capacity, the usual one-third is not deducted : he gets the full amount.

Sir C. Badenoch : It was ruled two years ago that if a fee were paid in cases where an officer could refuse at his option, the deduction could be made, but not where it is *ex-officio*.

Mr. Maitra : Can an officer like this, who is drawing Rs. 3,000 or over a month and overseas pay, and who is doing these duties, *ex-officio*, be entitled to any special remuneration ?

Chairman : They are not government bodies. But does Government insist that this officer shall be the chairman of these bodies ?

Mr. Staig : It is embodied in the Act itself. The Soft Coke Cess Committee and the Coal Grading Board were certainly set up under the policy of the Government.

Chairman : They are statutory bodies but in no sense government bodies.

Mr. Maitra : The Soft Coke Cess Committee is a creature of the Assembly.

Sir C. Badenoch : The accounts of these bodies are not government accounts.

Mr. Maitra : For all practical purposes they are governed by the Government of India rules : if they increase their fees or modify their constitution they have to come to government.

Chairman : They raise their own fees : I do not give them anything. It is financed entirely separately and has nothing to do with government finance.

Mr. Scott : One point which strikes me is this : this man's is a whole-time job as Chief Mining Engineer and for that the salary is fixed. You allow him to do other jobs and draw fees—to the extent of Rs. 800—and he is under two other masters besides yourself. I do not know whether that is entirely good policy—he is out of your control. Is it justifiable that he should be allowed such large allowances ? He gets overseas allowance and in all he gets about Rs. 4,000 a month. He should be entirely under your control. If he is worth Rs. 800 for these jobs, he is wasting our time on these things : that time ought to be occupied in Government work.

Mr. Maitra : That is true.

Chairman : Presumably Government, when bringing forward this Bill which made him the chairman, had come to the conclusion that it was important in the public interest that he should assume these duties. The point at issue is this : when these additional duties were laid upon him,

were they so much in excess and did they represent so substantial an addition to the normal duties of the post as to justify the virtual increase in his remuneration from 3,000 to 3,800 ?

Mr. Scott : If they do not, the corollary comes up that 3,000 was too high a pay for this job.

Sir L. Wilson : And therefore, as it was not too high, the corollary is that 800 was justified.

Chairman : Is it a fact that the Chief Mining Engineer of the Railway Board is fairly fully occupied with his duties as Chief Mining Engineer, apart entirely from his functions as chairman of these two bodies ? That is the real question.

Mr. Scott : There is no evidence about that.

Chairman : Apparently if his hands were too full, he would not have been invited to fill these offices in addition. There is also the question as to how closely the nature of these additional functions relate to his ordinary work, I do not know the facts—I am merely indicating that it is possible for a decision of this kind to be based on good grounds.

Col. Rahman : Is there any other parallel in any other department of Government where a permanent allowance is given for the last 20 years ?

Chairman : A large number of Government officers in addition to their ordinary functions are members and in some cases chairman of non-Government bodies for which they receive fees. It is done ordinarily by business men and lawyers every day.

Mr. Maitra : The fact remains that this gentleman drew these allowances for these many years and he has been asked to refund a portion. Why was he allowed to keep the remainder ?

Chairman : It was already a hardship on him to refund 4,000 without having had the slightest indication that he was himself contributing in any way to the irregularity : actually it is a technical irregularity.

Mr. Maitra : If it is considered a hardship to refund in one instalment, it may be spread over a number of years : where is the difficulty ?

Chairman : He might have paid income-tax on it thinking it was part of his income : we are in the same position as between two Governments. You can take things back up to a certain point—not beyond. I think there is a general ruling on that point.

Sir C. Badenoch : Another point. The reason why this recovery was made is that this case took a long time to settle and the officer was warned a year or two before, that after that date he was liable to be asked to refund. He was told that there was a point of principle involved and that the settlement of that principle might involve repayment of certain sums. It was only after the date of that warning that the recovery was made—that had retrospective effect for one year only.

Mr. Scott : I think it was said this gentleman was the President of the Coal Grading Board : that Board grades coal for the public and for the railway. You pay for your coal on that grading. Is it very desirable that the Chief Engineer who buys coal should also grade the coal ? It seems to me it is open to a little bit of corruption—I am not making any

suggestion—but it may. We have had trouble with coal contracts in the past.

Chairman : I do not see anything improper. On the contrary I should say that since in any case he has to grade coal for purposes of his own purchase, he can suitably be entrusted for grading coal for public purposes also.

Sir L. Wilson : This gentleman carries enormous responsibility.

Mr. Scott : Are you not overloading him with responsibility ?

Sir L. Wilson : I do not think so.

Chairman : Although I have been trying to indicate that there may be considerations on which it could be justified, I am not satisfied, because I do not know the facts ; and I think the Committee should recommend that the question of his drawing the whole of these fees in addition to his ordinary pay should be re-examined.

Mr. Staig : That will be done by the Labour Department ?

Chairman : We are dealing with the whole Government ; and the justification for this should be examined.

Mr. Maitra : That is the least we can ask for.

Mr. Scott : And the matter reported to us next year.

Chairman : The examination is to be made as to the extent of the fees which can be drawn in excess of his pay. This must be done in close consultation with the Finance Department because I want to see what justification there is for allowing him to draw the full fees in addition to his ordinary pay. The only extent to which you are concerned was in allowing another Department to pay one of your officers. It is really for the other Department to satisfy Finance Department that there is an adequate case for allowing these fees to be drawn. What stage of service is this officer at ?

Sir L. Wilson : He has got two or three years to go.

Mr. Maitra : And he may have an extension !

Sir L. Wilson : His predecessor drew the same allowances.

Chairman : When were these bodies constituted ?

Mr. Staig : Somewhere about 1926, I think.

Sir L. Wilson : His predecessor was the first to draw these fees and he has carried on and drawn these allowances in perfect good faith.

Mr. Maitra : Para. 36 of the Audit Report and Page 112, Annexure C, E. B. Railway Appropriation Accounts. Why could not this amount be recovered ?

Mr. Staig : It was not worth pressing recovery. Instead of insisting further, we abandoned it.

Sir C. Badenoch : Probably they had to spend more on recovering the amount than the actual amount. I don't think there is any reason to question executive discretion in this matter. It is for them to decide whether they should pursue the claim or abandon it, and if audit finds that the discretion has been improperly exercised, we take notice of it. We have no

reason in any of these cases to think that the discretion was wrongly exercised.

Mr. Maitra : Do the Department propose to take precautions to see that the losses under these heads are reduced to the minimum in future ?

Mr. Staig : We don't feel that there has been any lack of care and attention in abandoning these recoveries.

Mr. Maitra : Have you any policy in this matter ?

Chairman : I don't think you can lift this to the general plane of discussion. You have to take individual cases and see whether there is any evidence of a general lack of control and whether revenue has been unreasonably abandoned.

Sir L. Wilson : Wherever a case indicates that a further rule or regulation is required, then such a rule or regulation is brought into force, and in one or two cases quoted here it has been indicated that an additional instruction should be issued. That of course is the day to day work of the railway administration and the Railway Board, and if you saw the number of instructions which have been codified, you would be horrified.

Chairman : The more the instructions you issue the greater are the complications. In the case of Railways, the position is that all these transactions are regulated by an enormous body of rules, but the more the rules are elaborated the more likelihood there is of their being mistakes. It is a very complicated and elaborate system which has to be applied. You take a look at the Code or Manual by which the average Government servant is required to regulate his duties, and you will simply be amazed. Government endeavours to frame a complete Code which will cover almost every contingency. There is an essential difference between the working of Government institutions and business firms.

Mr. Maitra : Para. 37.

Sir L. Wilson : We have now issued instructions that no alterations should be made in the tour programme without the money being taken first.

Mr. Scott : Para. 40, fruit consignments. What is this ? Who detected the fraud ?

Mr. Puri : I was Deputy Chief Accounts Officer and I made a surprise check at Delhi, Kishanganj. When the consignments were checked, they were found to be heavier.

Mr. Scott : How much heavier ?

Mr. Puri : Each basket was underweighed to the extent of about 2 seers, and on the whole consignment there was an undercharge of about Rs. 200 a day.

Mr. Maitra : There might be a difference in scales.

Mr. Puri : This was the average increase per basket. There was greater underweighment in consignments from Quetta than in that from Chaman. I could only go by the scales available.

Chairman : Apparently, there was not much of dishonesty.

Mr. Maitra : In such matters one has to be perfectly sure that the scales at the railway stations are all right and they are all uniform in all the

railways. There is a general complaint that there is vast difference in the scales used at different railway stations.

Sir L. Wilson : We have a special staff whose duty it is to check the scales at the stations.

Chairman : The next item is the Public Accounts Committee's recommendation about the preparation of the key statement. I don't think we have done ourselves any good by it. I think we may have a different system for next year.

Sir C. Badenoch : I shall in consultation with the Financial Commissioner try and see if we can suggest a better method.

Chairman : I think we might now go back, No. 12.

Mr. Maitra : When a particular carriage is condemned after a certain number of years, don't you get any return for the scrap ? Do you fix any certain value for it and take credit for it ?

Sir L. Wilson : There is a book adjustment. We actually sell the scrap material including the timber.

Mr. Maitra : What about the saloons which are condemned after a particular period ? What is the usual procedure ?

Sir L. Wilson : We break it up and send it down to the scrap depot, various parts are sent to the various scrap depots ; wheels, for instance, are sent to the wheels scrap depot, timber to that particular depot and so on. Much of the timber is usually of no value. The scrap is sold by auction periodically.

Mr. Maitra : Are there any figures to show how much you scrapped in past years, and how much you got in return ?

Mr. Campbell : Page 180 of the Appropriation Accounts will give you some idea of the figures.

Mr. Maitra : I take it that every individual railway administration when they condemn their stock and put it up for auction, send you a return ?

Sir L. Wilson : It will appear in their accounts ; they don't send us reports. That applies even in the case of State-managed railways.

Mr. Maitra : I take it they have the fullest discretion to condemn carriages without reference to the Railway Board ?

Sir L. Wilson : The discretion rests with individual Railways, and they decide that a particular stock should be condemned.

Maulvi Abdul Ghani : Does the same thing happen in regard to engines and locomotives ?

Sir L. Wilson : In many cases the stock will go beyond the estimated life. Normally there is a certain period estimated for the lives of stock, and when an item of stock has passed that estimated period of life, it is examined and if necessary condemned. In many cases, as I said, the stock will go beyond the estimated period.

Chairman : I think we may now take up page 10 of the key statement. We should take up matters relating to these reserve funds because they are of general interest.

Mr. Maitra : Are the Hardinge Protection works being financed from capital or revenue ?

Mr. Staig : In 1934 as a result of the heavy floods, particularly heavy repairs were necessary. Government decided that this money should be taken from the depreciation fund instead of being charged to the revenues of the year, and that we should repay it by instalments from revenue each year. That repayment has now been made.

Sir C. Badenoch : I was consulted about this arrangement, and I agreed that it was a perfectly fair method.

Mr. Maitra : Have you to undertake such repairs even now ?

Mr. Staig : Not on that scale.

Mr. Maitra : I think the general policy is that the depreciation fund should not be utilised for this purpose ?

Chairman : The amount taken from the depreciation fund is repaid to revenue spread over a number of years.

Mr. Maitra : Page 81 of the Appropriation Accounts. Item No. 4, Bezwada extension. What is the policy here ? Abandoned assets also have to be put into depreciation ?

Sir L. Wilson : When you abandon an asset, you reduce the capital at charge ; you have got to debit either revenue or depreciation. The present procedure is to debit to depreciation and credit capital with the value of the abandoned assets. You could not reduce the capital at charge without debiting something. Depreciation fund is only a revenue reserve.

Mr. Maitra : I take it that the residue is finally written off from the capital ?

Sir C. Badenoch : The system is to build up the amount in the Depreciation Fund. You can either write down your capital or draw upon your reserves.

Mr. Maitra : You have to get sanction from some higher authority. Who is that authority ?

Sir C. Badenoch : The Railway Board must approve the write off.

The Committee then adjourned till 10-30 A.M. on Friday, the 29th August 1941.

Tenth Meeting, Friday, the 29th August 1941.

RAILWAY BOARD—*contd.*

Mr. Maitra : What is the position of the depreciation fund now ?

Chairman : The position of the depreciation fund at the end of 1940-41 was given to you in the summary.

Mr. Staig : It is at the bottom of page 1. The amount stood at 36.20 crores.

Chairman : The current contribution is already made under the Convention, but the question is what should be done about the arrears which piled up in the period of deficit. That is the question which has to be decided before the 31st March 1942.

Mr. Staig : We did not take full advantage of the moratorium.

Sir L. Wilson : We made a so-called voluntary contribution to our debt.

Sir Raza Ali : On what basis are contributions made to the depreciation and reserve fund by each railway ?

Mr. Campbell : Depreciation is calculated at one-sixtieth of the capital at charge.

Sir C. Badenoch : The first system was to take account of the assets very meticulously. But this was found to create a great deal of trouble in calculation and it was Sir Raghavendra Rau, Financial Commissioner of Railways, who suggested that this figure of one-sixtieth should be taken as this represented roughly the amount that had till then been contributed.

Chairman : It came in effect to about 1/60th and they decided to contribute accordingly.

Sir Raza Ali : Looking at these figures I find from the amount of contribution made that the capital cost of the B. N. W. Railway must have been rather small. Do you happen to know what the capital outlay of this railway was ?

Mr. Scott : You will get it from the balance sheet.

Sir C. Badenoch : That is only for one portion of the B. N. W. Railway. It relates to the Tirhoot State Railway only.

Mr. Staig : It should be remembered that the B. N. W. Railway excluding the Tirhoot-portion is a company-owned railway.

Sir Raza Ali : Is that the only railway which is company-owned ?

Mr. Staig : Certain portions of the R. and K. R. are also company-owned.

Mr. Maitra : Page 81 : Col. 8 : Here we have the balance of the depreciation fund standing to the credit of each individual railway administration. Is this depreciation fund money retained by the railway administration or is it made over to the Financial Commissioner for Railways ?

Sir C. Badenoch : The whole thing is in the deposit section of the Government of India accounts.

Mr. Maitra : It is administered by the Financial Commissioner of Railways ?

Sir C. Badenoch : Yes.

Mr. Maitra : I take it that when there is a question of the renewal of stock, the individual railway administration approach the Financial Commissioner and then they decide what portion should be allotted from the depreciation fund and what portion from the capital ?

Sir L. Wilson : Every railway's programme is put up to the Railway Board every year before the railway budget is framed. The Railway Board considers the programme and decides what stock shall be renewed.

Mr. Maitra : I am told by the Auditor General that there are specific rules which govern the circumstances in which the amount should be charged to capital ?

Sir L. Wilson : The rule is that the cost of renewing ' like with like ' is charged to the depreciation fund. Any improvement in the assets is charged to capital. The rule operates automatically and its operation is carefully watched both by the Accounts Departments of the Railways and by the Auditor General.

Mr. Maitra : And the Financial Commissioner for Railways is not consulted in this matter ?

Sir C. Badenoch : The Finance Department have accepted the principles on which this rule was drafted, and this rule is applied automatically.

Sir L. Wilson : The Financial Commissioner always vets all the programmes.

Mr. Staig : All these programmes are also placed before the Standing Finance Committee.

Sir Raza Ali : I believe the position is that certain powers of the Finance Member are exercised by the Financial Commissioner for Railways.

Mr. Staig : That is a matter to some extent of discretion.

Chairman : Actually, the Financial Commissioner works in close contact with the Finance Member. He usually discusses with me questions of importance. That is the regular method of working. If any serious dispute arose about the application of the rules, I expect I should hear about it.

Mr. Scott : Is it not a fact that formerly any increase in the cost went to capital ?

Chairman : That has been stopped now. As a matter of fact, our tendency in recent years has been to endeavour to protect capital against inflation.

Mr. Scott : Page 81. What is this loan of 9 lakhs to a Branch line ? Can you tell us what line that was ?

Mr. Campbell : I believe it was a Branch line of the Assam Bengal Railway.

GRANT 6-A—WORKING EXPENSES—MAINTENANCE OF STRUCTURAL WORKS.

Mr. Scott : Audit Report, page 4, para. 6 (ii) : Apparently due to incorrect reading of the Government of India's orders regarding economy in expenditure. That seems to be another case of bad wording. Can the Director of Railway Audit explain this ?

Mr. Seshu Iyer : In 1936, the Finance Department issued a general order about retrenchment and the Railway Board also issued an order, but they said that these orders should not apply to necessary repairs and buildings. The A. B. Railway mistakenly reduced their demand by Rs. 2 lakhs. You will see that on page 15 of the Appropriation Accounts. Really speaking, this amount ought not to have been reduced but they did it by mistake.

Chairman : It is a question of the interpretation of the general instructions issued. I would like to point out that at the time when revenues were known to be falling, the view of the non-official side was that retrenchment must be carried out and when you come to the actual way in which retrenchments have to be carried out and the economies are enforced, nobody likes it. Everybody says it should be done in another way. The fact is that retrenchment involves some reduction of service and the question whether that service is desirable or essential is one of opinion.

Mr. Maitra : I do not mind if the repairs to buildings are not carried out, but the repairs to bridges are absolutely essential and must be carried out.

Chairman : I agree with you but people are apt to generalise and enforce economies. The whole structure of Government expenditure is built up on reasonable considerations but the attitude of the critic is apt to be : Oh, this is a large expenditure and you can surely cut it down here and there. I entirely agree that this was an unsuitable method of economy, but this is what is liable to happen under general pressure for economy. We had another case while we were dealing with the general appropriation accounts when Sir Raza Ali objected to the way in which establishment had been treated and where a vacancy which had occurred was not filled up. That is one of the main ways of securing economy by making a smaller staff work harder. The pinch has to come somewhere.

Sir Raza Ali : All I can say is that if these posts are to be kept unfilled on grounds of economy, the officers' posts should also be treated in the like manner.

Chairman : It did apply to officers also. The order issued by the Finance Department applied to the whole range of establishment. In other words, recruitments were not made to the All-India services.

Col. Rahman : Page 13, col. 1 : What is this compensatory allowance ?

Chairman : This appeared also under another Grant. The position was that in order to endeavour to secure economy, we withdrew the Calcutta compensatory allowance from a certain date. This applies to all establishment including the Secretary of State's officers. It was subsequently discovered that that order was *ultra vires*. We had no power to cut this allowance from officers who were subject to the Secretary of State's orders. We then discussed the matter with the Secretary of State with a view if possible to the maintenance of the *ultra vires* orders but he did not agree. We

thereupon instituted a further inquiry on the basis of which the compensatory allowances were continued but on a reduced scale. Meanwhile, as regards this account, we were compelled to restore to the establishments affected the amount which had been cut.

Mr. Maitra : Am I to take it that when the compensatory allowance was restored as a result of the compromise arrived at between the Government of India and the Secretary of State retrospective effect was given to it ?

Chairman : It had to be because it was an illegal order. It was passed in a *bona fide* manner on our part because we thought that we had the power to do it.

Sir C. Badenoch : It was one of the first test cases of the application of certain sections of the Government of India Act. I agreed with the Government of India but the Secretary of State and the law officers of the Crown took the other view.

Chairman : There is an excess under this Grant which will have to be regularized. It is explained in para. 6 (iii) of the Audit Report. I take it that the Committee will recommend that that be voted.

Members : Yes.

Sir Raza Ali : About the middle of page 17. I find that the original grant was increased by nearly 6 lakhs and yet the amount came to 48,64,000. If an amount is charged to the depreciation fund and the officer holds that it was wrongly charged, who decides it ?

Chairman : This was a question of policy. I decided this case. The point was that it was clear that the Railways were doing much better than they had been doing before. This has only been a device in order to relieve pressure on revenue in rather bad years. When it became obvious that the revenues could afford to wipe off this loan from the depreciation fund, we decided that it might as well be wiped off.

Sir Raza Ali : On the same page I find that the E. B. Railway suffered a loss of Rs. 2,76,000 on account of damage by fire. What was that case ? Where did the fire take place ?

Mr. Staig : I think this related to a fire which occurred in a goods shed at Cossipur.

Sir Raza Ali : What arrangements have you for protection against fire ?

Mr. Staig : We have fire fighting apparatus, *e.g.*, sprinklers which come into play.

Mr. Maitra : I have seen some chemical extinguishers which do not extinguish fire properly. You must have a better agency than chemical extinguishers.

Sir L. Wilson : This is one of the points which the executive has to decide, is it advantageous to go in for heavy expenses to ensure the putting out of fire rapidly or should they take risks and provide less adequate means of combating fire. In times of financial emergency this is very difficult to decide. On the whole we are free from large damage by fire.

Mr. Maitra : About flood damages, it is near the Goalanda station on the E. B. Railway on the way to Dacca.

Sir C. Badenoch : On the way to Shillong also there is great loss on account of floods.

Sir Raza Ali : The E. B. Railway has suffered from both elements, flood and fire.

GRANT 6-B—MAINTENANCE AND SUPPLY OF LOCOMOTIVE POWER.

Mr. Maitra : Page 5 of the Audit Report says : “ In the past two years, there were uncovered excesses of Rs. 40.31 and 17.74 lakhs, notwithstanding supplementary grants of nearly three-fourths of a crore of each year ”. What does this mean ?

Chairman : In the year under review the supplementary grant became unnecessary, to the extent of Rs. 16.59 lakhs. Was there an unusual divergence from the revised estimates ?

Mr. Staig : Actually the estimates were higher than the requirements.

Mr. Scott : Last year you told us you were increasing the stocks of coal ? Are they up to the standard now ?

Sir L. Wilson : Not yet. Owing to pressure of traffic, we are living on our stocks in order to keep the public service at a normal level.

Mr. Maitra : Page 5 of the Audit Report says : “ There was no substantial excess over the final grant on any railway except the Assam Bengal Railway where an excess of 99 occurred mainly due to an incorrect adjustment on account of foreign line freight on coal made without budget provision ”.

Mr. Staig : This adjustment of 99 thousand was made in the accounts of the A. B. Railway without consulting us, but when it came to our notice, we questioned it. Finally after an explanation was received from the railway and after considering the circumstances of the case, we accepted its reasonableness.

Chairman : On the whole there is a saving. So it swallowed up the excess. It is not now considered an incorrect adjustment.

Mr. Maitra : On page 5, it is said : “ It appears that the provisional issue rate assumed in the original grant was not modified in the final grant with reference to the latest information available ”. What is exactly meant by this ?

Mr. Seshu Iyer : The railways own certain collieries, for instance the Giridi colliery. The cost of the coal raised from the Giridi colliery and supplied to the E. I. Railway can only be determined at the end of the year. But in the beginning of the year, the Chief Mining Engineer says, such and such will be the cost, and that is actually charged during the course of the year. At the end of the year, the Chief Mining Engineer will be in a position to say exactly roughly what will be the cost. The difference between the original rate and the final rate should have been adjusted in the account, but unfortunately this year, the Chief Mining Engineer did not intimate in time the cost. That is why there is the difference.

Mr. Maitra : Why should the Chief Mining Engineer fix the cost of coal ?

Sir C. Badenoch : He knows more about the cost of raising coal. At the end of the year it would be a more accurate figure.

Mr. Maitra : Does he not take into consideration the cost at the time of making the original estimate ?

Mr. Seshu Iyer : We vary the quantities and that would change the rates. At the beginning of the year, the budget estimate is prepared on rough estimates of the cost, whereas the actual figure on which it should have been done is available only in the February or March following. At that time he knows exactly what would be cost so that greater approximation could be secured at that stage.

Sir Raza Ali : Page 26. (Appropriation Accounts). There is a small item of 1,951, loss due to printing of forms in excess of requirements. Is there nobody to check this ?

Mr. Maitra : Have you got no Controller of Forms ?

Sir C. Badenoch : The forms must have been for use over the whole division.

Chairman : Probably the head clerk thought more forms would be required.

Sir C. Badenoch : If it is an experimental form, it would come before the officer, otherwise, all routine forms are dealt with by the head clerk.

Mr. Scott : Page 59 (Chief Commissioner's review), Serial No. 39 (a) : The percentage of locomotives for repairs seems to have improved a lot to 17.6 as against 18.9 in the two previous years. Is there any reason for the improvement ?

Sir L. Wilson : Perhaps due to the measures taken to improve locomotive maintenance. I am not quite sure what will happen by the end of the war

GRANT 6-C.—MAINTENANCE OF CARRIAGE AND WAGON STOCK.

Mr. Maitra : There are two items on page 6, Audit Report : the one regarding Diesel cars we disposed of the other day. The other item to which I want to draw the attention of Committee is this : " There was also an excess provision of 79 on this railway due to defects in budgeting."

Mr. Seshu Iyer : This is explained on page 49 (para. 9) of the Chief Commissioner's review. " On the N. W. Railway credit on account of material released from single control works was inadvertently omitted to be provided for in the original as well as in the final grants (minus Rs. 64,000).

Mr. Maitra : There was a saving on the G. I. P. Railway which was omitted to be surrendered.

Sir L. Wilson : That is explained in para. 8 on page 49 of the Chief Commissioner's review. We anticipated a rise in the cost of materials owing to war, but at the time the expenditure was incurred, prices were less than anticipated.

Mr. Staig : There was a general rearmament programme at the time and so we anticipated an increase in the cost of materials.

Mr. Scott : On page 6 of the Audit Report it is said that " there was a saving of Rs. 1.84 lakhs over the budget on the E. I. Railway due to certain coaching vehicles not having been sent to the shops for periodical overhaul ". What was the reason for this ?

Sir L. Wilson : The number of vehicles to be sent to a shop was estimated on the total number of units in service and the time factor which governs their respective repairs. When you are preparing the budget some months before the year is out, such difficulties are likely to arise. Instead of taking into account the actual number of vehicles which will come into the shops, you divide the total number of vehicles in service by the period you expect them to run before going into shop.

Mr. Maitra : You have got some idea as to the period during which a particular type of vehicle is expected to serve. At the time of making your estimates for overhaul, you take into consideration, which particular types will have to go to shops for overhaul. In this case a sum of Rs. 1.84 lakhs more was budgeted and still the full number of vehicles was not sent for overhauling and the reason for this could not be explained by the Administration.

Mr. Staig : It has been explained.

Mr. Maitra : May I take it that there has been a steady deterioration in travelling conditions on the E. I. Railway ?

Sir L. Wilson : We had ten years of financial stringency and orders had been received by the Administrations that budgets should be cut and steps have been taken which sometimes result in facilities for the public deteriorating. It may be admitted that the stock was not kept up to the required standard of comfort.

Mr. Scott : What does the repair of a vehicle cost ?

Sir L. Wilson : I cannot tell you now.

Mr. Maitra : What is the explanation of the Administration ?

Sir L. Wilson : The Administration explained that the programme of repairs was based upon an estimate of the total number of units in service and the time factor which takes for repairs instead of the actual number of units due for overhauling.

Sir Raza Ali : What is the life of a first class coach ?

Sir L. Wilson : For all classes of coaches, it is 30 years, and on the B. N. W. railway you add another 25 to 30 years.

Mr. Maitra : The B. N. W. railway is the most inefficient railway.

Sir L. Wilson : No. It is a very efficiently run railway.

GRANT 6-D—MAINTENANCE AND WORKING OF FERRY STEAMERS AND HARBOURS.

Chairman : No remarks.

GRANT 6-E—EXPENSES OF TRAFFIC DEPARTMENT.

Mr. Maitra : Page 6 of the Audit report, para. 9 (ii) : " The largest uncovered excess was on the G. I. P. Railway (Rs. 2.79 lakhs). An expenditure of Rs. 2.04 lakhs was authorised by the Railway Board in excess

of the final grant in order to meet the payment of conference hire but this could not apparently be followed up by a formal allotment in the absence of surrenders by other railways."

Sir L. Wilson : This is for the hire of wagons from one railway to another. All wagons are pooled though each railway owns a certain number of wagons. If a railway borrows wagons in excess of the number it owns, it pays hire to the railway from which they are borrowed. This is merely a debit to one railway and a credit to another. When you have to estimate how many wagons you require during a particular year, you have to estimate what the traffic will be. It is an extremely difficult thing to calculate.

Mr. Maitra : As a matter of fact, I find on the G. I. P. Railway you allowed an excess, while on the other hand, the other railways did not post you with the necessary information, neither did they post you with the amounts which they individually spent as their share of pooling.

Chairman : That is to say, they did not make their surrender in time, and so this excess remained on the G. I. P. Railway. It must balance, but it did not balance this time because the information about savings was not obtained in time.

Mr. Maitra : How do you adjust the figures from the different Railways, after the year is over ? How do you reconcile the matter in the present case when it is done at the end of the year ?

Mr. Staig : It is not possible to reconcile or adjust it, after the year is ended.

Sir C. Budgeoch : If the information had been obtained in time, they would have reappropriated it in the usual way, but as they did not know about the savings obtained, they could not make the reappropriation in time.

Mr. Scott : Who arranges for the transfer of these wagons ?

Sir L. Wilson : The Director of Wagon Interchange. He normally works under the Indian Railway Conference Association. But during the war he works directly under the Railway Board.

Mr. Maitra : There is a specific officer for this. Who is he ?

Sir L. Wilson : He is the General Secretary of the Indian Railway Conference Association. He normally exercises those functions under the supervision of the Chairman of the Indian Railways Conference Association, which has nothing to do with the Railway Board. It is an association set up for interchange arrangements between various railways. It is a Government institution to this extent that State Railways are also members of that Association.

Maulvi Abdul Ghani : Page 7, Audit Report para. 9 (iii) : Two instances of defective budgeting have been mentioned here, and it is said that the procedure is being rectified. In what way has the procedure been modified ?

Mr. Seahu Iyer : This is a small matter. The Printing Superintendent did not consult the Operating Department.

Dr. Dalal : Could you tell me how many passengers were detected travelling without tickets during the year under review ?

Sir L. Wilson : During the current year 2.3 million passengers were detected travelling without tickets.

Dr. Dalal : The new Act has been in force since 1940. Has it made any improvement ?

Sir L. Wilson : Not to my knowledge.

Dr. Dalal : What is meant by the Moody Squad system of ticket checking ? Can any one explain it to me ?

Mr. Staig : The system of ticket checking is referred to at pages 64, 65 and 66 of the Administration Report.

Dr. Dalal : Yes, I have read the whole of it, but I can't understand it. Is there a uniform system of ticket checking ?

Sir L. Wilson : It is uniform in certain respects. Checking of tickets at barriers is uniform throughout, but the squad system is not uniform.

Sir Raza Ali : Page 40 (Appropriation Accounts) : This is rather a bad case. Here the amount is Rs. 6,283, and the man was allowed to draw his pension.

Chairman : On the date he joined service he did not draw a pension. He was granted a pension about 3 months later. Apparently he said nothing about it.

Mr. Maitra : Why did they appoint a retired officer at all ?

Chairman : He might be a young man. After the war many people who will retire will be young men.

Sir Raza Ali : But it is very unfair because there are many young men waiting for employment outside.

Chairman : On the question of employment of military pensioners, I could not possibly accept a suggestion that this class should be discriminated against.

Sir L. Wilson : Apart from the question of principle which has been raised here, it must be remembered that the discipline which this man was accustomed to was invaluable for his duties in the Watch and Ward Department. They would not necessarily know that he had a pension ; sometimes a man gets a gratuity. He must have got a pension after he had joined the railway.

Sir Raza Ali : It was the duty of the N. W. Railway to make inquiries whether he was getting any pension or whether he got a gratuity.

Sir C. Badenoch : We have tightened up the rules.

Chairman : The obligation should be thrown on the servant himself to declare that he is in receipt of a pension.

Sir Raza Ali : There is a similar case just below, and for 10 years it was not detected. What precautions do you take now ?

Sir C. Badenoch : I think they are asking the pensioners to certify whether they are drawing pension or not from another Government Department.

Mr. Maitra : It is very difficult to attribute good faith in this case.

Chairman : Attention had not been prominently drawn to it, but when such cases are known, these people are bound to give up their pension.

Maulvi Abdul Ghani : The case was detected in 1936.

Chairman : But from that date his salary was reduced, and retrospective effect was given for one year. The amount over-paid to him for the period 28th September 1926 to 30th October 1936 was written off in January 1940. It has been decided that over-payment for one year preceding the date of deletion should be recovered from the employee.

Mr. Maitra : There is another case on page 41. A Guard was appointed as Assistant Controller, and the mistake was discovered in 1938.

Sir L. Wilson : His duties changed when he went as Assistant Controller.

Sir C. Badenoch : Apparently it was by some accident, and it was discovered later.

Mr. Maitra : Who is the discovering agency ?

Sir C. Badenoch : Either the Accounts Officer or the Audit Office.

Sir Raza Ali : Can you throw some light on these three cases on pages 40 and 41. Who discovered the mistake ?

Sir C. Badenoch : The Railway Accounts Officer. It is a very complicated matter to work the graded system.

GRANT 6-F.—EXPENSES OF GENERAL DEPARTMENT.

Sir Raza Ali : Page 44. Last item, Kumaon Railway. I find this loss was due to an accident. What was the accident due to ? Was there no gate keeper appointed by the Railway ?

Mr. Staig : We have not got full details of this.

GRANT 6-G.—MISCELLANEOUS EXPENSES.

Maulvi Abdul Ghani : What was the amount of compensation paid in connection with the Majdia accident ? I want to know the total expenditure.

Mr. Maitra : I think 68,000 or something like that : I do not know.

Sir Raza Ali : Page 20 of the Review : Regarding the abandonment of this Kedla Colliery, what precautions did the Railway take to ascertain that it was a good business and it would pay ?

Sir L. Wilson : It is rather difficult to explain what took place in 1927. The normal procedure would be to get the mining engineer to submit a report on the possibilities of the area for development as a colliery, and on that report a decision would be taken as to whether it was worth development.

Sir Raza Ali : Did you work this colliery for any length of time or not at all ?

Mr. Staig : So far as I remember it was not worked. This place Kedla is in Bihar.

Chairman : Do you wish the papers to be called for ?

Sir Raza Ali : I think I would like to know.

Mr. Staig : I shall try to provide further information.

GRANT 6-H.—EXPENSES ON ELECTRICAL DEPARTMENT.

Chairman : The whole of the supplementary grant was unnecessary.

Mr. Staig : This was a head recently introduced and there was better budgeting under it than for the last two or three years.

Mr. Maitra : Page 9 [para. 12 (iii)] of the Audit Report : why was this 69,000 omitted to be included ?

Sir L. Wilson : Due to an error in budgeting. The detailed explanation is given on page 55 of the Appropriation Accounts—col. 1.

Sir C. Badenoch : It is rather complicated. I do not think any blame can be attached to any one. It is not very important.

GRANT No. 7.

Chairman : We dealt with this yesterday in dealing with the Reserve Fund. The variation is small.

GRANT No. 1.—RAILWAY BOARD.

Sir Raza Ali : Is there any officer in the Railway Board to see that the communal proportions are being carried out ?

Sir L. Wilson : Yes. The Chief Commissioner is responsible. The railway administrations see to it in the first instance and send in periodical reports and we examine them and see that the instructions are carried out wherever possible. There are occasions when it is not possible to obtain the man required and then we cannot carry out the instructions and for the time being the proportion gets out of balance. The Federal Public Service Commission examine the candidates for the post of officers and pass them on to the Government of India, and if the Commission are unable to obtain the necessary number of candidates from a particular community, then the proportion gets out of balance. This has happened during the last few years.

Sir Raza Ali : Suppose any railway administration fails to carry out these instructions ?

Sir L. Wilson : We ascertain the reasons ; if the reasons are not good, they have to think again ; if the reasons are good, we have to accept them ; generally speaking, we have no difficulty.

GRANT No. 2.—AUDIT.

Chairman : The variation is very small under this head.

GRANT No. 3.—MISCELLANEOUS EXPENDITURE.

Mr. Maitra : Is it your practice in company-managed railways, when a line has to be doubled or trebled, to assign an amount for it ? Do you subsidise it ?

Mr. Staig : We have to find the land under the contract.

Mr. Maitra : Page 10 of the Appropriation Accounts : Other Miscellaneous Charges : col. 1 : what was this arbitration about ?

Mr. Staig : It was about the meaning of the terms of a contract with the Bengal Dooars Railway : there was considerable doubt as to the implications of certain clauses of that contract. This matter went to arbitration—it was done in England.

Mr. Maitra : Col. 4 : What is this business about the Wagon Turn Committee ?

Mr. Staig : There was some doubt whether the Bengal Nagpur Railway, being a company-managed railway, would accept their share of the expenditure. The Railway Board set up this committee to investigate the possibilities of better use of wagons ; we bore the cost in the first instance but ultimately pressed the B. N. Railway to bear their share.

Chairman : What happened to the recommendations of this committee ?

Sir L. Wilson : Generally the railways work to the recommendations of this committee and some improvement in the use of wagons has been achieved. The Committee was an *ad hoc* committee.

Mr. Maitra : Ordinarily speaking, you have no machinery to deal with these matters ?

Sir L. Wilson : An emergency has arisen owing to the war, which necessitates our making the best possible use of our stock, and this committee was appointed to find out ways and means of doing this, and they went round and made certain recommendations for making improvements in our yards and in other matters. These recommendations have proved quite fruitful.

GRANT NO. 5.—PAYMENTS TO INDIAN STATES AND COMPANIES.

Maulvi Abdul Ghani : Page 11 of the Appropriation Accounts ; Col. 1 : There is a saving or surrender of 15 lakhs and yet there was an excess of 9,47,000 ?

Chairman : There was a decline in the first half of the year which apparently led to anticipation of savings, but in the latter part of the year there was great stimulation of traffic and so the provision was exceeded. Para. 32 of the Review gives the general explanation. It is the final result of a large number of variations on about 35 worked lines. This applies to the Rohilkund and Kumaon Railway also.

Mr. Maitra : Page 12 of the Appropriation Accounts ; Col. 1 : What was the trouble there over the ferry ?

Mr. Staig : There was a difference of opinion between the E. B. Railway and the Khulna Bagerhat Railway Company as to the liability of the E. B. Railway to provide a ferry. I do not remember the details but we had to refer the case to arbitrators in Calcutta ; we did this instead of litigation.

Chairman : It is a small item—only 12,000.

Mr. Maitra : Will this arrangement continue ?

Mr. Staig : We will have to abide by the decision of the arbitrators ; I shall have to look into the details.

Maulvi Abdul Ghani : Page 21 of the Review—middle of the page : What is this Gill type dynamo ?

Mr. Staig : They are a special type of train dynamos.

GRANT No. 8.—INTEREST CHARGES.

Mr. Maitra : Why are these rates of exchange, varying from time to time ?

Chairman : A difference of 1/32 in the rate of exchange, on a large payment, makes quite an appreciable item. We discussed the big variations the other day. Usually the estimate is based on 1s. 6d., but there may be a variation of 1/32d. or 1/64d. in the course of the year.

GRANT No. 11.—NEW CONSTRUCTION.

Sir Raza Ali : Page 64 of the Appropriation Accounts : What is this line mentioned in the end ?

Mr. Staig : You will find the explanation on the next page : it is the Sind Right Bank Feeders Railway.

Dr. Dalal : Para. 44 of the Review (page 30) : I presume this lump sum cut is over all the railways ?

Chairman : Yes.

Dr. Dalal : Which is better, a uniform cut over all railways or cuts on a discriminatory basis—encouraging good railways and discouraging bad railways ?

Chairman : It is not as though you are really cutting the money they get. It is merely the estimates that are cut in the light of experience, to get nearer the actuals.

Mr. Maitra : And also to effect economies ?

Chairman : No. It was found that there was a tendency to estimate more than they could spend and by introducing this lump cut, without any argumentation, we get nearer the actuals. That is so in the case of all works budgets.

Dr. Dalal : Formerly it was 24 per cent. ; at one time it was 10 and now it has come down to 17 ?

Mr. Staig : Para. 43 of the Review explains the matter fully.

Chairman : The results of this year were much nearer than ever before. The budget was more accurate than the revised !

Maulvi Abdul Ghani : End of para. 44 : the supplementary grant of 29 lakhs proved excessive ?

Sir C. Badenoch : The Hardinge Bridge adjustment comes in here.

Chairman : I do not know whether it is necessary to make any modification in the recommendation of the Public Accounts Committee regarding these lump sum cuts.

Balance Sheets of Railway Collieries comes under this.—*No remarks.*

Sir Raza Ali : I would like to know what arrangements the railways have made for the carriage of fruit. Have they introduced any cold storage arrangements ?

Sir L. Wilson : There are cold storage vans running but not for fruit.

Chairman : Unless you have a cold storage system extending over a large area, it is no use carrying anything in cold storage if when it reaches the market it goes out into the hot air. The whole scheme we had, received a set back when the Lahore Abattoir scheme had to be abandoned—that scheme provided for meat in one direction and fruit in the other.

Mr. Maitra : But the railway systems have some arrangements ?

Sir L. Wilson : Not for fruit and vegetables.

The Committee then adjourned till 11-30 A.M., on Wednesday, the 3rd September 1941, for consideration of the Report.