

20th September, 1924

THE LEGISLATIVE ASSEMBLY DEBATES

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OF THE

SECOND LEGISLATIVE ASSEMBLY, 1924

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Legislative Assembly.

The President :

THE HONOURABLE SIR FREDERICK WHYTE, KT.

Deputy President :

DIWAN BAHADUR T. RANGACHARIAR, M.L.A.

Penal of Chairmen :

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MR. M. A. JINNAH, M.L.A.

MR. K. C. NEOGY, M.L.A.

DIWAN BAHADUR M. RAMACHANDRA RAO, M.L.A.

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MR. S. C. GUPTA, BAR.-AT-LAW.

MR. G. H. SPENCE, I.C.S.

Marshal :

CAPTAIN SURAJ SINGH, BAHADUR, I.O.M.

Committee on Public Petitions :

DIWAN BAHADUR T. RANGACHARIAR, M.L.A., *Chairman of the Committee.*

COLONEL SIR HENRY STANYON, KT., C.I.E., V.D., M.L.A.

HAJI WAJIHUDDIN, M.L.A.

RAJA RAGHUNANDAN PRASAD SINGH, M.L.A.

MR. HARCHANDRAI VISHINDAS, C.I.E., M.L.A.

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LEGISLATIVE ASSEMBLY.

Saturday, 25th September, 1924.

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

MESSAGES FROM THE COUNCIL OF STATE.

Secretary of the Assembly : Sir, two Messages have been received from the Secretary of the Council of State. The first one is as follows :

“ I am directed to inform you that the Council of State have, at their meeting of the 19th September, 1924, agreed without any amendments, to the following Bills which have been passed by the Legislative Assembly :

- (1) A Bill further to amend the Indian Post Office Act, 1898, for certain purposes,
- (2) A Bill to amend the Imperial Bank of India Act, 1920,
- (3) A Bill further to amend the Indian Penal Code and Code of Criminal Procedure, 1898, for the purpose of affording greater protection to persons under the age of eighteen years.”

The second Message runs as follows :

“ I am directed to inform the Legislative Assembly that the following motion was carried in the Council of State at their meeting of the 19th September, 1924, and to request the concurrence of the Legislative Assembly in the recommendation contained therein, namely :

“ That this Council do recommend to the Legislative Assembly that the Bill to amend the provisions of section 27 of the Indian Succession Act, 1865, be referred to a Joint Committee of this Council and of the Legislative Assembly, and that the Joint Committee do consist of 12 Members.”

THE PROVIDENT FUNDS BILL.

The Honourable Sir Alexander Muddiman (Home Member) : With your permission, Sir, I should like to move :

“ That the Bill to amend and consolidate the law relating to Government and other Provident Funds, as passed by the Council of State and as amended by this Chamber, be passed.”

The Bill will, in any event, have to go back to the other Chamber in view of the amendment made by this House and that will give Government time to consider what, if any, amendments are necessary, in view of the amendment made in this House. There are two consequential amendments to be moved by my Honourable friend Sir Henry Moncrieff Smith.

Mr. President : The question is :

“ That the Bill to amend and consolidate the law relating to Government and other Provident Funds, as passed by the Council of State and as amended by this House, be passed.”

Sir Henry Moncrieff Smith (Secretary : Legislative Department) : Sir, I move :

“ That in clause 6 the letter ‘ a ’ in brackets and the word ‘ or ’ at the end of the clause be omitted.”

The motion was adopted.

Mr. President : The question is :

“ That the Bill, as amended, be passed.”

The motion was adopted.

(3859)

RESOLUTION RE SEPARATION OF RAILWAY FINANCE FROM GENERAL FINANCE—*contd.*

The Honourable Sir Charles Innes (Commerce Member): Sir, the House will remember that on Wednesday in the final stages of our discussion on the Resolution regarding the separation of Railway from General Finance, I made a suggestion, which I hoped would remove the difficulties which some of my Honourable friends opposite felt in the way of my proposals. With your permission, Sir, I should now like to withdraw that amendment. I may explain that in the interval that has elapsed since we last discussed this subject, I have been in communication with my friends opposite and I have a revised amendment, which will satisfy all parties in the House. If, therefore, Sir, you will give me permission to withdraw the amendment I moved on Wednesday evening, I will now move the following revised amendment :

“ That the following be added as clause 9 to the Resolution moved by Sir Henry Moncrieff Smith :

“ In view of the fact that the Assembly adheres to the Resolution passed in February 1923 in favour of State management of Indian Railways, these arrangements shall hold good only so long as the East Indian Railway and the Great Indian Peninsula Railway and existing State-managed Railways remain under State management. But if in spite of the Assembly's Resolution above referred to Government should enter on any negotiations for the transfer of any of the above Railways to Company management, such negotiations shall not be concluded until facilities have been given for a discussion of the whole matter in the Assembly. If any contract for the transfer of any of the above Railways to Company management is concluded against the advice of the Assembly, the Assembly will be at liberty to terminate the arrangements in this Resolution ”.

I hope, Sir, that the House will realise that I have done my very best to meet them in this matter and I have done it by making this convention that we ask the House to agree to dependent upon the continuance of these Railways under State management, that is, the Assembly will be at liberty to terminate the arrangement if any of the Railways are transferred to Company management against the advice of the Assembly. I hope, Sir, that my friends opposite and the House generally will be able to accept this amendment as a settlement of our difficulties.

Mr. President : The original question was :

“ That the Resolution* as moved by the Honourable Sir Charles Innes on the 3rd of March be adopted.”

* “ This Assembly recommends to the Governor General in Council that in order to relieve the general budget from the violent fluctuations caused by the incorporation therein of the railway estimates and to enable the railways to carry out a continuous railway policy based on the necessity of making a definite return over a period of years to the State on the capital expended on railways :

- (1) The railway finances shall be separated from the general finances of the country and the general revenues shall receive a definite annual contribution from railways which shall be the first charge on railway earnings.
- (2) The contribution shall be a sum equal to five-sixths of 1 per cent. on the capital at charge of the railways (excluding capital contributed by Companies and Indian States and capital expenditure on strategic railways) at the end of the penultimate financial year plus one-fifth of any surplus profits remaining after payment of this fixed return, subject to the condition that if any year railway revenues are insufficient to provide the percentage of five-sixths of 1 per cent. on the capital at charge, surplus profits in the next or subsequent years will not be deemed to have accrued for purposes of division until such deficiency has been made good.

From the contribution so fixed will be deducted the loss in working, and the interest on capital expenditure on strategic lines.

Since which an amendment has been moved :

“ That the Resolution† moved by Sir Henry Moncrieff Smith be substituted for it.”

- (3) Any surplus profits that exist after payment of these charges shall be available for the railway administration to be utilised in :
 - (a) forming reserves for :
 - (i) equalising dividends, that is to say, for securing the payment of the percentage contribution to the general revenues in lean years,
 - (ii) depreciation,
 - (iii) writing down and writing off capital.
 - (b) the improvement of services rendered to the public,
 - (c) the reduction of rates.
- (4) The railway administration shall be entitled, subject to such conditions as may be prescribed by the Government of India, to borrow temporarily from capital or from the reserves for the purpose of meeting expenditure for which there is no provision or insufficient provision in the revenue budget subject to the obligation to make repayment of such borrowings out of the revenue budgets of subsequent years.
- (5) In accordance with present practice the figures of gross receipts and expenditure of railways will be included in the Budget Statement. The proposed expenditure will, as at present, be placed before the Legislative Assembly in the form of a demand for grants and on a separate day or days among the days allotted for the discussion of the demands for grants the Member in charge of Railways will make a general statement on railway accounts and working. Any reductions in the demand for grants for railways resulting from the vote of the Legislative Assembly will not enure to general revenues, i.e., will not have the effect of increasing the fixed contribution for the year.
- (6) The Railway Department will place the estimates of railway expenditure before the Central Advisory Council on some date prior to the date for the discussion of the demand for grants for railways.”

† “ That for the original Resolution the following be substituted, namely :

This Assembly recommends to the Governor General in Council that in order to relieve the general budget from the violent fluctuations caused by the incorporation therein of the railway estimates and to enable railways to carry out a continuous railway policy based on the necessity of making a definite return to general revenues, on the money expended by the State on railways :

- (1) The railway finances shall be separated from the general finances of the country and the general revenues shall receive a definite annual contribution from railways which shall be the first charge on the net receipts of railways.
- (2) The contribution shall be based on the capital at charge and working results of commercial lines, and shall be a sum equal to one per cent. on the capital at charge of commercial lines (excluding capital contributed by companies and Indian States) at the end of the penultimate financial year plus one-fifth of any surplus profits remaining after payment of this fixed return, subject to the condition that, if in any year railway revenues are insufficient to provide the percentage of one per cent. on the capital at charge, surplus profits in the next or subsequent years will not be deemed to have accrued for purposes of division until such deficiency has been made good.

The interest on the capital at charge of, and the loss in working, strategic lines shall be borne by general revenues and shall consequently be deducted from the contribution so calculated in order to arrive at the net amount payable from railway to general revenues each year.

- (3) Any surplus remaining after this payment to general revenues shall be transferred to a railway reserve ; provided that if the amount available for transfer to the railway reserve exceeds in any year three crores of rupees only two-thirds of the excess over three crores shall be transferred to the railway reserve and the remaining one-third shall accrue to general revenues.

[Mr. President.]

Further amendment moved in the name of Sir Purshotamdas Thakurdas :

“ To add the following as an additional clause at the end of the Resolution :

‘ (9) The above proposals be given effect to provided the Government agree to the following :

- (a) That no Railway Line now under State management and no Railway Line now managed by a Company whose contract may hereafter expire should be handed over to Company management without the previous approval of the Legislative Assembly ;
- (b) That the railway services should be rapidly Indianised, and further that Indians should be appointed as Members of the Railway Board as early as possible .”

Further amendment moved :

“ To substitute the following for the amendment which I have just read :

‘ That the following be included as clause (9) :

(9) They shall hold good only so long as the East Indian Railway, Great Indian Peninsula Railway and existing State-managed Railways remain under State management. In the event of negotiations for transferring any of the above Railways to a private Company being undertaken, those negotiations shall not be concluded until facilities have been given for a discussion of the whole matter in the Assembly .”

- (4) The railway reserve shall be used to secure the payment of the annual contribution to general revenues : to provide, if necessary, for arrears of depreciation and for writing down and writing off capital : and to strengthen the financial position of railways in order that the services rendered to the public may be improved and rates may be reduced.
- (5) The railway administration shall be entitled, subject to such conditions as may be prescribed by the Government of India, to borrow temporarily from capital or from the reserves for the purpose of meeting expenditure for which there is no provision or insufficient provision in the revenue budget subject to the obligation to make repayment of such borrowings out of the revenue budgets of subsequent years.
- (6) A Standing Finance Committee for Railways shall be constituted consisting of two nominated official members of the Legislative Assembly one of whom should be Chairman, and ten members elected by the Legislative Assembly from their body. The members of the Standing Finance Committee for Railways shall be *ex-officio* members of the Central Advisory Council, which shall consist, in addition, of not more than two further nominated official members, five non-official members selected from a penal of eight elected by the Council of State from their body and five non-official members selected from a penal of eight elected by the Legislative Assembly from their body.

The Railway Department shall place the estimates of railway expenditure before the Standing Finance Committee for Railways on some date prior to the date for the discussion of the demand for grants for railways.

- (7) The railway budget shall be presented to the Legislative Assembly if possible in advance of the general budget in order that more time may be allotted for its discussion, and the Member in charge of railways shall then make a general statement on railway accounts and working. The expenditure proposed in the railway budget, including expenditure from the depreciation fund and the railway reserve, shall be placed before the Legislative Assembly in the form of demands for grants. The form the budget shall take after separation, the detail it shall give and the number of demands for grants into which the total vote shall be divided shall be considered by the Railway Board in consultation with the proposed Standing Finance Committee for Railways with a view to the introduction of improvements in time for the next budget, if possible.
- (8) These arrangements shall be subject to periodic revision but shall be provisionally tried for at least three years .”

The Honourable Mover* of that amendment has asked for permission to withdraw it.

Is it your pleasure to grant him leave to withdraw that amendment ?

The amendment was, by leave of the Assembly, withdrawn.

Further amendment moved :

“ That the following be added to the amended Resolution as clause 9 :

“ In view of the fact that the Assembly adheres to the Resolution passed in February 1923 in favour of State management of Indian Railways, these arrangements shall hold good only so long as the East Indian Railway and the Great Indian Peninsula Railway and existing State-managed Railways remain under State management. But if in spite of the Assembly's Resolution above referred to Government should enter on any negotiations for the transfer of any of the above Railways to Company management, such negotiations shall not be concluded until facilities have been given for a discussion of the whole matter in the Assembly. If any contract for the transfer of any of the above Railways to Company management is concluded against the advice of the Assembly, the Assembly will be at liberty to terminate the arrangements in this Resolution ’.”

Diwan Bahadur M. Ramachandra Rao (Godavari *cum* Kistna : Non-Muhammadian Rural) : Sir, I beg to move the addition of a further clause as Part II to the amendment moved by Sir Charles Innes. It is in these words :

“ Apart from the above convention this Assembly further recommends :

- (i) that the Railway services should be rapidly Indianised, and further that Indians should be appointed as Members of the Railway Board as early as possible, and
- (ii) that the purchase of stores for the State Railways should be undertaken through the organisation of the Stores Purchase Department of the Government of India.”

Sir, I may say that the subject matter of this clause was discussed at great length in this House and I need not say anything further in support of this amendment. The first clause reproduces the amendment of my Honourable friend Sir Purshotandas Thakurdas and the substance of the second clause has been already proposed by Mr. Duraiswami Aiyangar when the matter was under discussion the other day. The Honourable Sir Charles Innes has already given a sympathetic reply on behalf of Government and I do not wish to dilate further in support of these two amendments. I trust, Sir, that Government will be able to give effect to these two matters which every one of us has at his heart.

Mr. President : Further amendment moved :

“ To add as Part II of the Resolution :

“ Apart from the above convention this Assembly further recommends :

- (i) that the Railway services should be rapidly Indianised, and further that Indians should be appointed as Members of the Railway Board as early as possible, and
- (ii) that the purchase of stores for the State Railways should be undertaken through the organisation of the Stores Purchase Department of the Government of India ’.”

The Honourable Sir Charles Innes : Sir, I would ask the permission of the House to make the position of the Government clear in regard to this amendment. As I said the other day, we have already accepted the policy of Indianisation of the Railway Services, and we have agreed to the recommendation of the Lee Report that the recruitment should be 75 per cent. Indians and 25 per cent. Europeans. I showed

* The Honourable Sir Charles Innes.

[Sir Charles Innes.]

in my speech the other day that in the last three years we have exceeded these figures in both the Traffic and in the Engineering Departments of the State Railways. As regards the Railway Board, we have already recruited Indians for the staff of the Railway Board, that is, for the appointments of officers attached to the Railway Board, and I hope that we shall be able to continue this process. As each appointment becomes vacant, I will undertake that the claims of Indians are considered. I may mention that the Standing Finance Committee has just sanctioned an additional officer for statistical work in the Railway Board and that we are appointing an Indian to that post. As regards the Members of the Railway Board, I cannot bind myself to dates, as it must take time before there are Indians of the requisite standing and experience in the Railway Department for appointments to the Railway Board. But, as I pointed out the other day, the Railway Board is a purely technical body and does not control policy. As regards the Stores question, I laid on the table the other day copies of our orders on the subject, and I do not know whether Honourable Members have seen them. They have been placed, however, before the members of the Central Advisory Council. The position is that we have circulated the new Stores Rules which were issued only in May last. We have circulated them to the Agents both of State and Company Railways and we have told these Agents that we expect them to carry out the policy of the Government of India as expressed in these rules. We have also discussed with Mr. Pitkeathly, the Chief Controller of Stores, the question of purchases through the Stores Department and we have come to an arrangement with him. We have written round to the Agents of all State Railways and of the East Indian and the Great Indian Peninsula Railways. We have informed them that we desire them to make use of the Indian Stores Department for their purchases generally, and particularly for certain classes of stores, with which Mr. Pitkeathly is immediately prepared to deal. Mr. Pitkeathly is leaving Simla to-morrow to follow this matter up by individual discussion with the Agents and Storekeepers of the different Railways mentioned. He has gone to see these officers with the object of discussing with them how best his Department can undertake business for them. That is the position at present and for the present I cannot go further. The matter is one in which Mr. Pitkeathly and myself are in the closest possible touch. It is an extremely difficult matter to graft a new Department of this kind upon the existing elaborate organisations which already exist for the purchase of stores in the different Railways, and the wisest thing that the House can do is to leave Mr. Pitkeathly and myself to manage the business in our own way. But I may mention for the information of the House that copies of all indents for stores sent Home by State Railways are scrutinised by the Chief Controller of Stores, and I am consulting the Chief Controller of Stores on the question whether we can tighten up this practice so as to prevent indents being unnecessarily sent to the London Stores Department. I have only to add that the question is merely one of machinery. The policy of the Government of India in regard to the purchase of stores has been clearly laid down by the Department of Industries and I shall make it my business to see that that policy is loyally carried out by that Department. (Hear, hear).

Diwan Bahadur T. Rangachariar (Madras City : Non-Muhammadan Urban) : Sir, there are one or two lessons which we have to draw from

the protracted negotiations which preceded and the satisfactory settlement we have come to on this most important question, which has been before us for a long time. The first and foremost lesson to be taken to heart is that if both the Government Benches and the non-official Benches can approach questions in a spirit of compromise, we can come to a satisfactory conclusion. And, if the Government will really embark upon a policy of taking the people's representatives into their confidence, they are sure to achieve results in a much better way than they can do on their own judgment.

The second point which I wish to emphasise is the distrust which we on this side have of the administrative policy so far as Railways are concerned. That distrust is deep-rooted and I may assure the Honourable Member in charge that anything that he may do to rapidly remove the grounds for such distrust will be most welcome. Sir, these are the only words I wished to say.

Mr. C. D. M. Hindley (Chief Commissioner, Railways) : Sir, in the heat of the debate on Wednesday, being very anxious to emphasise the undesirability of mixing politics with business, I was led to make certain remarks about my Honourable friend, Sir Purshotamdas Thakurdas, which, I think, unwittingly on my part, perhaps may have hurt his susceptibilities. Sir, I wish to acknowledge in most grateful terms the valuable assistance which we have received on the Central Advisory Council and on other Committees, and especially in regard to this separation proposal, from the business ability, knowledge and experience of Sir Purshotamdas Thakurdas. (Hear, hear.) If, Sir, I have unwittingly hurt his feelings in this matter by emphasising his present connection with politics, I wish to modify what I said by expressing my belief that a man may be a very first class businessman and he may, at the same time, be a patriot. (*Mr. M. A. Jinnah* : "Might be a politician, too.") I wish, Sir, to acknowledge that whatever advice Sir Purshotamdas Thakurdas may have given to the House was based not only upon his profound business knowledge and ability but also on the highest patriotic motives.

Lieut.-Colonel H. A. J. Gidney (Nominated : Anglo-Indians) : Sir, my reasons for joining this debate at this juncture.....

Mr. President : Before I allow the Honourable Member to proceed, I would like to say for the information of the House that a compromise, which is more or less agreeable to both sides of the House, has been arrived at. Honourable Members who choose to continue the debate will do so at some risk to the success of that compromise.

Lieut.-Colonel H. A. J. Gidney : I did not catch the last few words. Will you kindly repeat them.

Mr. President : I have only to warn the House that a compromise has been arrived at and if the debate is thrown open once more, that compromise may thereby be endangered.

Lieut.-Colonel H. A. J. Gidney : Sir I have no desire to affect or endanger the compromise that has already been arrived at. My only desire to enter into this debate, even after a compromise has been arrived at, is to point out to the Government Member that, however great a desire there may be on the part of Indians and the Government for speeding up Indianisation of railways,—and I would add here

[Lieut.-Colonel H. A. J. Gidney.]

that I wish to associate myself with my Indian brethren in their desire and claim to secure a rapid Indianisation of railways—there is a real and an acute apprehension existing in the minds of the domiciled community employed to-day on Railways that this Indianisation is to-day affecting and will adversely affect them. I have no desire to point out any invidious distinctions, as did one Honourable Member on Wednesday last, or to lay claim to any communal merits. But I do not think there is anyone inside or outside this House who will deny that Anglo-Indians have special traditional and hereditary claims for employment on Railways which their forefathers laid. Sir, the domiciled community has undoubtedly built up the Indian railways and for us to now feel or to be made to feel that we are being elbowed out of our jobs for Indians is doing a great wrong and injustice to the community. There are about 12,000 of my community employed on Railways and their minds are much agitated on the situation which has been forced on them. I therefore wish to ask the Member in charge of this portfolio whether he will be so kind as to assure me in this Honourable House that there is no fear of the present and future interests of the Anglo-Indian community being overlooked or imperilled in this Indianisation of railways. I desire this assurance from Government.

Mr. President : The first question is the amendment last moved by the Honourable Sir Charles Innes proposing that a new sub-section (9) to the Resolution be substituted for sub-section 9 standing in the name of Sir Purshotamdas Thakurdas.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber : Indian Commerce) : Sir, I am agreeable to withdraw my amendment, but I think it only fair that I should explain the reasons why I withdraw it.

The amendment which I now ask the leave of the House to withdraw is substituted by another amendment which I think provides the safeguards which I am anxious that this Assembly should insist upon. Whilst appreciating the remarks made by the Chief Commissioner I wish to add one word, and that is that the country and the representatives of the tax-payer in this House will make it one of their business hereafter to see that the Railways are put on the best basis possible to earn as much as they can compatible with all the other aspirations of the industrial and commercial communities in India, and with fullest consideration for third class passengers for whom this House is very anxious. With these words I have pleasure—in fact, I am very happy to be able to withdraw my amendment which, owing to Government's unbending attitude, threatened at one time to practically give a set-back to this very desirable administrative reform.

The amendment was, by leave of the Assembly, withdrawn.

Mr. President : The question is :

“ That the following be added as a new sub-clause (9) to the Resolution :

“(9) In view of the fact that the Assembly adheres to the Resolution passed in February-1923 in favour of State management of Indian Railways, these arrangements shall hold good only so long as the East Indian Railway and the Great Indian Peninsula Railway and existing State-managed Railways remain under State management. But if in spite of the Assembly's Resolution above referred to, Government should enter on any negotiations for the transfer of any of the above railways to Company management, such negotiations shall not be concluded until facilities have been given for a discussion of the whole matter in the Assembly. If any contract

for the transfer of any of the above railways to Company management is concluded against the advice of the Assembly, the Assembly will be at liberty to terminate the arrangements in this Resolution."

The question is :

"That these words be added to the Resolution."

The motion was adopted.

Mr. President: Further amendment moved :

"To add as Part II to the Resolution the following :

'Apart from the above convention, this Assembly further recommends

- (1) that the Railway services should be rapidly Indianised, and further that Indians should be appointed as Members of the Railway Board as early as possible, and
- (2) that the purchase of stores for the State Railways should be undertaken through the organisation of the Stores Purchase Department of the Government of India."

The question is :

"That those words be added to the Resolution."

The motion was adopted.

Mr. K. C. Neogy (Dacca Division : Non-Muhammadan Rural) : Sir, I should like to know the procedure you are going to follow in this matter, because the amendment which stands in my name, and which is numbered 4, relates to the preamble. That is not going to be moved by me nor the subsequent one, numbered 5. The only amendment that I propose to move is in regard to clause (6). If it is desired that I should not move my amendment to clause (6) before the amendments relating to the prior clauses which are set down in the name of other Honourable Members, I shall abide by your ruling.

Mr. President : I called upon the Honourable Member because I was given to understand through the usual channel that the four amendments standing in his name were an integral part of the settlement.

Mr. K. C. Neogy : I beg to move :

"That the following amendments be added to the Resolution :

Clause (6).

- (i) For the words 'two nominated official members of the Legislative Assembly one of whom', substitute the words 'one nominated official member of the Legislative Assembly who';
- (ii) For the word 'ten', substitute the word 'eleven';
- (iii) For the words 'two further nominated official members', substitute the words 'one further nominated official member';
- (iv) For the word 'five' wherever it occurs, substitute the word 'six'."

The House will realise that this amendment is aimed at reducing the official representation on the Standing Finance Committee and the Central Advisory Council, and to increase the number of the elected representatives of this House thereon.

As I think my friend the Honourable Sir Charles Innes is going to accept this amendment, I will not take up the time of the House in discussing it.

The Honourable Sir Charles Innes : I wish to say that Government accept Mr. Neogy's amendment.

Mr. President : The question is :

“ That these amendments be made.”

The motion was adopted.

Diwan Bahadur M. Ramachandra Rao : Sir, on behalf of Mr. K. Rama Aiyangar I beg to move the following amendment :

“ That at the end of paragraph 2 of clause (6), the following be added :

‘ and shall, as far as possible, instead of the expenditure programme revenue show the expenditure under a depreciation fund created as per the new rules for charge to capital and revenue.’ ”

I understand that there is no objection to this amendment from the Government.

Mr. A. A. L. Parsons (Financial Commissioner, Railways) : Sir, I accept the amendment.

Mr. President : The question is :

“ That that amendment be made.”

The motion was adopted.

Diwan Bahadur M. Ramachandra Rao : Sir, on behalf of Mr. K. Rama Aiyangar I beg to move the following amendment :

“ That in clause (7) for the words ‘ in order that more time may be ’ the words ‘ and separate days shall be ’ be substituted.”

Mr. A. A. L. Parsons : Sir, I accept the amendment.

Mr. President : The question is :

“ That that amendment be made.”

The motion was adopted.

Mr. Bhubanananda Das (Orissa Division : Non-Muhammadian) : Sir, my amendment No. 23* has not been taken up.

Mr. President : The warning which I took the liberty of uttering to the House when Colonel Gidney rose is applicable not only to individual speeches but is tenfold more applicable to Members proposing amendments. The structure of the settlement is so delicate that the moving of further amendments may easily disturb it. The Honourable Member has a perfect right to move his amendment but I would appeal to him to forego it.

Mr. Bhubanananda Das : In view of the assurance given by Government I beg leave to withdraw my amendments.

The Honourable Sir Charles Innes : Sir, with reference to what Col. Gidney has just said, I would like to assure Col. Gidney that the interests of the community which he represents will be fully considered.

Lieut.-Colonel H. A. J. Gidney : Thanks very much.

Mr. President : The question is :

“ That the main question be now put.”

The motion was adopted.

* “ That in paragraph 2 of clause (6) after the words ‘ railway expenditure ’ the following be inserted :

‘ including estimates of capital expenditure on all new projects.’ ”

Mr. President : The question is :

“ That the amended Resolution,* as moved by Sir Henry Moncrieff Smith, and as subsequently amended by the House, be adopted.”

The motion was adopted.

* “ This Assembly recommends to the Governor General in Council that in order to relieve the general budget from the violent fluctuations caused by the incorporation therein of the railway estimates and to enable railways to carry out a continuous railway policy based on the necessity of making a definite return to general revenues, on the money expended by the State on railways :

- (1) The railway finances shall be separated from the general finances of the country and the general revenues shall receive a definite annual contribution from railways which shall be the first charge on the net receipts of railways.
- (2) The contribution shall be based on the capital at charge and working results of commercial lines, and shall be a sum equal to one per cent. on the capital at charge of commercial lines (excluding capital contributed by companies and Indian States) at the end of the penultimate financial year plus one-fifth of any surplus profits remaining after payment of this fixed return, subject to the condition that, if in any year railway revenues are insufficient to provide the percentage of one per cent. on the capital at charge, surplus profits in the next or subsequent years will not be deemed to have accrued for purposes of division until such deficiency has been made good.

The interest on the capital at charge of, and the loss in working, strategic lines shall be borne by general revenues and shall consequently be deducted from the contribution so calculated in order to arrive at the net amount payable from railway to general revenues each year.

- (3) Any surplus remaining after this payment to general revenues shall be transferred to a railway reserve ; provided that if the amount available for transfer to the railway reserve exceeds in any year three crores of rupees only two-thirds of the excess over three crores shall be transferred to the railway reserve and the remaining one-third shall accrue to general revenues.
- (4) The railway reserve shall be used to secure the payment of the annual contribution to general revenues : to provide, if necessary, for arrears of depreciation and for writing down and writing off capital : and to strengthen the financial position of railways in order that the services rendered to the public may be improved and rates may be reduced.
- (5) The railway administration shall be entitled, subject to such conditions as may be prescribed by the Government of India, to borrow temporarily from capital or from the reserves for the purpose of meeting expenditure for which there is no provision or insufficient provision in the revenue budget subject to the obligation to make repayment of such borrowings out of the revenue budgets of subsequent years.
- (6) A Standing Finance Committee for Railways shall be constituted consisting of one nominated official member of the Legislative Assembly who should be Chairman and eleven members elected by the Legislative Assembly from their body. The members of the Standing Finance Committee for Railways shall be *ex-officio* members of the Central Advisory Council, which shall consist, in addition, of not more than one further nominated official member, six non-official members selected from a panel of eight elected by the Council of State from their body and six non-official members selected from a panel of eight elected by the Legislative Assembly from their body.

The Railway Department shall place the estimates of railway expenditure before the Standing Finance Committee for Railways on some date prior to the date for the discussion of the demand for grants for railways and shall, as far as possible, instead of the expenditure programme revenue show the expenditure under a depreciation fund created as per the new rules for charge to capital and revenue.

- (7) The railway budget shall be presented to the Legislative Assembly if possible in advance of the general budget and separate days shall be allotted for its discussion, and the Member in charge of railways shall then make a general statement on railway accounts and working.

EXCESS GRANTS FOR 1922-23.

EXPENDITURE ACTUALLY INCURRED IN EXCESS OF VOTED GRANTS. LAND REVENUE.

The Honourable Sir Basil Blckett (Finance Member) : Sir, after the exciting achievements on which we are all congratulating ourselves, I am afraid the House will find it very dull to turn to the subject of excess votes.

(At this stage the President vacated the Chair, which was taken by the Deputy President, Diwan Bahadur T. Rangachariar.)

The motion which I have to make is :

“That an excess grant of Rs. 2,450 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1922-23 in respect of ‘Land revenue.’”

This is a small excess due to a technical cause, namely, the fact that the leave salary of an officer, which was chargeable against Central Revenues, was actually adjusted in the Bombay books, and the fact that it was chargeable against this vote was not brought to the attention of those responsible until the time came for closing the books altogether, that is, long after the end of the year. The Public Accounts Committee has been into this and into other excess votes, and has been trying to frame suggestions, following up the work which was done by the Public Accounts Committee last year, which will, we hope, prevent most of these excesses being repeated in future. The Public Accounts Committee of last year made suggestions which will go a long way to prevent these excesses, but their action came too late to affect the year 1922-23 with which we are now concerned. I do not propose to trouble the House with details of

The expenditure proposed in the railway budget, including expenditure from the depreciation fund and the railway reserve, shall be placed before the Legislative Assembly in the form of demands for grants. The form the budget shall take after separation, the detail it shall give and the number of demands for grants into which the total vote shall be divided shall be considered by the Railway Board in consultation with the proposed Standing Finance Committee for Railways with a view to the introduction of improvements in time for the next budget, if possible.

- (8) These arrangements shall be subject to periodic revision but shall be provisionally tried for at least three years.
- (9) In view of the fact that the Assembly adheres to the Resolution passed in February 1923 in favour of State management of Indian Railways, these arrangements shall hold good only so long as the East Indian Railway and the Great Indian Peninsula Railway and existing State-managed Railways remain under State management. But if in spite of the Assembly's Resolution above referred to Government should enter on any negotiations for the transfer of any of the above Railways to Company management, such negotiations shall not be concluded until facilities have been given for a discussion of the whole matter in the Assembly. If any contract for the transfer of any of the above Railways to Company management is concluded against the advice of the Assembly, the Assembly will be at liberty to terminate the arrangements in this Resolution.

Apart from the above convention this Assembly further recommends :

- (i) that the Railway services should be rapidly Indianised, and further that Indians should be appointed as Members of the Railway Board as early as possible, and
- (ii) that the purchase of stores for the State Railways should be undertaken through the organisation of the Stores Purchase Department of the Government of India.”

(3870)

Source: Legislative Assembly Debates,
20 Sept. 1924,

any of these excess votes in moving them, though I shall be very glad to do my best to answer any questions. I beg to move, Sir.

The motion was adopted.

STAMPS.

The Honourable Sir Basil Blackett : Sir, I move the next vote in respect of " Stamps ".

Mr. Deputy President : The question is :

" That an excess grant of Rs. 10,73,110 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1922-23 in respect of ' Stamps '."

The motion was adopted.

The Honourable Sir Basil Blackett : I suppose it is in accordance with your desire, Sir, that I should move each of these votes separately ?

Mr. Deputy President : Yes, I think so.

POLICE.

The Honourable Sir Basil Blackett : I move :

" That an excess grant of Rs. 9,547 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1922-23 in respect of ' Police '."

Mr. K. Venkataramana Reddi (Guntur *cum* Nellore : Non-Muhamadan Rural) : May I know why this excess grant is incurred ?

The Honourable Sir Basil Blackett : This represents, like the first vote, partly a share of leave salary of certain officers, debitable to Central Revenues, which was originally brought to account against one of the Provincial Governments, and was not transferred to the place to which it properly belongs, namely, Central Revenues, until after the close of the year. It also represents the expenditure on certain establishments which were treated as provincial during the year in question, but were decided to be central after the year had closed, and it also represents a sum of Rs. 359, which is a portion of the expenditure incurred in September 1921 on account of utilisation of the force employed in the Council of State and Legislative Assembly Chambers. That also was omitted in the provision when the estimate was drawn up, under a misapprehension.

The motion was adopted.

SURVEY OF INDIA.

The Honourable Sir Basil Blackett : I move :

" That an excess grant of Rs. 3,07,853 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1922-23 in respect of ' Survey of India '."

Diwan Bahadur M. Ramachandra Rao (Godavari *cum* Kistna : Non-Muhamadan Rural) : Sir, Honourable Members will notice that the net grant available for the Survey of India is Rs. 17,34,000, and the excess now for which the sanction of the House is required is Rs. 3,07,853. Turning to the proceedings of the Public Accounts Committee the only explanation I find is that this was due to the revised estimate being too low. I should like to know the circumstances in which this revised estimate was framed and as to why this excess expenditure of Rs. 3,07,853 was incurred.

The Honourable Sir Basil Blackett : As explained in the Public Accounts Committee last year, it was the habit of the authorities concerned to draw up each year in March a revised estimate for the total budget expenditure for the purpose of presentation to this House at the time of the presentation of a new budget. That was a very desirable procedure in order that this House might know what was the probable outturn of the year that was about to close. But the authorities went further ; they distributed increases or decreases that made up the total of the revised estimate over each individual head of expenditure. Those revised figures for the whole of the expenditure, which were usually in the end found to be a little bit more than the actuals, were drawn up on the basis of expenditure sanctioned to the Accountants General. They were not drawn up on the basis of any consultation with the officers responsible for the expenditure concerned. The net result was that certain officers responsible for expenditure found that in the revised estimate the House had reduced the amount at their disposal by a large sum, of which they had no knowledge, although they had in fact already spent more than the reduced sum. Obviously the revised estimate was useful for certain purposes, namely, for the revised estimate of total expenditure, but ought not to have been distributed over each head without consultation with and careful examination of the figures of expenditure available to the officers responsible for the expenditure. That system was not followed last year, so we hope this cause of an excess vote will not occur again after the year we are now dealing with ; but the new method could not, as I explained, be brought into operation for the year 1922-23 because the Public Accounts Committee only made its recommendation in July 1923. In this particular case the final net vote for " Survey of India " was Rs. 17,34,000. (It is given in the Appendix to the Public Accounts Committee's Report). The original vote was Rs. 25,24,000 and it was reduced by the revised estimate to Rs. 17,34,000. The actual expenditure was Rs. 20,41,000. That is to say, there was a saving as compared with the original estimate, but an excess as compared with the revised estimate. The revised estimate was wrongly framed in this particular case because the stores supplied by the High Commissioner in London were left unadjusted in the accounts of the previous year and had to be brought into the account this year. No account was taken of that fact when the revised estimate was drawn up. But in point of fact the whole explanation is that the revised estimate was drawn up without consultation with the officer responsible for the expenditure.

Diwan Bahadur M. Ramachandra Rao : May I ask the Honourable Member as to the department which watches over the expenditure after the revised estimates are made ? I take it that the account officers have to pass this excess expenditure from time to time after the revised estimates are officially sanctioned by the Government of India. If that is so, does the Finance Department approve of the expenditure incurred after the revised estimates are sanctioned ? I think if there is any expenditure over the revised estimate it ought to be placed before the Standing Finance Committee for its approval.

The Honourable Sir Basil Blackett : It is not a question of new expenditure ; it is a question frequently of expenditure that has actually been incurred before the revised system was drawn up but was not known to be chargeable to this vote. The Public Accounts Committee have given great attention to this matter and I am in hopes that we are

rapidly re-orientating our system of accounts so as to take proper notice of the directions of the Assembly when they vote money.

The motion was adopted.

METEOROLOGY.

The Honourable Sir Basil Blackett : Sir, I move :

“ That an excess grant of Rs. 24,847 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1922-23 in respect of ‘ Meteorology ’.”

The motion was adopted.

ARCHAEOLOGY.

The Honourable Sir Basil Blackett : Sir, I move :

“ That an excess grant of Rs. 24,005 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1922-23 in respect of ‘ Archaeology ’.”

The motion was adopted.

MINES.

The Honourable Sir Basil Blackett : Sir, I move :

“ That an excess grant of Rs. 4,667 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1922-23 in respect of ‘ Mines ’.”

The motion was adopted.

OTHER SCIENTIFIC DEPARTMENTS.

The Honourable Sir Basil Blackett : Sir, I move :

“ That an excess grant of Rs. 3,329 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1922-23 in respect of ‘ Other Scientific Departments ’.”

The motion was adopted.

EDUCATION.

The Honourable Sir Basil Blackett : Sir, I move :

“ That an excess grant of Rs. 7,497 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1922-23 in respect of ‘ Education ’.”

The motion was adopted.

MEDICAL SERVICES.

The Honourable Sir Basil Blackett : Sir, I move :

“ That an excess grant of Rs. 23,870 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1922-23 in respect of ‘ Medical Services ’.”

The motion was adopted.

AGRICULTURE.

The Honourable Sir Basil Blackett : Sir, I move :

“ That an excess grant of Rs. 31,894 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1922-23 in respect of ‘ Agriculture ’.”

The motion was adopted.

AVIATION.

The Honourable Sir Basil Blackett : Sir, I move :

“ That an excess grant of Rs. 6,208 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1922-23 in respect of ‘ Aviation ’.”

The motion was adopted.

CENSUS.

The Honourable Sir Basil Blackett : Sir, I move :

“ That an excess grant of Rs. 37,241 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1922-23 in respect of ‘ Census ’.”

The motion was adopted.

EMIGRATION—EXTERNAL.

The Honourable Sir Basil Blackett : Sir, I move :

“ That an excess grant of Rs. 1,019 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1922-23 in respect of ‘ Emigration—External ’.”

The motion was adopted.

JOINT STOCK COMPANIES.

The Honourable Sir Basil Blackett : Sir, I move :

“ That an excess grant of Rs. 12,781 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1922-23 in respect of ‘ Joint Stock Companies ’.”

The motion was adopted.

MISCELLANEOUS DEPARTMENTS.

The Honourable Sir Basil Blackett : Sir, I move :

“ That an excess grant of Rs. 13,509 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1922-23 in respect of ‘ Miscellaneous Departments ’.”

The motion was adopted.

STATIONERY AND PRINTING.

The Honourable Sir Basil Blackett : Sir, I move :

“ That an excess grant of Rs. 41,382 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1922-23 in respect of ‘ Stationery and Printing ’.”

The motion was adopted.

ADJUSTMENTS WITH PROVINCIAL GOVERNMENTS.

The Honourable Sir Basil Blackett : Sir, I move :

“ That an excess grant of Rs. 7,320 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1922-23 in respect of ‘ Adjustments with Provincial Governments ’.”

The motion was adopted.

REFUNDS.

The Honourable Sir Basil Blackett : Sir, I move :

“ That an excess grant of Rs. 89,377 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1922-23 in respect of ‘ Refunds ’.”

The motion was adopted.

DELHI.

The Honourable Sir Basil Blackett : Sir, I move :

“ That an excess grant of Rs. 32,943 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1922-23 in respect of ‘ Delhi ’.”

The motion was adopted.

RAJPUTANA.

The Honourable Sir Basil Blackett : Sir, I move :

“ That an excess grant of Rs. 62,642 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1922-23 in respect of ‘ Rajputana ’.”

The motion was adopted.

CENTRAL INDIA.

The Honourable Sir Basil Blackett : Sir, I move :

“ That an excess grant of Rs. 66,497 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1922-23 in respect of ‘ Central India ’.”

The motion was adopted.

IRRIGATION.

The Honourable Sir Basil Blackett : Sir, I move :

“ That an excess grant of Rs. 25,219 be voted by the Assembly to regularise the expenditure charged to Capital actually incurred in excess of the voted grant in the year 1922-23 in respect of ‘ Irrigation ’.”

The motion was adopted.

INTEREST-FREE ADVANCES.

The Honourable Sir Basil Blackett : Sir, I move :

“ That an excess grant of Rs. 74,49,592 be voted by the Assembly to regularise the expenditure under ‘ Disbursements of Loans and Advances ’ actually incurred in excess of the voted grant in the year 1922-23 in respect of ‘ Interest-free advances ’.”

Diwan Bahadur M. Ramachandra Rao : Sir, as regards this item I find that some explanation is given in the report of the Public Accounts Committee at page 5, paragraph 12. It is there stated :

“ The actual excess occurs under the head of ‘ advances repayable ’ and is explained as due partly, as last year, to the system of accounting in the Army-Department and partly to heavier advances being made to contractors.”

May I ask the Honourable Member whether there is no system in the Army Department of watching advances made to contractors from time to time and whether a large sum of Rs. 74 lakhs should be placed at the disposal of contractors in advance of actual payments, by which the State loses. I should like the Honourable Member to tell us what exactly is the system of the Army Department.

The Honourable Sir Basil Blackett : The explanation of this excess will be found at page 200 of the Appropriation Report of the Central Revenues. This again is really a case where the revised grant is the main cause of the error. The original grant was Rs. 12,06,37,000 ; the revised grant was Rs. 10,31,12,000 ; the actual expenditure was Rs. 11,05,61,000. That is, the original expenditure was 74 lakhs in excess of the revised grant but was just a crore less than the original grant. The main explanation

[Sir Basil Blackett.]

is really there. I shall be very glad to give the Honourable Member a technical explanation of this system of accounting in the Military Department which has given us some trouble in the Public Accounts Committee, but I do not think that I had better enter on a long disquisition here as it is a very technical one. We are trying to improve on it but I should like just to point out to the House that it is not a question of final expenditure. This is merely an advance repayable. What happens is that the advance that is made by the Military to contractors under a regular system is first of all brought to account as an advance repayable voted by this House. It is then charged finally to the Army Department, possibly about three months later and repaid to this vote. It is really only a postponement of about three months of the actual charge to the Army Department.

Diwan Bahadur M. Ramachandra Rao : Sir, my point was not that the original grant was 12 crores. The point really is whether it is right that the contractors, after the final grant of 10 crores has been settled, should have been permitted to use 74 lakhs, and whether there is anybody in the Army Department who is watching the advances made to contractors.

And as regards the 74 lakhs advanced to contractors, was it without any *quid pro quo* to the Department in the shape of interest ?

The Honourable Sir Basil Blackett : There is a *quid pro quo* to the Department in the terms of the contract, one of the terms of which is that certain advances should be made. Otherwise the charge would presumably be higher. I can assure the Honourable Member that there is a very great check kept over this in the Military Accounts Department by the accountants concerned. The difficulty in this case is the difficulty we have come across in many cases, *i.e.*, of lack of co-ordination and of exchange of information between the disbursing authority and the accounting authority. It is probably not correct to say that an advance of 74 lakhs was made after the revised estimate was drawn up. The advance had probably been made already but those who had to frame the revised estimate did not know of it. And this difficulty we hope will not occur.

The motion was adopted.

DEMANDS FOR SUPPLEMENTARY GRANTS.

STAMPS.

The Honourable Sir Basil Blackett (Finance Member) : Sir, I beg to move :

“ That a supplementary sum not exceeding Rs. 8,30,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March, 1925, in respect of ‘ Stamps ’.”

The purpose of this supplementary grant is to meet a portion of the cost of the initial outlay on the establishment of a security printing press in India for the printing of stamps and stamped paper. The details of what we are proposing have been fully before the Standing Finance Committee on several occasions and I think it is recognised on all sides that it is not only inevitable but extremely desirable that we should incur this expenditure so that we may in future do our own printing in a great many cases where it has hitherto been done for us in London.

I beg to move the motion.

The motion was adopted.

PORTS AND PILOTAGE.

The Honourable Sir Charles Innes (Commerce Member) : Sir, I beg to move :

“ That a supplementary sum not exceeding Rs. 75,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March, 1925, in respect of ‘ Ports and Pilotage ’.”

This supplementary demand, Sir, has arisen in connection with certain light ships on the Burma coasts. We provided in the budget estimates for Rs. 12,000 for the repair of these light ships. When the ships were laid up, they were found to require more repair than we originally anticipated. That accounts for an excess of Rs. 12,000. In addition, one of the ships was found to be in such a bad condition that, in order to make her fit to meet the cyclonic and the monsoon season of 1925, we had to recondition her at a cost of Rs. 40,000. That accounts almost entirely for this excess demand. The demand has been put in by the Government of Burma and the Government of India are quite satisfied that it must be met. But I may explain that the cost will be covered by dues under the Burma Ports Lights Act.

The motion was adopted.

 ZOOLOGICAL SURVEY.

Mr. J. W. Bhole (Secretary, Department of Education, Health and Lands) : Sir, I beg to move :

“ That a supplementary sum not exceeding Rs. 38,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March, 1925, in respect of ‘ Zoological Survey ’.”

Sir, I need only explain that we are seeking to utilise savings which have accrued under the head of non-voted expenditure due to the fact that European officers whose salaries were non-voted have ceased to be on the establishment and their place has been taken by Indian officers whose salaries are voted. Part of the savings we propose to utilise for the fitting up of the Invertebrate Gallery of the Indian Museum.

Sir, I beg to move the motion.

The motion was adopted.

 AGRICULTURE.

Mr. J. W. Bhole : Sir, I beg to move :

“ That a supplementary sum not exceeding Rs. 6,57,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March, 1925, in respect of ‘ Agriculture ’.”

The explanation for this has been fully given in the note which has been circulated to Members of this House. This is the capital sum representing the book value of the Dairy Farms at Bangalore, Wellington and Karnal, which were transferred in pursuance of the recommendations of the Retrenchment Committee from the Military Department to the

[Mr. J. W. Bhore.]

Civil Department. It involves no extra charge. It is merely a debit to Civil funds and a credit to Military funds.

I beg to move the motion.

Mr. K. C. Neogy (Dacca Divison : Non-Muhammadan Rural) : Sir, I beg to move :

“ That the demand under the head ‘ Agriculture ’ be reduced by Rs. 100.”

My intencion in moving this motion is to obtain certain information with regard to the future working of these Dairy Farms. As my Honourable friend, Mr. Bhore, has stated, the transfer of these Dairy Farms from the control of the Army Department to the control of the Agricultural Department, is in pursuance of the recommendations of the Inchcape Committee. The Inchcape Committee in their Report observed that the operations of these farms expanded very considerably during the war and that they were at that time overburdened with buildings and plant in excess of the demands for their produce. And I find that these Military Dairy Farms were responsible for a loss of Rs. 10,66,000 in 1918-19, Rs. 15,90,000 in 1919-20, and Rs. 6,24,000 in 1921-22. And I further note that there is a system in vogue under which the dairy produce is sold at less than cost price. In this connection I also observe that the Inchcape Committee recommended that the system of preferential rates in force should be reviewed. I should like to know whether, with the transfer of these farms to the control of the Agricultural Department, they will be worked on a commercial basis, or whether the same system will continue and whether these farms will show a net loss to the general tax-payer.

Mr. J. W. Bhore : Sir, when these farms were taken over, we

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decided that they should be worked on a commercial basis and we have made that perfectly clear to those who are charged with the management of these farms. I can give the Honourable Member the assurance that, as far as we possibly can, we shall act in pursuance of that policy in future. We have of course undertaken certain responsibilities when taking over the farms. Under the conditions of transfer, we are bound to guarantee the supply of milk, butter and cream for use of military hospitals and of military personnel. Those were the conditions of transfer and we must adhere to them. But it is made perfectly clear that it is open to the Department of Agriculture to increase the prices of these articles charged to the military, in case we find they do not pay, with the sanction of the Government of India. I can assure the Honourable Member that we shall strictly adhere to this policy. We are not yet in a position to say what is the result of the first year's working but we shall regulate our policy in regard to charges in accordance with the results of the audited accounts that we get. I hope the Honourable Member will be satisfied with this assurance.

Mr. K. C. Neogy : I beg leave to withdraw the motion.

The motion was, by leave of the Assembly, withdrawn.

Mr. Deputy President : The question is :

“ That a supplementary sum not exceeding Rs. 6,57,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March, 1925, in respect of ‘ Agriculture ’.”

The motion was adopted.

COMMERCIAL INTELLIGENCE.

The Honourable Sir Charles Innes : Sir, I beg to move :

“ That a supplementary sum not exceeding Rs. 1,01,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March, 1925, in respect of ‘ Commercial Intelligence ’.”

The explanation of this Demand, Sir, is that certain Local Governments have been collecting for us certain inland frontier trade statistics. These statistics have hitherto been collected at the cost of the Local Government, but under the reform scheme and under the Devolution Rules statistics are a central subject and the two Local Governments concerned, namely, the Governments of the United Provinces and of Bihar and Orissa, have now sent us in a bill for the amount. We have had to accept the bill. I may say for the information of the House that we have the whole question of trade statistics under our consideration at the moment and we hope to make better and possibly cheaper arrangements. I move the motion, Sir.

Mr. B. Venkatapatiraju (Ganjam *cum* Vizagapatam : Non-Muhamadan Rural) : Sir, I notice from the proceedings of the Standing Finance Committee supplied to us that the Government propose to spend about Rs. 66,100 for the purpose of an Expert Committee to inquire into and report as to what measures should be taken for the improvement of coal export.

The Honourable Sir Charles Innes : Sir, I rise to a point of order. That question has nothing to do with this Demand, nor does it come under the Commerce Department Budget.

Mr. Deputy President : This Demand relates to Commercial Intelligence. Under what head does the Honourable Member wish to bring his point ?

Mr. B. Venkatapatiraju : Sir, the Government propose to spend this amount and they have not brought it before the Assembly. I want to know whether they want to spend it without the knowledge of the Assembly or whether they want to spend it by reappropriation from other funds or whether they would bring it under any head.

Mr. Deputy President : The Honourable Member has not answered my question. Under what head does he wish to bring it ? How does it come under the head ‘ Commercial Intelligence ’ ?

Mr. B. Venkatapatiraju : I understand, Sir, that Sir Charles Innes is in charge of the Commerce Department and he wants that an Expert Committee should be appointed to inquire into the coal trade. Therefore, the Honourable the Commerce Member is responsible for this. If not Sir Charles Innes, I may ask the Honourable the Finance Member whether he is responsible for spending this amount. Somebody must be answerable for spending this amount. I want just to know whether the Government are prepared to place the question before the Assembly before they propose to spend the amount or whether they want to spend it without the knowledge of the Assembly or whether they want to spend it by reappropriation from any other sources available to them without placing the matter before the Assembly. That is the object with which I raised this question. Whether it is in charge of the Finance Member or the Commerce Member matters very little to me. But I want to raise the constitutional question. They ought to spend a large amount only with the

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knowledge and with the permission of this Assembly. It is for that purpose that I raise this question.

The Honourable Sir Basil Blackett : I should be extremely happy to give the explanation as I have no desire to burke discussion, but I believe it to be entirely out of order.

Mr. Deputy President : If the objection is taken on a point of order I must uphold the objection. I wish to know whether objection is taken on a point of order, or whether the Honourable Member is willing to give the explanation.

The Honourable Sir Basil Blackett : In the interests of regularity of discussion in this House I do not think it desirable that we should have a discussion, if I may say so, on a subject of this sort on a vote that has nothing to do with it. But I should be very happy to give the information with the leave of the House.

Mr. Deputy President : I would not allow a discussion, but I will certainly allow the Honourable the Finance Member, if he is prepared to give the explanation, to give it.

The Honourable Sir Basil Blackett : The expenditure on the Coal Committee, Sir, will be a charge against vote No. 47, "Miscellaneous", the vote under which provision is made for expenditure on committees of this sort. The proposals for the expenditure were, in accordance with the arrangements agreed to between the House and the Government, put before the Standing Finance Committee, and their recommendation on the subject is contained in this Volume. I think it is on page 53 of Vol. IV, No. 2, of the Standing Finance Committee's recent report. The estimated expenditure for the next about five months is about Rs. 66,000. It will be observed that no supplementary estimate under the head "Miscellaneous" is before the House for the reason that it is expected that savings in other heads under the vote "Miscellaneous" will be sufficient to cover this additional expenditure. No additional grant from the House over and above the grant already voted is therefore required. The sum will, we hope, be met by reappropriation within the vote. It will be met with the full knowledge of the Standing Finance Committee, and I think it is in accordance with the regular practice.

(Sardar V. N. Mutalik then rose to speak.)

Mr. Deputy President : I would not allow any discussion on this. Honourable Members having heard the explanation, if they want to discuss it, they will have to do so on an independent motion.

Sardar V. N. Mutalik (Gujarat and Deccan Sardars and Inamdars : Landholders) : Can I not speak on the explanation that has been supplied to the House on the question raised by the Honourable Mr. Raju?

Mr. Deputy President : I cannot allow that discussion. The question is :-

"That a supplementary sum not exceeding Rs. 1,01,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March, 1925, in respect of 'Commercial Intelligence'."

The motion was adopted.

EXPENDITURE IN ENGLAND (HIGH COMMISSIONER FOR INDIA).

The Honourable Mr. A. C. Chatterjee (Industries Member) : Sir, I beg to move :

“ That a supplementary sum not exceeding Rs. 70,000 (gross) be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March, 1925, in respect of ‘ Expenditure in England (High Commissioner for India) ’.”

The reasons for this motion are explained in the blue book which has been circulated to Honourable Members. It is consequential on the Government taking over under State management the East Indian Railway and the Great Indian Peninsula Railway. The stores that used to be purchased by the Home Boards of these two Railways in England will now be purchased by the organisation under the High Commissioner and the High Commissioner has therefore to be placed in funds in order to meet the additional staff that will be necessary. He will have to pay for the additional staff in his own office and certain expenses that are ordinarily incurred by the Consulting Engineers in these respects. The amount that we are asking for this year is what will be required during this year, but the amount next year will probably be somewhat larger. At the same time, I wish to repeat the explanation which was given to the Standing Finance Committee, namely, that practically the whole sum will be recovered in the way of surcharges from the Railway Administrations. The net cost to Government will, therefore, be practically nothing. As a matter of fact, the new procedure will entail a very considerable saving as the High Commissioner will be able to utilise his ordinary staff for much of the work which used to be done by a special staff employed by the Home Boards of the two Railways. Sir, I move the motion.

Mr. Deputy President : The question is :

“ That a supplementary sum not exceeding Rs. 70,000 (gross) be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March, 1925, in respect of ‘ Expenditure in England (High Commissioner for India) ’.”

The motion was adopted.

 DEPUTATION OF MR. DENYS BRAY TO THE FRONTIER IN CONNECTION WITH THE RIOT AT KOHAT.

The Honourable Sir Alexander Muddiman (Home Member) : With your permission, Sir, I should like to announce to the House that His Excellency the Governor General has decided to depute Mr. Bray, Foreign Secretary, to proceed to the Frontier at once, to discuss the situation with the Chief Commissioner and consult with him as to the measures which should be taken to restore confidence, and to report the result to the Government of India with the least possible delay. I may add that Mr. Bray will leave Simla by to-day's afternoon train.

 RIOT AT KOHAT.

Mr. Denys Bray (Foreign Secretary) : With your permission, I should like to correct a mis-statement of mine the other day. I stated in the House that some 303 Muslims had been placed under arrest in Kohat. The telegram that had reached me actually read “ 303 Muslims had been arrested ”. I have now ascertained that this was a mutilation and that

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the telegram ought to have read " 3 Hindus and 3 Muslims had been arrested ". I should like to add this that with a view to restore confidence as soon as might be and to facilitate the return of the Hindus in particular to Kohat, arrangements are being made to advance money to those who are really homeless and really indigent with a view to helping them to get back to Kohat.

Mr. Deputy President : The Honourable Sardar V. N. Mutalik wants to know why I disallowed* discussion. It is not usual to give an explanation of the rulings of the Chair, but the matter is obvious. If the Honourable Member had followed the discussion he would have noticed that the point that Mr. Raju raised does not arise out of the grant before the House. That is why I overruled the discussion.

The Assembly then adjourned till Eleven of the Clock on Monday, the 22nd September, 1924.

* See p. 3880, *ante*.