

23rd February, 1925

THE

LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

SECOND SESSION

OF THE

SECOND LEGISLATIVE ASSEMBLY, 1925



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LEGISLATIVE ASSEMBLY.

Monday, 23rd February, 1925.

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

QUESTIONS AND ANSWERS.

ACREAGE UNDER SUGAR-CANE CULTIVATION.

969. ***Diwan Bahadur M. Ramachandra Rao:** Will the Government be pleased to place on the table a statement showing the acreage cultivated with sugar-cane in India for the official years 1920-21, 1922-23, 1924?

Mr. J. W. Bhore: The areas reported to be under sugar-cane cultivation in India during the years 1920-21, 1922-23, and 1923-24 were 2,576,000; 2,740,000; and 2,916,000 acres, respectively.

ESTABLISHMENT OF A SUGAR SCHOOL.

970. ***Diwan Bahadur M. Ramachandra Rao:** Will the Government be pleased to state what action has been taken for the establishment of a School in India for providing a thorough training in India in sugar agriculture, chemistry and engineering as recommended in Chapter 25 of the Sugar Committee Report?

Mr. J. W. Bhore: The recommendation contained in Chapter XXV of the report of the Indian Sugar Committee for the establishment of a Sugar School in India to provide training in sugar agriculture, chemistry and engineering was considered in 1922 and it was recognised that, as remarked by the Committee in paragraph 405 of their report, a further preliminary inquiry into the working of such schools in other countries was necessary prior to the establishment of a school in India. Owing however to financial stringency and subsequent retrenchment of expenditure in all Departments, Government have been unable to proceed with the proposal.

Sir Campbell Rhodes: Will Government bear in mind when reconsidering this question the remark made by a leading sugar merchant, which was quoted in paragraph 90 of the Fiscal Commission's Report, that it would be a greater advantage to the sugar industry to have a small cess on imported sugar devoted to carrying out the recommendations of the Sugar Committee than to have the assistance of a high protective duty?

Mr. J. W. Bhore: Yes, certainly.

Diwan Bahadur M. Ramachandra Rao: May I ask whether Government now propose to take action in the direction indicated?

Mr. J. W. Bhore: The Honourable Member will recollect that the recommendation in regard to the establishment of sugar schools formed part of a much wider recommendation—these sugar schools were to be part of a Central Sugar Research Institute. I can give the Honourable Member the assurance that we are at the present moment actively considering the steps to be taken in furtherance of these proposals in regard to investigation and research.

CULTIVATION OF WASTE LANDS.

971. ***Diwan Bahadur M. Ramachandra Rao:** (a) Has the attention of the Government been drawn to the papers submitted by Mr. D. Clouston and Mr. Anstead (Appendix VII of the Proceedings of the Board of Agriculture, 1924) regarding the desirability of bringing waste lands under cultivation with a view to increasing the food grains in India?

(b) Will the Government be pleased to state whether they propose to take any action in the directions suggested in these papers?

(c) Will the Government be pleased to state whether any inquiry has been held in recent years as regards the sufficiency or otherwise of the food grains grown in India for the needs of the population in India?

Mr. J. W. Bhore: (a) Yes.

(b) Agriculture being a provincial transferred subject the question is primarily the concern of Local Governments. The papers by Messrs. Clouston and Anstead, as well as the report of the discussion on the subject at the last meeting of the Board of Agriculture in India, were forwarded to Local Governments in April 1924 for consideration. There is no reason to suppose that Local Governments are not fully alive to the importance of the question.

(c) No.

[SEPARATION OF JUDICIAL AND EXECUTIVE FUNCTIONS IN THE UNITED PROVINCES.

972. ***Mr. Ismail Khan:** (a) Will the Government be pleased to state whether they have received any communication from the United Provinces regarding the separation of judicial from executive functions?

(b) If the answer is in the affirmative, will the Government be pleased to state what orders have the Government of India passed on it?

(c) When do the Government propose to sanction this scheme which was prepared long ago by a committee appointed by the United Provinces Government?

Mr. H. Tonkinson: (a) Yes.

(b) and (c). The Honourable Member is referred to the answers given to Khan Bahadur Sarfaraz Hussain Khan's question No. 144 on the 23rd January, 1925 and Maulvi Muhammad Yakub's question No. 383 on the 28th January, 1925.

REDUCTION OF DIVISIONAL COMMISSIONERS IN THE UNITED PROVINCES.

973. ***Mr. Ismail Khan:** (a) Have the Government of India received any report from the United Provinces Government about the reduction in number of Commissioners in the United Provinces?

(b) Is it not a fact that this report was unanimously arrived at by officials and non-official members of a committee appointed by the United Provinces Government?

(c) When did the United Provinces Government submit this report to the Government of India and when do the Government of India propose to take a final decision in the matter?

(d) Has the sanction of the United Provinces Government been asked for, and if so, when?

Mr. H. Tonkinson: (a) and (b). Yes.

(c) The report was received in October 1923 and is now under the consideration of the Government of India.

(d) The United Provinces Government have not been addressed since the report was received.

CLERICAL ESTABLISHMENT OF THE GOVERNMENT OF INDIA.

974. ***Haji S. A. K. Jeelani:** Will the Government be pleased to state:

1. How many clerks of the upper division in the various departments have experience of the Provincial Secretariats?
2. Whether they would consider the desirability of recruiting clerks for the upper division from the Provincial Secretariats and from the provinces?
3. How many of the superintendents and divisional clerks of the various departments who are in the superior grade possess a University degree?
4. The number of upper clerks from the Madras Presidency in the following Departments:
 - (a) Foreign and Political;
 - (b) Education, Health and Lands;
 - (c) Commerce;
 - (d) Industry and Labour;
 - (e) Military Finance;
 - (f) Army;
 - (g) Railway Board;
 - (h) Legislative.

Mr. H. Tonkinson: A statement giving the information asked for in parts 1, 3 and 4 of the question is being sent to the Honourable Member.

2. The general question of recruitment to the Upper Division is under consideration. I will have the point raised by the Honourable Member considered.

SUPERINTENDENTS AND ASSISTANTS IN THE VARIOUS DEPARTMENTS OF THE GOVERNMENT OF INDIA.

975. ***Haji S. A. K. Jeelani:** Will the Government be pleased to lay on the table a tabular statement exhibiting the number of superintendents and upper divisional clerks in the various departments classed as under:

- (a) Europeans, Anglo-Indians, Christians,
- (b) Bengali Hindus,
- (c) Punjabi Hindus,
- (d) Muhammadans,
- (e) and the other Hindus?

Mr. H. Tonkinson: A statement giving the information is being sent to the Honourable Member.

Mr. W. S. J. Willson: Will the Honourable gentleman include in the statement which is being sent to the Honourable Member a return of the Europeans, Anglo-Indians and Christians separately?

Mr. H. Tonkinson: The statement that is being sent to the Honourable Member has already been prepared, and if the Honourable Member desires this further information, we will collect it in due course.

NUMBER OF PERSONS DETAINED UNDER BENGAL REGULATION III OF 1818.

976. ***Sardar Gulab Singh:** Will the Government be pleased to state the number of persons who are detained under Bengal Regulation III of 1818 and how many are still in jails under the said Regulation?

Mr. H. Tonkinson: Twenty-nine persons are detained under the Regulation, of whom twenty-eight are in jails.

REDUCTION OF POSTAL RATES FOR BOOK PACKETS.

977. ***Sir Purshotamdas Thakurdas:** With reference to the following statement made by the Honourable Mr. McWatters, Secretary, Finance Department, in the Council of State last year, will Government be pleased to state the result of the examination referred to by the Honourable Mr. McWatters:

"We are examining this question because it appears there may be some case for reducing the present rate for book packets".—Council of State Debates, Vol. IV, No. 25, page 651.

The Honourable Sir Bhupendra Nath Mitra: Examination showed that a reversion to the old rates for book packets in force before April 1921, namely, $\frac{1}{2}$ anna for every 10 tolas, would involve a loss to this Department of about 10 lakhs of rupees a year. Government decided that they would not be justified in incurring this loss, especially as statistics showed that the increase in the rates which took place in 1921 had not adversely affected the traffic.

Sir Purshotamdas Thakurdas: The Honourable Member says that statistics showed that the increased rates did not adversely affect the traffic. Will he kindly tell us what those statistics are?

The Honourable Sir Bhupendra Nath Mitra: I have not got them with me here, Sir; but I shall send them to the Honourable Member, unless he desires me to lay them on the table of this House.

Sir Purshotamdas Thakurdas: I think it would interest some Members of this House also. I am obliged for his offering to send them to me, but, if he can place them on the table, it would probably interest other Members also.

The Honourable Sir Bhupendra Nath Mitra: I shall do so, Sir.

PROVISION OF A SIDING FOR LOADING AND UNLOADING MOTOR VEHICLES AT PAKPATTAN RAILWAY STATION.

978. ***Baba Ujagar Singh Bedi:** (a) Is it a fact that there is no platform siding for loading and unloading motor vehicles at the Pakpattan railway station in the Montgomery District?

(b) Is it a fact that a large number of bungalows are under construction at Pakpattan in connection with the Canal Project that is being carried on now, and that it is a place where motor cars are mostly used for conveyances, both by the officials and non-officials?

(c) Under the circumstances, do Government contemplate to remove this public inconvenience by providing a siding over there?

Mr. G. G. Sim: (a), (b) and (c). Government have no information but will send a copy of the Honourable Member's question to the Agent for consideration.

WATER TAPS AT PAKPATTAN RAILWAY STATION.

979. ***Baba Ujagar Singh Bedi:** (a) Is it a fact that railway water taps at Pakpattan railway station are only left open for the use of the passengers half an hour before the arrival, and after the departure, of the trains?

(b) Is it a fact, that there is no other provision with regard to water in the suburbs of the railway station referred to above, except the railway water pipes?

(c) Are Government aware that passengers desiring to catch the train often come earlier to avoid the heat or other troubles of the day and are put to great inconvenience on account of the absence of water in the railway premises?

(d) Under the circumstances are Government prepared to pass necessary instructions, in this direction, that the water taps should be left open two hours before the arrival and two hours after the departure of the trains?

Mr. G. G. Sim: Government have no information, but will send a copy of the Honourable Member's question to the Agent for consideration.

PROVISION OF A CLOCK OVER THE PRESIDENT'S CHAIR IN THE LEGISLATIVE ASSEMBLY CHAMBER.

980. ***Mr. Darcy Lindsay:** (a) Is it a fact that Government propose to place a clock over the Honourable the President's chair in the Legislative Assembly Chamber for the convenience of Members and which will assist them in seeing that they do not exceed the time limit?

(b) If the answer is in the affirmative, will Government state if the clock will be so fixed during the present session?

Mr. L. Graham: Government are of opinion that if a second clock is to be placed in the Chamber it cannot be a clock working independently of the clock already in the Chamber. The question of installing a pair of electrically driven clocks is under consideration, but there is no likelihood of the clocks being installed during the present session.

GOVERNMENT OFFICIALS ON THE BOARD OF MANAGEMENT OF THE ARMY
CANTEN BOARD (INDIA).

981. ***Raja Ghazanfar Ali Khan**: Is the Army Canteen Board (India) a private company? If so, will Government be pleased to state the reason why it has permitted high Government officials to be chairman and members of the Army Canteen Board and also of its board of management?

Mr. E. Burdon: The Army Canteen Board (India), as has been repeatedly stated in answer to previous questions, is a public company incorporated under the Indian Companies Act, 1913.

Government officials have been appointed to the Board, firstly, because the Board functions exclusively in the interests of a class of Government servants, namely, soldiers; secondly, because their services on the Board are necessary to its successful working and to safeguard the financial interests of Government in the undertaking; and thirdly, because there is no known objection to their appointment to the Board.

Mr. Gaya Prasad Singh: May I take it that this is a Government institution?

Mr. E. Burdon: No, Sir.

REMUNERATION OF GOVERNMENT OFFICIALS ON THE BOARD OF
MANAGEMENT OF THE ARMY CANTEN BOARD (INDIA).

982. ***Raja Ghazanfar Ali Khan**: Will Government be pleased to state whether the Government officials who are chairman and members of the Army Canteen Board (India) receive any allowance or remuneration from the funds of the Army Canteen Board (India) in return for their services?

Mr. E. Burdon: The answer is in the negative.

GOVERNMENT OFFICIALS ON THE BOARD OF MANAGEMENT OF PRIVATE
COMPANIES.

983. ***Raja Ghazanfar Ali Khan**: Will Government be pleased to state whether there is any private company in India besides the Army Canteen Board (India) which has high Government officials as chairman or members?

Mr. E. Tonkinson: Government have no information on the subject.

NET DEBT DUE ON THE 31ST JANUARY, 1925, BY THE ARMY CANTEN
BOARD (INDIA) TO THE IMPERIAL BANK OF INDIA.

984. ***Raja Ghazanfar Ali Khan**: Will Government be pleased to state the net debt due on 31st January, 1925, from the Army Canteen Board (India) to the Imperial Bank of India in respect of the advances made by the latter on the guarantee of the Government of India and also the value of the net assets of the Army Canteen Board (India) after deduction of all other liabilities?

Mr. E. Burdon: The Army Canteen Board (India) keep their accounts according to the financial year ending with July and the Government of India cannot ask the Board to reconstruct their accounts, or produce statistics on another basis. The Honourable Member is already in possession of the audited balance sheet for last year.

DEBTS DUE BY THE ARMY CANTEN BOARD (INDIA) TO CREDITORS .
OTHER THAN THE IMPERIAL BANK OF INDIA.

985. ***Raja Ghazanfar Ali Khan:** Will Government be pleased to state the amount of liabilities of the Army Canteen Board (India) to creditors other than the Imperial Bank of India?

Mr. E. Burdon: No, Sir. The Government of India are prepared to give and have given the general public a great deal of information regarding the Army Canteen Board (India), but they consider that the Board must be allowed to preserve the same secrecy as a private business firm would in regard to the details of its trading transactions. As regards the financial position of the Board, the audited annual balance sheet, to which all Honourable Members can have access, is the most reliable guide.

Khan Bahadur W. M. Hussanally: Is it a fact, Sir, that many of the dealers who supply goods to the Army Canteen Board are not being paid and they are clamouring for payment of very large sums of money from the Army Canteen Board?

Mr. E. Burdon: I should like to have notice of that question.

TOTAL AMOUNT OF PAY DRAWN BY EUROPEAN AND INDIAN ESTABLISHMENTS
OF THE ARMY CANTEN BOARD (INDIA) AT HEADQUARTERS AND AT
DISTRICT AND BRANCH OFFICES, RESPECTIVELY.

986. ***Raja Ghazanfar All Khan:** Will the Government be pleased to state:

- (a) The total amount of pay and allowances drawn by the European and non-Indian establishment of the Army Canteen Board (India) at headquarters?
- (b) The total amount of pay and allowances drawn by the Indian establishment of the Army Canteen Board (India) at headquarters?
- (c) The total amount of pay and allowances drawn by the European and non-Indian establishment of the Army Canteen Board (India) at district and branch offices?
- (d) The total amount of pay and allowances drawn by Indian establishment of the Army Canteen Board (India) at district and branch offices?

Mr. E. Burdon: (a) Rs. 10,710.

(b) Rs. 4,544.

(c) Rs. 25,833-3-0.

(d) Rs. 50,955-12-0.

OFFICIATING APPOINTMENT OF DIRECTOR OF PUBLIC INSTRUCTION,
NORTH-WEST FRONTIER PROVINCE.

987. ***Mr. S. Sadiq Hasan:** (a) Will the Government be pleased to state if Mr. Towle, the Director of Public Instruction, North-West Frontier Province, is shortly proceeding on eight months' leave?

(b) If so, do they propose to consider the claims of the next senior I. E. S. man in the province for the officiating vacancy?

(c) If not, will they be pleased to state the reasons for passing over the claims of an Indian member of the service?

Mr. J. W. Bhore: (a) Yes.

(b) and (c). The Government of India have no reason to believe that the local Administration with whom the appointment rests will not take all legitimate claims into consideration.

LEVY OF AN ADDITIONAL CHARGE OF 3 PER CENT. ON PRESS MESSAGES SENT WITHOUT PREPAYMENT.

Mr. A. Rangaswami Iyengar: With your permission, Sir, I wish to put the following question:

(a) Will the Government be pleased to state whether it is a fact that an additional charge of 3 per cent. has been directed to be levied on all press messages sent without prepayment with effect from the 1st April 1925? If so under what provisions of law or regulation the said charge is to be levied?

(b) Will the Government be pleased to state whether any similar extra charge has been imposed on press messages in any other country?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes. The charge has been directed to be levied in exercise of the powers conferred by section 7 of the Indian Telegraph Act (1885), in order to cover the cost incurred in the upkeep of accounts for press messages accepted without prepayment

(b) Yes, in the British Post Office.

Mr. A. Rangaswami Iyengar: May I know, Sir, whether, before fixing this extra impost upon the poor press of this country, Government consulted what is known as the Publicity Committee that has been set up in this House?

The Honourable Sir Bhupendra Nath Mitra: No, Sir.

Mr. A. Rangaswami Iyengar: May I know, Sir, why this was not done?

The Honourable Sir Bhupendra Nath Mitra: I have already informed the Honourable Member of the powers under which this particular levy was imposed and the reasons for imposing it.

Khan Bahadur W. M. Hussanally: Is it a fact, Sir, that the Telegraph Department was working at a loss before the imposition of this levy?

The Honourable Sir Bhupendra Nath Mitra: I would ask the Honourable Member to wait till the presentation of the Budget. I cannot disclose any budget secrets at this stage.

Mr. A. Rangaswami Iyengar: May I know, Sir, whether in regard to this matter the Government consulted any of the press associations in this country, which are vitally interested in this matter?

The Honourable Sir Bhupendra Nath Mitra: No, Sir.

Diwan Bahadur M. Ramachandra Rao: May I know, Sir, what has been the revenue derived by this additional impost of 3 per cent.?

The Honourable Sir Bhupendra Nath Mitra: As I said, Sir, I am not in a position to disclose any budget secrets at present.

Mr. A. Rangaswami Iyengar: May I know, Sir, if it is not the case that the press of this country is already penalised in regard to bearing press messages, by having to place some amount in deposit in advance for repayment, and the present impost is an additional levy, about which the press has not been informed of the exact reasons?

The Honourable Sir Bhupendra Nath Mitra: I shall require notice of that question. I would, however, ask the Honourable Member, before he asks any more questions, to wait till the presentation of the Budget.

UNSTARRED QUESTIONS AND ANSWERS.

POST OFFICE CASH CERTIFICATES.

188. **Mr. H. G. Cocks:** Will Government be pleased to lay a statement on the table showing the monthly sales of Post Office Cash Certificates, and the monthly repayments of the same, from the time their issue was started down to 31st December 1924, separating the figures, as far as possible, as between different provinces? Will they also be pleased to show the total liability outstanding on 31st December each year, both as to capital and approximate interest?

The Honourable Sir Basil Blackett: It is rather difficult to give all the information required by the Honourable Member in the form of a handy statement but the Government realise that it is worth printing and publishing and will arrange to do so in a convenient form at an early date. Meanwhile, the following figures will be of interest:-

(In lakhs of Rs.)

Year.	Receipts.	Repayments of Principal.	Balance of Principal outstanding at close of year.	Bonus paid.
	Rs.	Rs.	Rs.	Rs.
1917-18	10,00	1,12	8,88	...
1918-19	3,16	3,85	8,19	13
1919-20	87	3,31	5,75	22
1920-21	52	1,49	4,78	17
1921-22	48	92	4,34	14
1922-23	70	1,91	3,13	48
1923-24	6,91	1,62	8,42	28

It is not easy to calculate the liability outstanding at the end of each year, if it is taken to mean the amount that the Government will have to provide if all Cash Certificates then with the public are cashed at once; while it is fairly easy to calculate the maximum liability at any convenient date, on the assumption that all the Cash Certificates then in the hands of the public would be retained till maturity. On that basis, the liability at the end of December, 1924, can be taken as about 390 lakhs, the capital outstanding being roughly 12 crores. If all these were held till maturity, we should have to meet between the 31st December, 1924,

and the 31st December, 1929, on account of these certificates a total interest liability of 89 crores. Experience shows however that the actual payment on account of interest is very much less than the maximum liability, as there is always a large number of holders who encash them at different periods before maturity.

GRIEVANCES OF POSTAL EMPLOYEES.

139. **Sardar Gulab Singh:** (a) Has the attention of Government been drawn to the letter published in the *Tribune* of the 6th February, 1925, headed "Postmen's Association"?

(b) If so, will the Government be pleased to state what action, if any, has been taken with reference to the several grievances mentioned therein?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes.

(b) The Honourable Member is referred to the debate upon Mr. Bipin Chandra Pal's Resolution on the 12th February 1925. The grievances of postal employees generally will be shortly examined in accordance with the undertaking given to the House.

REDUCTION OF THE NUMBER OF TRAINS ON THE TORIGHAT BRANCH OF THE EAST INDIAN RAILWAY, ETC.

140. **Sardar Gulab Singh:** (a) Has the attention of the Government been drawn to the letter published in the *Leader* of the 5th February, 1925, headed "Ghazipur Railway passenger grievances"?

(b) If so, will the Government be pleased to state the reasons for reducing the number of trains on the Torighat Branch of the E. I. Railway?

(c) Are the Government aware that the men of Ghazipur City are being too much inconvenienced owing to their being compelled to wait 6 or 7 hours to catch the corresponding trains?

(d) Will the Government be pleased to state what steps, if any, they are going to take for redressing the grievances of the public of Ghazipur as complained of in the aforesaid letter?

Mr. G. G. Sim: (a), (b), (c) and (d). Government have seen the letter referred to and will send a copy of the Honourable Member's question to the Agent for consideration.

ARMY CONTRACTORS AND THE ARMY CANTEEN BOARD.

141. **Khan Bahadur W. M. Hussanally:** (a) Did army contractors submit a representation to His Excellency the Commander-in-Chief in April, 1921, against the institution of Army Canteen Board?

(b) Did a deputation of the army contractors wait upon the Quartermaster General in September of the same year?

(c) Is it a fact that these contractors were led to believe either by H. E. the Commander-in-Chief or the Quartermaster General that the Army Canteen Board would only be confined to N.-W. F. Provinces and the Fawalpindi Division and would only deprive army contractors of business to the extent of 25 per cent.?

(d) Is it a fact that the operations of the Army Canteen Board have since then been extended to Commands other than those mentioned above?

(e) If so, why?

(f) Is the Army Canteen Board an official or an unofficial body? Who are its members?

(g) Is it a fact that the Government of India advanced funds for the preliminary expenses of the Army Canteen Board? If so, how much, and under whose sanction and from what funds?

(h) Is it a fact that the Army Canteen Board have been given concessions not allowed to army contractors? If so, what are they?

Mr. E. Burdon: (a) There is no record of any representation of the nature referred to by the Honourable Member having been made to His Excellency the Commander-in-Chief in April 1921.

(b) Yes.

(c) With regard to the first part of this question, I would invite the attention of the Honourable Member to the reply given on the 9th February 1925 to unstarred question No. 126. The answer to the second part is that the Quartermaster General in India, in a letter, dated the 11th October 1921, addressed to the Secretary, All-India Army Contractors' Association, stated that the present proposal was only to take over approximately 25 per cent. of the regimental contracts in India.

(d) The operations of the Army Canteen Board (India) are limited to the Northern Command and to certain stations in the Western Command.

(e) The attention of the Honourable Member is invited to the reply given to part (b) of Mr. Willson's question No. 886, answered on the 16th February 1925.

(f) The attention of the Honourable Member is invited to the reply given on the 22nd January last to unstarred question No. 32, and to the reply which was given to-day to Raja Ghazanfar Ali Khan's question No. 981.

(g) An advance of Rs. 1,00,000, bearing interest at the rate of 6 per cent. per annum, was sanctioned by the Government of India for the purpose of meeting expenditure connected with the preliminary work of establishing the Army Canteen Board (India). This amount was met from Central Revenues from the amount provided under the head "Advances Repayable".

(h) No.

THE ARMY CANTEEN BOARD (INDIA).

142. Khan Bahadur W. M. Hussanally: (a) Is it a fact that Officers Commanding Units and soldiers have expressed their dissatisfaction at the service of the Army Canteen Board?

(b) Have the Government of India received any such reports from Commanding Officers? If so, will they place the same on the table? If not, will they call for them and place the same on the table?

(c) Is it a fact that heavy defalcations have taken place in the funds of the Army Canteen Board? If so, how much? Has the amount been recovered? If not, what steps have been taken?

(d) Is it a fact that the Imperial Bank has advanced money to the Army Canteen Board on the guarantee of the Government of India? If so, what is the amount; and under what authority or law have the Government of India given the guarantee?

(e) Has the Army Canteen Board made any profits since its working or has it met with losses? Please furnish figures. If they met with losses, who is to bear the same, and who is to repay the advances made by the Imperial Bank and from what funds?

Mr. E. Burdon: (a) and (b). The attention of the Honourable Member is invited to the reply given on the 9th February, 1925, to unstarred question No. 124. Government do not propose to take the action suggested by the Honourable Member in the latter part of his question (b).

(c) The attention of the Honourable Member is invited to the reply given on the 22nd January, 1925, to unstarred question No. 31.

(d) Yes, Rs. 20 lakhs. With regard to the concluding portion of this question I invite the attention of the Honourable Member to the reply given to him on the 23rd July, 1923, to part (c) of his starred question No. 308.

(e) With regard to the first part of this question, the attention of the Honourable Member is invited to part (b) of the reply given on the 22nd January, 1925, to unstarred question No. 30. As regards the second part, the losses up to date have been charged against the advance made to the Board and it is proposed that these losses shall be a first charge in future profits. As the business of the Board develops, it is hoped that arrangements can be made to pay off the advance gradually from profits of the business.

MUSLIM AUDITORS ON THE NORTH WESTERN RAILWAY.

143. **Mr. S. Sadiq Hasan:** (a) Will Government be pleased to state what is the number of Muslim Assistant Auditors in the North Western Railway and what percentage does this number represent to the total number of such officials in the said Railway?

(b) If the number is very small, are the Government prepared to give effect in above case to the Government Circular of 1922 for adequate representation of those communities which are in a minority?

The Honourable Sir Basil Blackett: Inquiry is being made and a reply will be given to the Honourable Member in due course.

TIME SCALE PAY OF THE POSTAL CLERICAL ESTABLISHMENT.

144. **Mr. S. Sadiq Hasan:** (1) Will the Government be pleased to state whether it is a fact:

- (a) That the officials of the clerical cadre of the Postal Department of India were given as concession the benefit of counting for increment the period of their officiating and temporary service (*vide* letter No. 428-P. W., dated 28th February, 1922, from the Secretary to the Government of India, Public Works Department, to the Director General, Posts and Telegraphs)?
- (b) That after the lapse of one year this concession was subsequently withdrawn by the Director General, Posts and Telegraphs, in his letter No. A. X. I., dated 21st March, 1923, on the interpretation of the Deputy Accountant General, Posts and Telegraphs, and that the officials confirmed after the date of issue of the Department of Commerce Resolution No. 6458, dated the 23rd September, 1920, were deprived of the benefit and their pay was reduced?

- (c) That the officials confirmed on and after 1st January, 1922, were also given the benefit under Rule 22(b) of the Fundamental Rules?
- (d) That the class of officials confirmed between 23rd September 1920 and 1st January, 1922, who are senior to those confirmed after 1st January, 1922 are drawing less pay?

(2) If the reply to the above be in the affirmative, do the Government propose to rectify the matter in respect of the officials confirmed between 23rd September, 1920, and 1st January, 1922?

The Honourable Sir Bhupendra Nath Mitra: Before replying to the individual questions, I think it necessary to give a preliminary explanation to make the position clear. When time-scale pay applying to various services was first introduced, it was laid down that the initial pay in the new scale was to be fixed with reference to the length of *permanent* service in the class. Subsequently, the rule was modified to include temporary and officiating service also, *before the date of introduction of the new scale of pay*. In the nature of things this concession could benefit only men who were permanent in the class on that date. The salary of officiating men was, at that time, governed by the Civil Service Regulations, as also the starting pay on confirmation in the officiating class. The Fundamental Rules which, later, took the place of the Civil Service Regulations, liberalised the rules as regards the above two points and officers confirmed after the introduction of the Fundamental Rules naturally got some benefit which those confirmed when the Civil Service Regulations applied did not get. But this difference has nothing to do with time-scale pay as such.

I will now proceed to reply to the questions seriatim.

(1) (a) Yes.

(b) The above explanation will make it clear there is no question of withdrawing any concession. There were cases of mistakes made in applying rules, which had to be rectified.

(c) Yes, but they did not get any benefit in respect of officiating or temporary service before the introduction of time-scale pay.

(d) This is possible, but Government have no definite information on the point.

(2) If actual instances are brought to the notice of Government through the usual channel, the question of removing inequalities due to the cause mentioned will be considered.

STATEMENTS LAID ON THE TABLE.

PURCHASE OF STORES BY THE HIGH COMMISSIONER FOR INDIA.

The Honourable Sir Bhupendra Nath Mitra (Industries Member): Sir, I lay on the table a Statement furnished by the High Commissioner for India showing all cases in which the lowest tenders have not been accepted by him in purchasing stores for the Government of India during the half year ending 31st December, 1924.

HIGH COMMISSIONER FOR INDIA,
INDIA STORE DEPARTMENT.

ABSTRACT OF CASES in which Tenders, other than the lowest offering suitable goods, were accepted on the grounds of superior quality, superior trustworthiness of the firm tendering, greater facility of inspection, quicker delivery, etc.

HALF-YEAR ENDING 31ST DECEMBER 1924.

PART A.—Cases in which lower foreign tenders, including British tenders for foreign made goods, have been set aside wholly or partially in favour of British tenders.

Stores ordered.	Contract Number.	Name of Contractor.	Amount of contract.	Lowest Tender not accepted.	Reason for acceptance.
			£ s. d.	£ s. d.	
Glider bridges	D. 2462/2606, 10th July 1924.	Francis Morton & Co., Ltd.	0 280 0 0	8,098 5 2 (German.)	The lowest tender offered longer delivery and Continental sections, which would have necessitated a revision of the design.
					The preliminary inspection of the works and the visits of inspectors during re-designing and manufacture would have absorbed most, if not all, of the difference in price.
Microscope	D. 2601/2586, 17th July 1924.	Down Bros., Ltd.	35 19 0	30 6 9 (German.)	The H. C. decided on the second tender on the grounds of superior reliability, delivery approximating to the requirements of the Indenting Officer and economy in inspection.
Microscope	D. 2607/2605, 16th July 1924.	J. Giff & Son, Ltd.	147 8 6	82 0 0 (German.)	Selected by the Indenting Officer to whom tenders were referred.
					Selected by the Indenting Officer to whom tenders were referred.

PART A.—Cases in which lower foreign tenders, including British tenders for foreign made goods, have been set aside wholly or partially in favour of British tenders—contd.

Stores ordered.	Contract Number.	Name of Contractor.	Amount of contract.	Lowest Tender not accepted.	Reason for acceptance.
Axleboxes	D. 5833/5389, 22nd September 1924.	The Patent Axlebox & Foundry Co., Ltd.	£ s. d. 2,568 15 0	£ s. d. 2,066 15 0 (German.)	1,600 out of a total of 2,650 axleboxes were required urgently. The lowest tender came from an unknown German firm. The Consulting Engineers took steps for inspection of and a report on the works; but, in view of the improbability and the undesirability of patterns having to be made) and the undependability of entrusting the whole of a large order to a new firm, the 1,600 axleboxes were ordered from the next lowest tenderer—The Patent Axlebox and Foundry Company, Limited.
Wagons, Goods	D. 4728/3786, 21st December 1924.	Metropolitan Carriage Wagon and Finance Co., Ltd.	11,805 13 6 (Pt. order.)	11,310 0 0 (Czech and Slovakian.)	Subsequently the Consulting Engineers reported favourably on the German firm and the non-urgent part of the order was placed with them as a trial order. The cost of the two orders totalled £9,220-0-0 as against the lowest tender at £3,707-10-0. Accepted on account of the earlier delivery offered. The lowest tenders required 24 weeks for delivery and, having regard to experience in connection with previous orders placed with them, it was considered probable that the contract could not be completed by them under, say, 8 to 9 months. The cost of inspection abroad would be greater than in England and would have been further increased by such an extended delivery, and the earning power of the wagons obtainable through the Metro Company (who offered to deliver in 17 weeks) would more than counterbalance the extra cost.

PART B.—Cases in which the discrimination is between British firms only.

Items ordered.	Contract Number.	Name of Contractor.	Amount of contract.	Lowest Tender not accepted.	Reason for acceptance.
			£ s. d.	£ s. d.	
Line shaft Motors, etc.	D. 2666/1790, 1st July 1924.	English Electric Co., Ltd.	620 4 0	556 18 0	Not lowest, but selected by Mr. Ringang, Tibetan Trade Agent, as best value. The motors are for the Tibetan Government.
Tyres, solid band	D. 2690/6336, 26th July 1924.	C. Macintosh and Co., Ltd.	269 13 0	241 14 0	Accepted on account of superior quality of goods offered. Decision was based on the millages reported and the preference expressed by Indenting Officer.
Windlass	D. 3060/5126, dated 23rd August 1924.	Clarke, Chapman and Co.	346 0 0	345 0 0	The windlass offered by this firm is exactly similar to the original supply.
Machine numbering	D. 3094/3206, dated 27th August 1924.	C. W. Shortt and Co., Ltd.	126 3 9	86 12 10	This is in accordance with the Indenting Officer's wishes as indicated in his demand.
Varnish	D. 3114/4752, dated 30th August 1924.	E. Kearsey and Co., Ltd.	920 0 0	800 0 0	Tenders were referred to India and the machine offered by Shortt and Co. was considered by the Indenting Officer to be the more suitable.
Carnac elements	D. 3126/4674, dated 29th August 1924.	General Electric Co., Ltd.	1,187 10 0	1,153 6 6	Accepted on the ground of the superior quality of varnish offered.
Carnac elements	D. 3136/5037, dated 30th August 1924.	General Electric Co., Ltd.	53 10 0	49 4 0	Considered best value for money.
Locomotive	D. 3448/S. 6687-A., 17th September 1924.	A. Barclay, Sons and Co., Ltd.	1,460 0 0	1,100 0 0	Best offer. The small additional cost considered negligible compared with the better quality offered by the accepted tenderer.
Paraffin liquidam	D. 3699/2621, 29th September 1924.	The Anglo-American Oil Co., Ltd.	45 0 0	43 15 6	The General Electric Co.'s quotation was actually the lowest offer based on output guaranteed per ampere hour.
Paper writing	D. 37 26/1676, 4th October 1924.	J. Dickinson and Co., Ltd.	2,487 11 6	1,600 0 0 (approx.)	Selected by the Indenting Officer to whom tenders were referred.
					Superior value offered as compared with the lowest tender.
					Messrs. Dickinson's paper was demanded. Quotations were also obtained from other makers and samples and prices were sent to the Indenting Officer who selected Dickinson's tender.

PART B.—Cases in which the discrimination is between British firms only—contd.

Stores ordered.	Contract Number.	Name of Contractor.	Amount of Contract.	Lowest Tender not accepted.	Reason for acceptance.
Buffers	D. 3729/5390, 4th October 1924. (Pt. order.)	P. and W. MacLellan, Ltd.	£ s. d. 2,835 0 0 (for 800 buffers).	£ s. d. 3,475 0 0	In order to meet the Indentor's requirements regarding delivery, 800 out of 3,000 buffers were ordered from P. and W. MacLellan, Ltd. The balance of the order was given to the lowest tenderer.
Machine, backaw	D. 3757/5760, 6th October 1924.	E. G. Herbert, Ltd.	£ s. d. 66 19 7	38 19 5	One machine at 245-19-7 was selected by the Indenting Officer to whom the tenders were returned. (He also selected one machine from the lowest tenderer.)
Wire, insulated	D. 3806-8, 2523, 7th October 1924.	Callenders Cable and Construction Co., Ltd.	£ s. d. 560 17 0	559 17 3	Callenders are the only firm who have made this cable, specially suited to the tropics, with entire success. Complaints have been received in respect of all cable of this type ordered from other firms.
Swords	D. 3969/5511, 31st October 1924.	Wilkinson Sword Co., Ltd.	£ s. d. 255 15 0 (Pt. order.)	198 9 3	The lowest tenderer's previous contract (dated June 1924) had to be cancelled owing to their failure to supply satisfactory swords. Part of the present order has been given to them to afford them another chance as they are the only competitors of Messrs. Wilkinson but it would be inadvisable to allot them the whole order owing to the rather considerable risk of failure. The balance of the order has been placed with the Wilkinson Sword Co., as shown.
Quinias hydrochloridum acidum.	D. 4125/2628, 31st October 1924.	Burroughs Wellcome & Co.	£ s. d. 480 9 3	456 19 2	Accepted on the ground of the greatly superior value offered as compared with the lowest tender.
Diaternity apparatus	D. 4266/6056, 11th November 1924.	Watson & Sons (Electro Medical, Ltd.).	£ s. d. 104 16	91 16 0	Messrs. Watson's apparatus was specified by the Indenting Officer. Tenders were called for, however, and a quotation lower than that submitted by Messrs. Watson was received. The tenders were referred to the Indenting Officer, who asked for Messrs. Watson's apparatus to be supplied.

PART B.—Cases in which the discrimination is between British firms only—conold.

Machines ordered.	Contract Number.	Name of Contractor.	Amount of contract.	Lowest Tender not accepted.	Reason for acceptance.
Sterilisers	D. 4348/9085, 19th November 1924.	Down Bros., Ltd.	£. s. d. 527 18 4	£. s. d. 19 12 6	The order has been placed with the firm whose name was expressly specified in the indent by the Indenting Officer. This firm's tender was the highest received although within the estimate of cost. The two lower tenders received were passed over in accordance with the instructions of the Indenting Officer.
Press, wheel hydraulic	D. 4373/5077, 21st November 1924.	Sir W. G. Armstrong Whitworth & Co., Ltd.	775 0 0	763 0 0	One of these tenders—the lowest came from a firm whose sterilisers had already been tried by the Indenting Department but had not been approved of.
Decolorising carbon	D. 4450/9554, 1st December 1924.	Haller and Phillips, Ltd.	225 0 0	178 15 0	Sir W. G. Armstrong Whitworth's quotation was within the estimated cost and was accepted on the ground of the better value offered as compared with the lower tender. The press was heavier and of better design.
Road rollers	D. 4550/9685, 20th December 1924.	Aveling and Porter, Ltd.	3,846 3 0	3,381 17 6	The tender at £225 was within the estimated cost of £240 and the carbon offered was double the strength of that offered at £178-15-0. Aveling and Porter rollers were demanded as being preferred by the local drivers and being more suitable for the working conditions in Burma. Rollers by another well known maker were offered at a lower cost as shown in the previous column, but value for value on a dead weight basis, there was little to choose between the two. The selection was referred to the Indenting Officer who chose Aveling and Porter's make.

PART C.—Cases in which the discrimination is between Foreign firms only.

Stores ordered.	Contract Number.	Name of Contractor.	Amount of contract.	Lowest Tender not accepted.	Reason for acceptance.
Loco crank axles	D. 2406/3370, 3rd July 1924.	Fried. Krupp	£ s. d. 2,611 0 0 (German.)	£ s. d. 2,601 4 0 (German.)	Superior reliability as makers of crank axles.
Screw spikes	D. 3750/6164, 6th October 1924.	A. deBary	564 14 5 (Belgian.)	545 14 8 (Belgian.)	Accepted on the grounds of the quicker delivery offered and the superior reliability of firm tendering.
Microscopes	D. 4914/4788, 17th November 1924.	J. W. Atha & Co.	23 11 0 (German.)	20 14 4 (German.)	Zeiss' microscopes were demanded and Messrs. J. W. Atha & Co. tendered for that firm's apparatus at £27-6-6 (subsequently reduced to £23-11-0). A tender at £30-14-4 for an equivalent set of apparatus was received from another firm and both tenders were referred to the Inspecting Officer, who selected the tender for Zeiss microscopes.
Oil tank wagons	D. 6369/3546, 24th November 1924.	H. J. Skelton & Co., Ltd.	9,774 1 0 (German.)	9,092 10 0 (German.)	Accepted on account of quicker delivery. 15 out of the 34 wagons demanded were required at the earliest practicable date; the remainder were required in India during 1924-25. These requirements could not be met by the acceptance of the lowest tender.
tyres, steel	D. 4646/7496, 18th December 1924.	Fried. Krupp	768 1 9 (German.)	751 5 6 (German.)	Accepted on account of the earlier delivery offered. The tender required delivery in India not later than 18th January 1925. Messrs. Krupp (next to the lowest) offered shipment in three weeks of the date of order, whereas the lowest tenderer required eight weeks.

PART D.—Cases in which lower British tenders have been set aside wholly or partially in favour of Foreign tenders.

Stores ordered.	Contract Number.	Name of Contractor.	Amount of contract.	Lowest Tender not accepted.	Reason for acceptance.
Dragline excavators	D. 2605/2777, 10th July 1923.	Bucyrus Co.	£30,760 0 0 =£27,104 approx. marks (U. S. A.).	£ s. d. 4,700 0 0 (British.)	The lowest tender was recommended by the India Store Department after inspection of works and of a similar machine. Prices and deliveries were telegraphed to the Inspecting Officer who selected the highest of the six offers received.

ACTION TAKEN BY GOVERNMENT ON RESOLUTIONS ADOPTED BY THE
LEGISLATIVE ASSEMBLY DURING 1924.

Mr. L. Graham (Secretary: Legislative Department): Sir, I lay on the table the information promised in reply to a question by Mr. R. K. Shanmukham Chetty asked on the 16th February 1925, regarding the Resolutions passed by the Legislative Assembly during the year 1924 and the action taken by Government thereon.

In regard to Resolutions adopted by the Legislative Assembly during the Delhi session 1924 the Honourable Member is referred to the statement which was laid on the table on the 27th May 1924 in reply to Mr. S. Sadiq Hasan's question on the same subject (pp. 2261-2262 of the Legislative Assembly Debates, Vol. IV, No. 89). Further action since taken by Government in regard to items 1, 2, 3, and 4 of the statement referred to is shown in the Memorandum laid on the table. No non-official Resolution was adopted during the May-June session of the Legislative Assembly. A further statement in regard to Resolutions adopted during the Simla session 1924 is also laid on the table.

Memorandum showing further action since taken by Government on the non-official Resolutions adopted by the Legislative Assembly during the Delhi Session 1924.

Serial No.	Date on which moved.	By whom.	Subject of Resolution.	Department concerned.	Further action taken by Government.
1	5th February, 1924.	Mr. B. Venkapatiraju.	Amalgamation of the Indian Territorial Force with the Auxiliary Force.	Army	The report of the Committee which was appointed in this connection will very shortly be published and Government will then consider what action is necessary with reference to the recommendations made by the Committee.
2	7th February, 1924.	Mr. K. C. Neogy	Countervailing duty on South African Coal.	Commerce	Reference deferred pending the receipt of report of an expert Committee appointed to advise on stimulation of export trade in coal.
3	5th, 8th, 13th and 18th February, 1924.	Diwan Bahadur T. Rangachariar.	Full Self-Governing Dominion Status for India.	Home	The Reforms Inquiry Committee appointed in accordance with the undertaking given by Sir Malcolm Hailey has submitted its report which is at present under the consideration of Government.
4	12th February, 1924.	Mr. K. Ahmed.	Answering of all questions in the Assembly regarding subjects over which Government of India have power of superintendence and control.	Home	The question is under consideration in connection with the report of the Reforms Inquiry Committee.

Statement showing the Resolutions adopted by the Legislative Assembly during the Simla Session 1924 and action taken by Government thereon.

Serial No.	Date on which moved.	By whom.	Subject of Resolution.	Department concerned.	Action taken by Government.
1	18th and 22nd September, 1924.	Mr. K. Rama Aiyangar.	Suspension of the Taxation Inquiry Committee.	Finance.	In view of the opinion expressed in the Legislative Assembly regarding the need for an economic enquiry, the Government have appointed an Economic Inquiry Committee.
2	22nd and 24th September, 1924.	Seth Kasturbhai Lalbhai.	Abolition of the cotton excise duty.	Finance.	The matter is still under the consideration of the Government.

BILL PASSED BY THE COUNCIL OF STATE LAID ON THE TABLE.

Secretary of the Assembly: Sir, in accordance with Rule 25 of the Indian Legislative Rules, I lay on the table a Bill further to amend the Indian Ports Act, 1908, which was passed by the Council of State on the 20th February, 1925.

MESSAGE FROM THE COUNCIL OF STATE.

Secretary of the Assembly: The following Message has been received from the Secretary of the Council of State:

"I am directed to inform you, that the Council of State have at their meeting of the 20th February, 1925, agreed without any amendments to the Bill further to amend the Indian Income-tax Act, 1922, which was passed by the Legislative Assembly on the 11th February, 1925."

THE COTTON GINNING AND PRESSING FACTORIES BILL.

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

The Honourable Sir Charles Innes (Commerce Member): Sir, I beg to present the Report of the Select Committee to which the Bill to provide for the better regulation of the Cotton Ginning and Cotton Pressing Factories was referred.

THE INDIAN PENAL CODE (AMENDMENT) BILL (AGE OF CONSENT BILL).

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

Sir Hari Singh Gour (Central Provinces, Hindi Divisions: Non-Muhammadan): Sir, I beg to present the Report of the Select Committee appointed to consider the Indian Penal Code (Amendment) Bill, otherwise known as the Age of Consent Bill.

GENERAL DISCUSSION ON THE RAILWAY BUDGET.

Mr. President: The Assembly will now take up the general discussion of Part I of the Budget.

Sir Campbell Rhodes (Bengal:European): Sir, before entering on some mild and gentle criticisms of the Railway Department, I should like to congratulate the Honourable Member and Mr. Hindley on the way in which the Budget has been presented and on the facilities which have been given us to discuss the Budget both in general and in detail. The attitude of myself and of many who in the old days agreed with me, Sir, is that, now that the State management of Railways has come, we are prepared to accept the position as we find it and to devote our attention to seeing that the Railway Department is worked on sound commercial lines. There I agree with my friend Mr. Jamnadas Mehta, but when he suggests that the Railways should be cut down in order that industries should be developed, I am afraid we are poles asunder. Sir, the development of Railways in India has been going on at far too slow a pace, and that pace, owing largely to the war, has not been increasing. Between 1865 and 1875 the mileage was increased by 94 per cent.; in the next ten years it was increased by 87 per cent.; in the next ten years by 59 per cent.; then by 44 per cent.; then by 24 per cent. and in the last ten years the open mileage was increased by the small figure of 8 per cent. Looking into some figures, I find that between 1912 and 1921, there was a 10 per cent. increase in the mileage, whilst, on the basis of unit mileage passengers increased by 37 per cent. and goods by 27 per cent. It is obvious, therefore, Sir, that the Railways, as at present constituted, are getting very much overburdened. Doubling of lines and extension of marshalling yards are badly needed. The Honourable Sir Charles Innes in his budget statement gave us the enormous figure of 121 lakhs as the amount paid in one year in compensations. That has been materially reduced and all credit to the Railway Department. But, Sir, I do not think it has only been a question of watch and ward. I think the amount of the compensation paid was largely due to the congestion on the lines and the way in which loaded wagons had to be left in marshalling yards, sometimes for weeks at a time. As our railway facilities improve, I believe that figure will again come down.

Now Sir, on the question of the development of our Railways, I should like to say a word about the functions of the House, the Advisory Committee and the Railway Board. The Honourable Member in a statement which was received with applause in the House said:

"My idea is indeed to make to the House more or less the sort of speech which the Chairman of a Board of Directors would make to the shareholders of a Company. That, I think, it may be fairly said, is the position at which we eventually hope to arrive."

Then, Sir, this is the annual meeting of the shareholders. We have our opportunity to discuss the broad policy of the Directors. And, if we accept that position, I think during the year we might worry the Railway Board less on minor matters of administration in remote stations and not ask those innumerable questions which come so largely from what I may call the perimeter of the House. But, Sir, the Advisory Council stands in a slightly different position. It is almost in the position of a Board of Directors and I was very pleased to hear that tribute to the Railway

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Advisory Council which fell from the lips of Sir Charles Innes. I hope, Sir, that the personnel in that Council will not change materially from year to year. I hope that it will soak in railway matters and be of real assistance to the Railways, that instead of facing the Railways with the House at its back it will slowly come into the position of facing the House with the Railways at its back, and be in the House to support the Railway Administration on policies which, I hope, it will have had a great share in formulating. And then, Sir, we come to the Chief Commissioner. The position of the Chief Commissioner has been very well stated by the Railway Commission which inquired into the new South Indian Railways.

“The transport needs are constant and they are vital factors in the every day life of all the people and should not be made in anyway the shuttlecock of politics. They should be free from influence of either parties and when once the Chief Commissioner is appointed he should be trusted to carry on his duties to the best of his ability and in his own way subject solely to the limitation of his powers in regard to rates and fares, staff and other matters of defining his policy.”

Sir, though I do advocate giving our Chief Commissioner a very free hand at the top, I am a little suspicious of this growing influence of the Railway Board and its growing staff. And I should like at the close of this debate to-day an explicit statement from Sir Charles Innes as to what is the position under the new régime of the Agents of the Railways. Are they being worked down into subordinate State officials, killing time until they earn their pension, or are they being given that free hand which they enjoyed in the old days under Company management? If they are not being given a free hand, free scope for all their ability, then, Sir, the Agent of the future will be altogether a different type of man to the Agent of the past. And in this connection I would ask the Government to get away from the word “Agent” altogether and adopt the English method of calling him what he ought to be—a General Manager. By all means strengthen your Local Advisory Committees. They should be there, partly elected, partly nominated bodies, fully representative of the communities that use the Railways and ready to help the local Agent. But they have a function entirely different to that of the Central Advisory Committee. I see this danger of centralisation in many ways. It is indicated in the number of appeals to the Railway Board which is undermining discipline, by the number of questions asked in this House, in the assumption now that Government should take over all branch lines. And in that connection I must utter a very gentle protest against the cavalier way in which Sir Charles Innes referred to what has been done by private enterprise in connection with branch lines in the past. He suggested that the capital had been small, the total amount involved was a trifling matter. Sir, this private enterprise came in at a time when Government themselves were not prepared to act. But it was not only confined to branch lines. The successful year's working of the Railways on which we congratulate Sir Charles Innes this year is largely due to the fact that the main lines in the first instance were the result of private enterprise and India owes its prosperity in railway matters very largely to these pioneers of my own community, one of them my own partner to-day, who dreamed dreams and saw visions of the future of the Railway industry and started those big main lines. I see this danger of centralisation in another way. Mr. Hindley in a speech made in another place prided himself on the standardisation that is being effected and then added “Standardisation is sometimes stigmatised as stagnation”. Standardisation is an excellent thing but in a

country of this vastness to carry it too far is really dangerous. Are our Works Managers at large centres to be merely Works Foremen? Are their plans all to be handed down to them from the Railway Board and are they to show no initiative, no originality, and to make no experiments? If so, there will be no progress. Therefore, Sir, the burden of this part of my speech is that this House and the Railway Board should take its hands off local management. It has much left to do. It has to form broad policies. It has to open new areas. It has to show vision similar to that of the men who built the Canadian Pacific Railway in the old days. It has to think big. In this connection, Sir, I do heartily congratulate the Government on having at last really started the Raipur-Parvatipur Branch line which is to open up the Vizagapatam Harbour. It is pointed out that this will return 5.83 per cent. on the capital employed. Sir, I suggest that it will return very much more. It will return as much again to the country by the opening up of those vast tracts and by giving us a safe harbour on that long coast line between Calcutta and Madras. I do hope that Government will press on earnestly with that scheme and that the Railway Advisory Committee will see that Government do so. But, Sir, I see a slight danger when I mention the figures of possible returns. The Acworth Committee did not recommend that the Railways should give any return to the Government. We in our wisdom have seen fit to take 1 per cent. from them. Herein lies the danger of clashing of interests. If Government raise money at 5 per cent. and a proposition showing 5½ per cent. is offered to the Railway Board, they will turn it down. They cannot afford to lose ½ per cent. But it is greatly to the interests of the country that such a railway should be built. There is therefore a slight clashing of interests. Mr. Jamnadas Mehta will tell me at once that these are commercial heresies coming from a commercial man. May I quote from an authority who is regarded as the archangel on all railway matters by this House? He says:

“Why in the nature of things should any one expect an organisation constructed to minimise expenditure for non-productive purposes and a staff trained to work on these lines to be competent to control a commercial undertaking whose essential object must be to spend freely in order to maximise profitable production?”

Those, Sir, are the words of Sir William Acworth, who ever since he blundered into the wrong lobby at the heels of a very distinguished Member of this House has been doing his best to guard against the evils into which he has plunged us. The only solution to this question, Sir, is in the building up of reserves, and I am very glad to find that not only is there a small surplus this year but that it is to be carried to reserves. It is a small beginning. It is hardly worth considering. No commercial firm would consider that it had reserves if those reserves amounted to a fraction of 1 per cent. of its capital. If these reserves are built up into really substantial figures, then I think the Railway Board will be encouraged to start on lines which may take a little longer than some of the more paying lines to become remunerative, but which for that very reason are often more required by the country. For, it is easy to build railway lines skirting, say, rivers, where you have already traffic and where you can get a quick result.

And now, Sir, may I speak for one moment provincially? In the place of the branch line terms the Railway Board have suggested that the provinces can, if they are prepared to guarantee the rate of interest,

[Sir Campbell Rhodes.]

have such railways built as they want. The offer is made in the following words:—

“As it is not desirable that the Central Government should make any profit out of such contributions by local authorities, it is also proposed that where contributions have been made by a local authority for this purpose, the repayment of such contributions should be a first charge on any net profits subsequently realised from the line, should the line prove remunerative.”

Instead of the old, sound—I won't say generous—branch line terms we have here this proposition of “Heads I win, tails you lose”. That is the pathetic offer—may I say “Sim”—pathetic offer—which emanates, I take it, from that cold, grey granite city of the north where even the liners on the horizon can be identified by the fact that there are no gulls following them. That, Sir, is quite inadequate. The offer is no inducement to the provinces to come in and advocate the building of lines. May I become still more provincial and speak just one word about Bengal? Let me congratulate my Bombay friends on having got at last the electrification of their suburban traffic started and I am very pleased to hear from the remarks which fell from Mr. Hindley in another place that the proposition of the Calcutta suburban traffic is also going to be tackled in the near future. I trust that our suburban traffic will be electrified with less delay, say, than the extension of the broad gauge to Siliguri.

Then, Sir, there is another very important statement made by Mr. Hindley which, with your permission, I will read at length, because it is a statement of very great consequence and contains a barely hidden threat:

“We are also re-examining the problem of suburban traffic in Calcutta and we expect to be able to elaborate a scheme whereby that city can be relieved from some of its present difficulties and be given an adequate rapid transit electric service between the city and its suburbs. I cannot refrain from remarking that the delay in providing an adequate permanent bridge across the Hooghly in the neighbourhood of Howrah, which delay seems likely to continue for many years unless the citizens of Calcutta wake up to a sense of their responsibilities, is having a serious effect on the whole problem of handling railway traffic into and out of the city. If we are to contemplate a further prolonged delay we must attempt a complete revision of our terminal arrangements, and we are about to make a serious practical examination of this large problem with the object of securing to the public the best facilities for terminal traffic which the various routes into and out of Calcutta enable us to make.”

At the present moment the Railways do not contribute to the upkeep of the Howrah Bridge, but they do collect for us a terminal tax which is practically equivalent to a toll across the bridge. The veiled threat is that tax will be withdrawn, that they will find another way into Calcutta and put on their terminal tax probably in connection with the proposed Bally Bridge. I am not sorry, Sir, that Mr. Hindley has made that threat. I do not stand here as a representative of Calcutta. My constituency is Bengal. This Howrah Bridge question is one which affects not merely Calcutta, not merely Bengal, but Bihar and Assam too. It is an Imperial problem and if a threat of that nature can cause Calcutta to move a little faster than it has been doing, I say that Mr. Hindley did a very good day's work when he made that speech. But, Sir, the Railway Board cannot get rid of their responsibility by complaining merely of the delay in Calcutta. The Howrah Bridge is little more or less than the approach to the passenger and goods railway station at Howrah from the city of Calcutta and we do and shall expect a large contribution from the central revenues for that purpose. We are, of course, supposed to be a wealthy province. To use a metaphor I recently heard in this House, however,

every train that leaves the Howrah station for Delhi carries with it a large portion of our milk and honey. We were wealthy until all our money was absorbed into the central revenues, and therefore we do ask Government not to treat us generously but to treat us fairly on this question, this Imperial question of the Howrah Bridge. It is their duty to get their railway into Calcutta, either to improve the approaches to the present station or to build that bridge which will bring the mail trains into Seal-dah and give access to the Kidderpore Docks. I also hope that when they consider that bridge they will consider putting up a roadway either alongside or under or over the rails in order to increase the facilities of the port. That, of course, is a question of the province co-operating with the Central Government. But, Sir, there is no question that this is a very serious matter which has got to be tackled at an early date. The problems of traffic in Calcutta are peculiar. Owing to the lack of markets and big centres of distribution in Bengal, Bihar and Assam the bulk of the goods imported is brought into Calcutta instead of, like in every modern city, going straight from the docks to up-country centres. They find their way into small godowns in narrow gullies in Barabazar and hence we find it impossible to use motor transport. It is a big question. It is a question in which there are many bodies involved—the Improvement Trust, the Calcutta Corporation, the Bengal Government and the Railway Board. In conclusion, I do want to stress the fact that the Railway Board have got a very serious responsibility in this matter, and though I welcome their attempt to put pressure on Calcutta and save us from that plethora of engineering experts with which we are cursed, they cannot evade their responsibility and we must ask them to contribute and contribute largely.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): Sir, when my Honourable friend, who has just resumed his seat, began by saying that he and the interests that he represents in this House have reconciled themselves to State management, I felt that that was the last word that he was going to say on that subject. But when he quoted from that great authority on railway matters, Sir William Acworth, he thought it fit to say that he (Sir William) had blundered into a wrong lobby. That, Sir, is the difference of opinion and the difference in the angle of vision between his community and the Indian community interested in the Railways. The Indian public very strongly feel that for once Sir William Acworth vindicated the claim of Britishers to come out here, look at problems impartially and give their opinion. If there is any confidence still left amongst Indians in people brought out from England as experts to report on a problem, it is due to Sir William Acworth, and I wish to say at the very beginning that instead of blundering into the wrong lobby Sir William Acworth showed a great sense of self-confidence and courage of conviction and went into the right lobby when he gave his considered and valuable opinion in favour of State-management for the Railways of India.

The Honourable Member, when submitting the Railway Budget to this House on Friday last, said that he proposed to address this House in the capacity of a chairman of a joint stock company. I think that that is the fittest position he could have taken up bearing in mind that a few months back, after a great deal of discussion, and perhaps at the earliest stages of misunderstanding, this House agreed to treat the Railways of India, as far as their budget and accounts were concerned, from a commercial point of view. But I feel that the Chairman of the Indian Railways

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Company Unlimited, if I may call it, was addressing not the shareholders of the Indian Railways but the directors for the time being on last Friday. My Honourable friend, Sir Campbell Rhodes thought that this Assembly were the shareholders and that the Central Advisory Council were the directors. I feel that the shareholders are represented directly by my Honourable friend, Sir Basil Blackett, the Finance Member and this Assembly is in the capacity of directors who are responsible to others who have a sleeping interest with Sir Basil Blackett in the railways of India. (*The Honourable Sir Basil Blackett*: "Not sleeping.") Sleeping partners are those who have put in their capital but do not claim any direct voice in the management. I ask my Honourable friend Sir Basil Blackett if that is not the correct wording to use for the tax-payer of India who has handed to him his money and said, "We will rely on you to get us reasonable dividends." If that is the correct position, I feel that this House has got to scrutinise the Budget which my Honourable friend, Sir Charles Innes, has presented and the accounts of the Railways of India with a very critical eye.

I fully realise that being a member of the Central Advisory Council and of the Standing Finance Committee for Railways it may be expected of me that I should have raised any points which I might have to raise in those two Committees. But, as Sir Charles Innes has said, everybody concerned in the presentation of the Budget last week-end had to work against time. I am sure he will bear me out when I say that the two Committees I have referred to had to work against time too, for the Budget and the various important parts of it were presented to the Railway Finance Committee only a few days back and very little time indeed was available to members of that Committee to go into the figures presented to them. Therefore I feel that although I would have liked to criticise the Budget, in the few directions that I propose to now, in the Committee, owing to the special circumstances of this year the Budget can only be criticised even by members of the two Committees in the Assembly; and I wish, Sir, at this stage to express my appreciation, as well as that of the other non-official members of the Committees, of the very prompt manner in which Mr. Sim, Mr. Parsons and others of the Railway Department made available to us whatever information we required. The time at their disposal, as we all realised, was very limited and I can only say this much that there are no figures that we asked for which they could not put up or did not put up to us. Our difficulty was that we had not enough time within which to go through the figures, and even though this Budget may get through the Assembly this year as it is presented, it should not be said that any principle of importance was accepted by this Assembly in passing this Budget.

I wish, Sir, in the first instance to inquire of the major shareholder in this company why he has thought fit to agree—for I take it that the Honourable Chairman of the Company has satisfied the major shareholder that the Budget is in order—why he has thought fit to agree to a very substantial change in one of the conditions on which the separation of the Railway Budget from the country's budget was recommended by him to the Assembly last March and indeed was accepted by this Assembly. Sir, I wish to refer to the Honourable the Finance Member's speech last year. There in paragraph 41 the Honourable the Finance Member said that the deficit of 8 crores which was then perceived in the Stores would have to be ultimately written off by the Railway Department from their

surpluses and during ten years. If the Honourable the Finance Member would like me to read out the relevant part I will do so, but I am sure that I am quite clear to him. Here, Sir, in the copy of Sir Charles Innes' speech page 4 (the paragraphs are not numbered this year) under the heading Expenditure during the next year, this is what is said:

"One reason for this excess is that we hope to make a beginning with a very important improvement . . . We are also setting aside 50 lakhs for speeding up repairs to rolling stock and we are allotting 50 lakhs to meet the cost of the measures which we are now taking to get rid of surplus and unserviceable stores."

Sir, the Finance Member definitely told us in his speech last year that if the separation of the two Budgets was agreed upon that deficit which he estimated at 3 crores would be written off out of the surplus due to the Railways. Later on, I understand that that amount of deficit was discovered to be much less than 3 crores. The Honourable the Commerce Member now says that on the expenditure side for the coming year he proposes to write off 50 lakhs of rupees from the revenue expenditure. I feel, Sir, that the commitment of the Honourable the Finance Member, the major shareholder of this company last year was so definite that this amount of 50 lakhs must have been allowed by him to be written off the revenue expenditure of the coming year through a sheer oversight. I therefore suggest that he would himself perhaps insist upon that amount being taken off from the revenue expenditure side and debited to the railway surplus due to the Railways, thus getting him about 17 lakhs more out of the 50 lakhs, being the excess over 3 crores.

There is one particular point of view from which I think this Assembly must look at the Budget for the Railways this year and hereafter. We are now providing under the scheme that has been approved of by the Assembly for an accumulation in the railway reserve and the depreciation of the railway plant of an amount which will very nearly exceed 10½ crores by the end of next year if the estimates that have been presented by the Honourable the Commerce Member stand. I wish particularly to speak regarding whether the estimates that he has forecasted are likely to stand or not a little later. With the separation of the two Budgets at the end of next year the Railways of India would have 10½ crores to their credit as follows: 7.38 crores for reserve and 3.38 crores for depreciation—depreciation over and above what would be spent, depreciation in excess of what would have been debitable to the revenues under the old scheme. Now 10½ crores is, I submit, not an insignificant amount to be able to lay aside and it also, I think, would speak of the great denial and of the great determination of this House to treat the Railways of India from a commercial point of view if they agree to this. The question, however, which the Honourable the Commerce Member has raised is "Is reduction in fares and rates due even for consideration at this juncture"? In one part of his speech the Honourable the Commerce Member said, "The House will no doubt want to know whether we propose to make any use of our reserves in 1925-26. The answer is No." And the reasons given for his answer are that the conditions under which he budgets for the surplus, etc., next year are uncertain. I realise that a budget is always based on normal conditions and on normal outlook. Unless something very unexpected on the wrong side happens, these figures should to my mind stand, but I go further and I say that the Railways of India cannot help making a profit. It is a question only of half a crore more or half a crore less. The reason to my mind is a very simple one. You put up the rates since 1913-14 in various degrees. In passenger fares, the increase

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has been anything from 33 to 50 per cent. and in goods it has been anything from 15 to 35 per cent. You have had to put up the rates during war against the increased cost of running the Railways. The increased cost of running the Railways consists in several directions, more for labour, more for the raw materials that you require such as coal, etc., and more for the manufactured articles which you had not only to buy in this country but which you had to import. There is a useful diagram in the Railway Board Report which shows the various percentages of each one of these concomitant parts which go to make up the total Railway expenditure. Now in the total 100 of this is included 27·8 per cent. which is a fixture for annuities, interest and other items which do not vary. You borrowed money before the war at 3 and 4 per cent. and you still continue to pay interest at the same rate. The balance is liable to fluctuations. In the case of imported articles the fluctuations have been to our credit. Prices abroad of machinery, etc., have gone down very materially and although I cannot say what is the percentage as far as the railway machinery is concerned, they certainly have gone down so materially that they would show a considerable improvement over the results of the Railways in that direction in 1920-21. The only factor which has been stationary and where the increase over the pre-war rate is unavoidable is of course in the wages for your labour and the payment of your service, subordinate and superior. As to what the correct percentage of that would be I have not been able to make out, but I feel that the imported stores and the local stores that you buy here, the coal and the machinery which you want for revenue expenditure purposes, would all be available much cheaper than during the last 2 or 3 years. As long as there is no reduction in rates and fares, the Railways of India must make money and cannot but make money, as I say unless there is something very wrong in the nature of a strike or some unforeseen disaster.

Under those circumstances I do not think the Honourable the Commerce Member could have run any great risk if he
 12 Noon. had taken it for granted that given normal good luck his estimate for the next year would stand. Sir, what therefore we require to know is, if within the next six months he finds that normal progress and normal conditions prevail, whether it is the intention of the Honourable the Commerce Member to consider the question of a dividend for the sleeping shareholders in the Railways of India, the sleeping partners with the Honourable the Finance Member, namely, the tax-payers. And the tax-payers for railways divide themselves into two categories, those who pay taxation in one form or another, and those who benefit the Railways in India by using them. I do not think I need carry this any further. But I do feel that whilst the Assembly have definitely decided to stand by and carry through most scrupulously the convention arrived at last year, it is very necessary that the Honourable Chairman of the Railway Company Unlimited of India should bear in mind that it is very necessary to declare in the near future a dividend to those who have put in their money and to those others for whose benefit the Railways of India are, and should primarily be, run. I do not wish, Sir, in the slightest degree to hurry in this matter. I want that every possible consideration should be given to the direction in which the dividend may be declared, but I do feel that a year more should not elapse before we begin to think of this and to talk of this. I think, Sir, that if we ask now that a constructive scheme should be put forward as to

the directions in which concessions and remissions would be given out of the railway reserves and out of the railway profits, we are not asking for anything that can be said to be either premature or indeed even rash.

Sir, in that connection the delay that has occurred in getting the Rates Tribunal to work is very disappointing. The Honourable Mr. Sim replying to me towards the end of last month said that the Secretary of State's Despatch had barely been received by him on the 25th of last month and that he was not then in a position to make any declaration as to what the Government policy was going to be regarding that Tribunal. Sir, the Acworth Committee's recommendations have been used by the Government of India before now for several very good reforms that they have introduced. The starting of the Rates Tribunal was one of the most important things which the Acworth Committee very strongly recommended. But before the Acworth Committee, Sir, another very important Commission appointed by the Government of India, the Holland Commission, made very cogent remarks regarding the necessity of seeing that the rates charged by the Railways of India were equitable in the interests both of local industries and of the agriculturists. I feel, Sir, that the longer the delay in this matter the more suspicious would the Indian public be as to the reasons and the motives of the delay. Why is there delay at all when the Acworth Committee reported more than three years back?

Sir, the Honourable the Finance Member asked us to agree to a system of taxation, or rather to an inquiry as to the desirability of starting a system of taxation on scientific lines. We have also been asked, Sir, to agree to a system of debt redemption on scientific lines. Is it not, Sir, due to the agriculture, trade and industry of India that the system of rates charged on the Railways of India should be based on something scientific and something which can be easily understood? Unless you have some such system I really wonder how Sir Charles Innes himself, or indeed the Railway Board, and much less the two sub-committees appointed by the Assembly, are going to make up their minds at all as to the direction in which a dividend due to the tax-payer and to the public of India from the Railways should be paid. I therefore, Sir, urge very strongly, and urge with all the emphasis at my command, that no delay should occur in getting the Rates Tribunal started exactly on the lines on which the Acworth Committee recommended it. I feel that the sooner it is started the better for everybody, including the Government of India.

The Honourable the Commerce Member referred to an amount of Rs. 47 lakhs being provided in the next budget as against Rs. 78 lakhs in 1922-23 and Rs. 1.21 lakhs in 1923-24, for compensation for claims on account of thefts, etc., on the Railways. The smaller amount, Sir, is very welcome, but in 1913-14 the amount that was required for this purpose was only about 2½ lakhs. I fully realize that since then the total quantity of traffic carried is bound to have increased. The railway system has extended and to that extent the amount may show an excess. But the point, Sir, is whether the amount that has been earmarked this year could be divided into various heads, so that the public and this Assembly might know the quantity at stake, irrespective of prices, because there has been variation in prices; and secondly, how many claims have been disallowed by Railways behind the plea usually put forward by station masters, in many cases unjustifiably, in some cases quite correctly, that a certain railway risk note having been signed by the consignor does not make the railway liable to pay the claim. Now, Sir, the complaint in this connection usually is that small

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consignors of the humble shopkeeper class do not get their claims met by the Railways, while those who can fight out their cases and others who may have influence always get their claims settled fairly early and in a prompt manner. I suggest in this connection that regular statements of (a) claims lodged (b) claims admitted and (c) claims rejected should be called for from the various railway headquarters and orders should be issued that the Agents at each of these railway headquarters should put these statements at regular intervals before the Local Advisory Council, so that the local advisory body may criticise these statements in the light of their knowledge of local affairs. If after that these statements come up to the Railway Board, it would be very easy for the Railway Board to follow the course of the existing discontent in this question as far as the general public is concerned. It should not be a satisfaction to this Assembly, Sir, that less money will be paid next year than in previous years for meeting claims. What this Assembly should insist upon is that the claims themselves should decrease numerically. And for this purpose I suggest that there is only one remedy, and that is that the railway authorities at the headquarters of each railway should take very strong notice of every report of theft and institute a searching inquiry into the number of claims that may be made against each railway. The criterion should not be how much a railway has paid out; the criterion should be how many complaints did a railway organization receive; and if in the reports which are scanned by the local authorities they go into the question of why the total complaints increased, I hope that they will be able to put an end to this complaint much sooner than by simply notifying that the total amount that they propose to defray in a year is smaller than in the previous year. I submit, Sir, that in this connection the Railways in India should try to emulate the Postal Department of India which still continues to carry the reputation of handling the articles entrusted to them by the public in a very straight and honest manner. A little slackness here and there may be perceived at times, but on the whole I think one is safe in saying that once a letter is put through a post box even on the roadside, one feels easy in his mind that he has entrusted it to somebody who cannot easily and without something very very extraordinary happening go wrong. I am afraid the Railways will have still to work hard to get to that reputation, and I suggest that the criterion in this matter should be not merely the amount of money which is to be earmarked but the total of complaints received and the recognition of measures of prevention by Agents of various railway organizations on that basis.

Sir, my Honourable friend, Sir Campbell Rhodes, said that the development of Railways in India has been going on too slow. I would say, Sir, that the development of transport facilities in India has been slow. As to whether these transport facilities can be had only in the shape of more railways or whether other forms of transport facilities should be encouraged by the Central Government is to my mind a very important question which I do not propose to weary the Assembly with to-day, as I have given notice of a small amendment on the subject of the capital outlay and I propose to express my views on that subject later. But I do feel this that as long as there is a cheaper means of transport which can be devised for the various parts of India, one should not restrict himself to Railways alone. There are some parts where

you can have nothing but railways for transport, and therefore where you have an alternative, railways may be kept in reserve for other places which have no other alternative. With these remarks, Sir, I wish to express my great gratification at the surplus budget which the Honourable the Commerce Member has been able to place before us and with which he is able to give a start to the new era opening next year in connection with the Railways of India.

Mr. K. Rama Aiyangar (Madura ceded districts and Chittoor: Non-Muhammadian Rural): Sir, I congratulate the Assembly and the Honourable the Commerce Member on the present form in which the Railway Budget is placed before us and on the procedure under which special days are allotted for the discussion of this Budget. Sir, practically we have to deal with a sum of Rs. 195 crores in this Budget: an income of about Rs. 100 crores, and an expenditure, including capital expenditure, of about 90 odd crores, and it is only fit and proper that we have had on this occasion a number of days given to us for discussing all the items. But, Sir, it has been pointed out by the Honourable the Commerce Member that the form in which the Budget has been presented to us is susceptible of improvement according to the suggestions which would be forthcoming from this part of the House. I do feel, Sir, that Honourable Members, when they go into the Budget as presented, will feel considerable difficulty in understanding the various heads. They will also feel much difficulty in comparing them with the past year's working when they take up either the Administration Report or other compilations that will be available to them. In fact it will be seen that for the 46 crores of rupees provided under working expenses, I mean "repairs and maintenance" and also the "operation expenses", there is one demand given; and if you look into the details of each of the Railways, you are not quite able to compare the figures with the figures that are given in the Administration Report, say for example, table No. 31 in the Administration Report which gives all the details relating to the whole of this expenditure. You will see, Sir, that the demand "General Administration" covers various heads, about fifteen in number, all of which are connected with detailed heads under working expenses, "maintenance and repairs" and "operation expenses". It will not be possible ordinarily for any Member of this House to really scrutinise these accounts and suggest correct detailed cuts or make suggestions which will enable the Members to follow the figures and see which relate to which part. I will only take one example and not weary the Assembly with further instances. If you take the Engineering Department which comes under "General Administration," to what table this relates, in the expenditure portion of "maintenance and repairs" or the "operation expenses", you cannot make out. But you do have in table 31 a number of details which will have to be understood properly before one will see whether the expenditure that has been budgeted is proper or otherwise. Therefore I have this suggestion and many other suggestions, but all these I mean to move separately and I do not therefore propose to deal with them further.

Now coming to the revised Budget of 1924-25, the difference now in the receipts is about 2.62 crores, as the present statements will show, over and above what was budgeted; and I do take it, Sir, that before the end of the year it is likely, according to the recent figures given us in the Government Table, which is about 2½ crores every week for the last four or five weeks—it is likely to be more by 1 crore. But

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whatever that be, all that I say is that the difference is so much; and in the case of expenses also what we find after eliminating the two items referred to in the speech of the Honourable Member, namely, $1\frac{1}{2}$ crores customs revenue refund and 1.95 crores in connection with the debit to the Depreciation Fund, is that practically about 3 crores is the difference between the original budget and the revised budget. Altogether you get about 5 to 6 crores practically altered by the revised budget: and my first request therefore will be that in all these years as we have been ordinarily budgeting on the basis of normal conditions, the Budget that you now present should not show such large variations and it ought to be possible to budget more closely. The difference of crores now exhibited should be practically a difference of lakhs if possible. That is one point which will have always to be borne in mind. Otherwise the Budget cannot be worked properly and details cannot be gone into usefully also.

The next point that I will place before this Assembly is the question of the 5.46 per cent. which is expected to be earned next year or this year and referred to in the Honourable Member's speech at page 3. The Honourable Member thinks that the Railway Board deserve to be congratulated because they have worked up to almost the expectations of the Retrenchment Committee. I beg practically wholly to differ from my Honourable friend the Commerce Member's opinion in that matter. I submit, Sir, that the figures of 1921-22 were the basis of the Retrenchment Committee's figure and it was in 1922-23 that two sets of extra rates were made for the Railways by an increase in rates both in the passenger traffic and in the goods traffic; and actually I have dealt with this matter in a series of articles which I wrote in connection with the last Budget, and I have also given a copy of these articles to be printed with a view to its being made available to the Members of this House. And I have shown there that practically $12\frac{1}{2}$ crores was the extra revenue that was got by these additional rates imposed in 1922-23 in the beginning of that year. Therefore in calculating this percentage practically the $12\frac{1}{2}$ crores will have to be taken out of the Budget and the percentage expected to be calculated according to the Retrenchment Committee will be based therefore on not 99 or 98 crores that are expected now to be realised, but practically upon 86 crores, in which case there will be no money available at all to come in as extra profit over and above the payment of interest charges. Therefore this 5.46 that is there given does not really represent what the Retrenchment Committee recommended. In fact, they referred to the $10\frac{1}{2}$ crores which was the basis of the Weston Award to the contribution by the provinces; but there they say that this $10\frac{1}{2}$ crores if not available might at least be brought to $8\frac{1}{2}$ crores which will be worked out if $5\frac{1}{2}$ per cent. of profits is earned on the capital at charge, so that what the Retrenchment Committee says is that according to the rates adopted on that date they should so work that actually about 5.5 per cent. will be the rate of interest allowed on the capital at charge and that would get about Rs. $8\frac{1}{2}$ crores after meeting all the expenses inclusive of interest charge, sinking fund, etc. That will therefore mean that if these $12\frac{1}{2}$ crores extra revenue got by the extra taxation is cut off, we have really no interest which could be taken. I want also in this connection to note that the Assam-Bengal Railway now works at a deficit of 1.9 per cent. on the capital invested; the Bengal-Nagpur Railway which worked in 1923-24 at a deficit of — 10 per cent. now works in 1925 at — 1.85

per cent.; the Eastern Bengal Railway worked at a deficit of —50, the strategic lines work at a deficit of —5·9 per cent. rate and the Rohilkhand and Kumaon Railways also works at a deficit of —13, in spite of the present rates that are charged. If the income derived from these extra rates are taken away, all these Railways will be working at a much greater loss of interest on the capital. Only a few lines work at a profit; and even there the Madras and Southern Mahratta Railway which was working at 3·4 net profit according to the Administration Report will work in the future year only at 1·57 per cent. and the Burma Railways also work at a less rate of interest. My real point is that all this will show that it is no matter for congratulation at all. There has not been really any effect given to the Retrenchment Committee's proposals. Now, in the article that I referred to and copies of which I have given to the Legislative Department for being printed, I have shown, taking paragraph by paragraph of the Retrenchment Committee's Report, that they expect to cut about Rs. 13½ crores in the working expenses of Railways which at the beginning of 1922-23 was taken to be at 68 crores for an income of about 92 crores; they expected that 68 crores to be cut down by about 18 crores; but they did point out that some of those like "locomotive expenses" and "goods and wagon expenses" should be cut down only so long as much money was not available and in cases of lines working at a loss and they may later on be added to the expenditure; that portion of it comes to about 3 crores or so; so that actually they expected from 9 to 10 crores to be reduced in the matter of fuel, in the matter of extra staff, in the matter of running expenses, in the matter of locomotive renewals and repairs and also general maintenance. They give the whole thing and I have examined in detail and shown that they expect at least about 10 crores of recurring revenue to be cut down. But what happens? Of course the Retrenchment Committee reported only about the beginning of 1923-24, and the whole of 1923-24 and 1924-25 have practically passed. What have you now? In fact in 1923-24 the members of the Retrenchment Committee asked the department only to cut down expenditure from 68 to 64 crores, and the only two items they took into consideration in reducing that 4½ crores are programme revenue—3½ crores and fuel—1 crore; the rest of their cuts which they expected to be done by the Department they did not take into consideration in fixing the budget figure for 1923-24 at 64 crores; so that they expected 10 crores to be cut down out of this 64 crores in all the details that I have pointed out. But what have we now? In fact, from 64 crores which they gave only one item has been reduced; except that in the programme revenue expenditure for which they provided 9 crores we have spent only 7·25 in 1923-24 and 8·25 in 1924-25. Under all other heads, except fuel under which because of a revision of contract we have got about 50 lakhs less by arrangement with the companies, we have not had any real saving as was recommended by the Retrenchment Committee. Of course I have given detailed motions for consideration of all these points; and as they will come up later I do not propose to take up the time of the Assembly now.

I now come to the next point of the depreciation fund. My friend, Sir Purshotamdas Thakurdas, referred to the Honourable Finance Member's speech last year with respect to the allocation of the loss in Stores. I also have pointed that out and have given in motions for cuts in connection with such allocation of loss under stores. Apart from that another point that was suggested by the Honourable Finance Member appeared at page 222 of his report and therein he showed that by the revision of regulations relating to charges to capital and revenue about 1·15 crores will be debited

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to capital and absolutely taken off from revenue. I do not see that any effect is given to this. Actually by the revision of the regulations it must be that revenue must be charged 1.15 crores less in 1924-25 and capital should be charged more; and these revisions of the regulations were quite necessary in view of all the considerations put forward by the Retrenchment Committee; otherwise in fact by nominally calling it Additions and Improvements much more is charged to revenue every year and much less to capital; that ought not to be and the allocation was expected, as it was suggested by the Honourable Finance Member last year; but yet I do not find that the rules relating to depreciation are so given effect to in the Budget itself. I would like to have further information on that. Then the real point, as I have already mentioned, relates to the working expenses of each of these railways. These railways are really working at a loss, and they ought not to be provided with as much expenditure as has been proposed in the Budget if the proposals of the Retrenchment Committee are to be accepted. This Committee consisted of experts and Government said that they have accepted their recommendations and given effect to them in regard to the several departments. In regard to the Railway Department, Government have not said a word objecting to the report, Government have stated that the recommendations of that Committee have been accepted by them. Therefore, I submit, Sir, that adequate attention must be paid to improve the expenditure under each of the heads with respect to each railway in view of the fact that some railways are working at a loss while others are working at a profit. In the case of those that work at a profit, attempt should be made to work them much more efficiently and economically, and in the case of those that work at a loss, a strong attempt should be made to cut down the expenditure, because, if some of these railways are working at a loss it is not because there is not enough income, but because their expenditure is somewhat abnormal; and even if you choose to cut down a small portion of your present expenditure, there will not only be a profit, but you will be able to spare a few crores without really affecting the efficiency of each railway. In fact, I can show that with similar expenditure other railways are working most efficiently, but some of the railways spend so recklessly that it is high time that steps should be taken to see that they curtail their expenditure, so that in course of time we may see that they are not a burden on the tax-payer but that they earn something for the tax-payer.

The next point I want to submit, Sir, is about the reduction of passenger fares. I think we are really becoming an Assembly of oligarchs. We want to do very little for the poor man, and so long as we have enough money we will like to hoard it and we will not think of giving some relief to the poor man merely because we may come to grief after some years. That seems to be the position, Sir, in regard to the reduction of third class railway fares. Now what is the real fact, Sir? We have got this year about $5\frac{1}{2}$ crores given to the general revenues. We have put about 4 and odd crores by our present arrangement under the head of reserves. We have put about 2 and odd crores under the head of balance of depreciation fund. Then the Honourable the Commerce Member says "Have these 4 crores this year, and you will get at least on the calculations made by them another $3\frac{1}{2}$ crores which is budgeted for next year." Now in spite of the $3\frac{1}{2}$ crores extra expenditure budgeted for next year, the Honourable the Commerce Member says we will get $5\frac{1}{2}$ crores for the general revenues and about 3 and odd crores for reserves, and in all 7 crores and odd will be in the reserve fund if things continue normal. If they don't continue

normal, or if we don't get any profit at all, the Honourable Member says in that case all these crores must be reserved for paying the quota to the general revenues. He thinks of some abnormal conditions the year after next. I ask, suppose you budget for 100 crores and you actually earn not the 100 crores, but only 90 or 85 crores. But then you budget for an expenditure of 65 crores and the expenditure will also correspondingly decrease. This has not been taken into consideration. Then what about the reduction in expenditure for a corresponding decrease in income? Therefore, if there is a reduction in income, there should be a reduction in expenditure. Therefore, I ask why should not a reduction be made in these 7 and odd crores, which will be available by the end of next year if normal conditions prevail, and relief be given to the third class passenger by cutting down at least half a pie. I think you can so reduce the fares as to have a saving of about 2 crores without really affecting our reserves very much. But that reduction should be made immediately. Please do not allow the tax-payer to suffer longer when you have plenty. We are setting aside about 7 crores practically, and I certainly think you can give some substantial relief to the poor third class passenger.

The next argument is that if the third class fares are reduced, the coaches that are available to cope with third class passengers may not be sufficient. I really do not think that there is any force in that argument. I find that ever since the Retrenchment Committee reported, the passenger traffic had not risen enormously. Between 1913-14 and 1921-22, it had risen by 21 per cent., while the coaching stock had risen by only 11 per cent. They took into consideration the coaches available in 1921 and 1922, and the Committee pointed out that the increase in the number of coaches had not been commensurate with the increase in the third class passenger traffic. But since then considerable attention has been paid to this matter, and I find from the last year's Administration Report that the coaches have increased considerably, and in the present year, as Mr. Sim was good enough to tell us, they are not only constructing more coaches but they are making special arrangements to cope with the increase of third class traffic. The Honourable the Commerce Member has himself pointed out in his speech that the rate of increase in the third class passenger traffic subsequent to the increase in rates has been much less than it was before the rate was increased. Number of coaches are sufficient to cope with any extra passenger traffic. But I submit that for the sake of getting more coaches, you should not tax the third class passengers any more. This is a very strong point, Sir, and I hope that before we close, the Honourable the Commerce Member will be able to announce that he will be able immediately to give effect to reductions in the third class fares. If this is not done, I do not think that all the changes which have been effected in the Budget will be deemed to have borne much fruit. There are some other points, Sir, which I should like to mention, but I reserve them for discussion at a later stage.

Mr. E. F. Sykes (Bombay : European): Sir, after devoting the greater part of the September session to the subject, the House may have thought that the question of the separation of railway finance from the general finance of the country was out of the way. I propose to devote, Sir, the whole of the time you are willing to allow me to an attempt to show that this is not the case.

The Aeworth Committee's Report is the basis of all reform in this matter. On page 26 it says: "And the essence of this reform is contained in two things." I will not take up the time of the House in repeating

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the first thing, because the recommendations of the report in this respect have been given effect to in as thorough a manner as can be expected. But with the House's permission, I will read what the Report says on the second point:

"The emancipation of the railway management from the control of the Finance Department.

The primary function of any such department is to reduce to a minimum expenditure in order to keep at the minimum the corresponding taxation. Its officials are not qualified either by training or experience to judge the essentially commercial and technical question where and when the circumstances of a railway undertaking justify bold expenditure of large sums, having regard not merely to the actual conditions of the physical machine at the moment, but to the prospects of development and the requirements of the future."

And in this matter, Sir, the Committee was unanimous. Now, I should like to discuss what has been done in this matter. And here I may disappoint some of my friends. I wish to exclude any personalities from the matter because I don't think that the debates in this House are improved by comparing the lot of Members of the Government with that of poor forgers and other such people. We know very well who the Government Members are. We know that they are after all men of rather more than usual ability, that they are men of just as much conscience as the rest of us. They have their little bias towards the interest of their departments and their services, in the same way as we have our bias towards our community, Khalsa, Khilafat or undivided family, whatever we happen to belong to. And further, if it were only a question of impeaching the individuals, the matter would be easy. But in this case it is not a case of individuals at all. We have to deal with much more subtle matters, we have to deal with historic causes, secular effects and inveterate habits. Now, I don't wish to drag the House over a lot of history but the House will remember the development of the Finance Department in the United Kingdom. How originally, the office of the Lord High Treasurer went into commission. Later the First Lord of the Treasury became Prime Minister, and in our own times we saw a prospect of the Chancellor of the Exchequer replacing him. Now similar causes will produce similar effects, under similar conditions. The development in India has been otherwise and it is quite possible that one of the reasons may be that to our own great advantage we frequently import eminent Englishmen to look after our financial affairs. Even though the explanation may be faulty, the facts are undeniable. In this country, instead of going upwards as in England, the influence of the Finance Department has spread laterally. In the terminology of the September session, the policy has been that of the Wooden Horse, not of the nursery but of the true Trojan variety. And I think I cannot describe its working better than by quoting the words of the Financial Commissioner of Railways:

"The real point, which I am sure members of the sub-committee will recognise, is that financial control is much more detailed, more immediately effective, and more authoritative if exercised from within than from without."

As a result of this policy we find that members of the Finance Department occupy strong positions in the Army Department, the Department of Industries and Labour, the Tariff Board, and now in the Railway Board. Early in the history of the Board another member of the Department was successively a Member and later President of the Board. So this is by no means a new development. I am well aware that the Acworth Com-

mittee themselves recommended the appointment of a Financial Commissioner, but let me quote the Committee's description of his functions :

" The Financial Commissioner will be second in command to the Chief Commissioner at headquarters."

The Committee do not say specifically that he should be a railway man. Perhaps, if Sir Purshotandas were present, he would tell us what the Committee had in their minds, but it is hard to see how the second in command could be a man of other type than that of his Chief; and in any case the committee intended that he should be strictly subordinate to the Chief Commissioner, for on the next page they say :

" The responsibility—under the Member of Council—for arriving at decisions on technical questions or for advising the Member on matters of railway policy should be vested in one man and in one man alone."

Of course, I may expect a reply to this: " Ah! yes: on technical matters, but naturally on technical matters only and not on financial matters: these should be dealt with by financial experts ". At this point, Sir, I would like to make a serious protest. As a matter of association many of us have acquired a great dislike if not to the words finance and financial, at least to the significance that is generally attached to them. But in railway matters I protest as loudly as I possibly can that to attempt to divide the work of the Railway Board into two branches, technical and financial, is to ignore the true nature of the business. The business of the Railway Board is the efficient production and profitable sale of transportation, and from the very lowest grades the question of cost, of profit is the constant care of every railway servant. The selection of means is solely governed by the main ends—efficient production—profitable sale: and there is no single question in which these two ends are not inextricably entwined.

However, let us turn to the functions of the Financial Commissioner as exercised at present. Here we are on safe ground: for we have a full account of them by himself. Take the first function—I am reading from his own note:

" As a member of the Board the Financial Commissioner is able to acquire a knowledge of the technical problems involved in the working of Railways which he could not acquire in any other capacity, and which he must have if he is to exercise financial control effectively."

Well, Sir, we are all learning, all of us, always, and I would hardly be pedantic enough to say that an arrangement of this kind would not be suitable if it occurred at considerable intervals. But what are the facts? The office is perhaps eighteen months old and we are already in its third incumbency. And further we are in the unfortunate position that the more able the individual who occupies the post, the more we obtain the services of distinguished officers like the present incumbent, the more likely we are to lose them by their promotion to greater eminence.

Now, Sir, the other important function which the Financial Commissioner has by his own account is one of censorship. I may read again:

" No proposals involving expenditure, or affecting railway revenues, can be adopted until he has accepted them. This applies equally to small matters, such as the grant of an allowance to an employé or the addition of a clerk to an office, and to the large projects involving the expenditure of many lakhs."

Parenthetically I may observe that these are evidently the views of the Finance Department because we are constantly assured by the Commerce

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Department at question time that small matters are left to the discretion of the Agents. Now, further on, he says:

"If on any question his views do not coincide with those of the Chief Commissioner, or of the Railway Department, he has the right to refer it to the Finance Member."

"He has also the right of free access to the Finance Member, and so can, and does, refer to him all matters of an equivalent importance to those which would be referred to him by the Finance Secretary."

So the House will observe that, although the occupant of the post may still be acquiring the knowledge which is necessary for him to perform his functions if he disagrees on any question with the officer who was intended by the Acworth Commission to be sole adviser of the Member, or is turned down on appeal by the Commerce Member, he has a right to refer to a third party—not one whose whole life has been spent in mastering the intricacies of the Railway Act—but to the Finance Member. I do not think it can be said that these powers are reserved powers to be infrequently exercised because we find that the Financial Commissioner proposes to do a great deal more than was formerly done by the Finance Department when cases were referred to them from the Railway Department. He says:

"The Railway Board has extensive powers, some of them statutory, in matters involving expenditure. For example they can without reference to the Finance Department sanction scheme costing from 18 to 20 lakhs: and in the aggregate such projects amount to a very considerable portion of their expenditure. As a member of the Railway Board, the Financial Commissioner can, and does 'vet' all such proposals; and if he does not accept them he has (which he would not have under any other system) exactly the same powers as in dealing with proposals to which the concurrence of the Finance Department used to be obtained."

Now, Sir, it is unfortunately one of the greatest difficulties of this House that for want of association with the work of administration, a want which we hope will soon be removed, many Members of it have very little idea of the principles and methods of departmental procedure. The House must therefore accept my assurance that this procedure is not a new procedure at all. It is merely a piece of standard mechanism transplanted into the Railway Board. This combination of the role of subordinate and critic will be found right down into the primary departmental units. Now, Sir, we know very well that if we are going to be entirely logical, we will produce very little effect. We are quite prepared to see many systems that are apparently reprehensible and illogical open to surprisingly little objection in actual practice. But I think I shall ask the House to associate itself with the view that the functions of the Financial Commissioner are not only inconsistent with the recommendations of the Acworth Committee but are incompatible with the prompt and decisive action requisite for the proper transaction of railway business.

Now, Sir, for the constructive proposals. What are we going to do about it? It is often said, sometimes querulously, that this House has no real power. I am glad to say that I do not believe it. I do not think that it is believed on the Government benches. I know many friends of mine who would resign their seats at once if they believed it. Look at the action taken on the Acworth Committee Report itself. Has not the House forced the Government to accept one of the recommendations of the Committee; not one on which the Committee was unanimous, not one that was supported by those with the greatest experience and knowledge

of the subject? I refer to replacement of Company by State management. The House has been able to do this. Now that the House has accepted the Government's proposals for carrying out the first part of the Committee's recommendation for the reform of financial methods in connection with Railways, cannot the House insist on its carrying out the second part? Sir, I am convinced it can and ask the House to lose no time in doing so.

Diwan Bahadur M. Ramachandra Rao (*Godavari cum Kistna*: Non-Muhammadian Rural): Sir, Honourable Members who have preceded me have expressed their gratification at the lucid statement of Sir Charles Innes in regard to the Railway Budget and the supplementary papers which have been placed at our disposal in this House. I join with my Honourable friends in the appreciation of the very satisfactory way in which the demands have been arranged and for the information relating to the various matters in regard to this portion of the Budget. Sir, several of us have had no misgivings at all as regards the soundness of the scheme which has been embodied in the convention under which this Budget is now presented. We have always been of opinion that this separation is bound to do a great deal of good both to our finances and also to the administration of Railways. Be that as it may, I should think, Sir, that there are many matters in regard to the general control of this House over this portion of the Budget to which I should like to invite the attention of the House. This is the first year in which the Railway portion of our Budget has been presented in the form in which it has been. The question of procedure is very important and Sir Charles Innes has asked us for suggestions for its improvement. I would therefore address myself, first of all, to the new machinery that has been set up for the examination of the Budget proposals before they are brought up into the House. Sir, the first point that I should like to bring to the notice of Honourable Members relates to the functions of the Standing Finance Committee for Railways. Sir Campbell Rhodes has expressed the hope that in future years there will not be any material change in the personnel of the Railway Advisory Committee and the Railway Finance Committee. I agree with him that violent change in the personnel of that Committee every year is undesirable. I do think that the experience gained by the members not only of the Railway Finance Committee but of the Standing Finance Committee and the Public Accounts Committee should be conserved and that radical changes from year to year in the personnel of the Committee would not be to the public advantage. I know that work in these Committees is of a taxing nature, but many Honourable Members who are associated with these Committees gain an insight into the working of these large spending departments of Government. The question therefore arises for consideration whether our present method of electing these Committees should not be changed. The Honourable Sir Charles Innes said to-day that in addressing the House his position was more like that of a Chairman of the Board of Directors. To take this analogy a little further, I would suggest that these Committees should be elected for three years with a system of retirement of one-third of the members every year. In that way, Sir, we might secure continuity of work in the Standing Finance Committee. I trust, Sir, that the question of utilising the services of members who have been in these three important Committees, namely, the Standing Finance Committee, the Standing Finance Committee for Railways, and the Public Accounts Committee will receive the serious attention not only of Honourable Members on this side but also on the

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Treasury Benches. The rules will have to be altered in such a way as to permit elections for these Committees being made for three years, with a system of retirement of one-third of the number every year.

The next point in regard to the question of control is the power of reappropriation which under the existing practice seems to be quite unlimited. I might perhaps illustrate the position in this way. Under the existing rules I believe the Department concerned has unlimited powers of reappropriating the revenues which are voted in this House from one head to another provided they are under the same demand. If Honourable Members will turn to page 12 of the Demands for Grants they will notice that a sum of Rs. 42,61,47,000 is voted under Demand No. 5, Railways—Revenue. I take it, Sir, that under this head it would be open to the Department to transfer from "Ways and Works" to "Rolling Stock" or to "Miscellaneous" or to "Fuel" or to "Staff" or "Stores" provided the total expenditure is within the grant of Rs. 42,61,47,000. I do not know whether I am right, but I should like to know whether under existing rules, the Department claims to have absolute power of transferring funds shown here from one head to another provided the total does not exceed the figure shown at the top of this page, namely, Rs. 42,61,47,000. Sir, if I am right I feel that this is a very, very large power which the Department now enjoys. Then, let us take another head, Demand No. 11, "Miscellaneous". Honourable Members will find that the total demand under this head is Rs. 6,65,000. If they will turn to details they will find that a number of committees have been appointed or proposed to be appointed. The details will be found at page 33 of the Demand. We have a Committee to investigate the stores balances of the East Indian Railway, a Committee in connection with the standardisation of locomotives, the Indian Coal Committee, a Committee for standardisation of wagons and coaches, a Committee for standardisation of permanent way, miscellaneous special establishment required for investigation and solution of problems affecting the working of Railways as a whole—which costs Rs. 2 lakhs during the coming year. I should like the Honourable Member in charge of Railways to say whether he claims that within the grant the Department is at liberty to appoint any Committee it likes without reference to the Standing Finance Committee. I should think that that again is certainly a very wide power. I therefore think that the present powers of reappropriation should be carefully examined. The Standing Finance Committee should have before it all proposals over a certain amount when reappropriation from one head to another is attempted and it should have a considerable voice in the direction of exercising supervision, control and vigilance in regard to all proposals for expenditure. I may again illustrate the position in regard to another matter and that is the railway contracts. We heard a great deal within the last two or three years about coal contracts. We also heard a good deal about another matter; that is the contract relating to sleepers on the North Western Railway. I feel that another direction in which the functions of the Standing Finance Committee may be usefully enlarged is that certain classes of contracts, whether they are entered into by the Agents of Railways or by the central administration here, should invariably go for scrutiny and criticism before this Standing Finance Committee. I might perhaps point out that in other countries, such as Australia, contracts over a certain amount are placed before the Minister by the Commissioner of Railways

and his approval is obtained. I therefore think that the functions of this Committee should be enlarged and that the Committee should be made a really effective instrument of criticism and check in regard to all matters appertaining to railway administration. I would also suggest that all new appointments that are created either by the Agents of Railways within their powers or by the Central Administration should also come before the Standing Finance Committee.

I come to a different topic but more or less connected with this subject. I should like to know what the exact financial and administrative powers of Agents of Railways now are. More than one question has been tabled in this House on this matter, but I have not been able to elicit the information. From the remarks that Mr. Sim made some time ago in this House I gather that the financial and administrative powers of Agents have been so enlarged that the references to the Railway Board have been decreased by 60 per cent.

Mr. G. G. Sim: Under one head—Establishment.

Diwan Bahadur M. Ramachandra Rao: If it is so, I should like to know what the new financial and administrative powers of the Agents are. It seems to me that, if the financial control of this House is to be effective, we should know much more of these powers and that certain limitations should be placed on these Agents. I believe it was my Honourable friend, Sir Campbell Rhodes, who stated that there is a good deal of centralisation in the Railway Board. I agree with that view, but at the same time I should think that the proper way of dealing with this question would be to lay down that the Standing Finance Committee on Railways should deal with certain classes of questions which probably the Agents have now entirely in their own hands. Looking at what has happened in regard to the contract for sleepers, it seems to me that the time has come when the financial powers of the Standing Finance Committee, the Agents and the Central Administration here should be co-ordinated and that we should have a reasonable system of control exercised on behalf of this Assembly by the Standing Finance Committee.

My Honourable friend, Mr. Sykes, made certain observations in regard to what is called treasury control. He seems to think that there should not be any control by the Financial Commissioner over the transactions of the Railway Board. I do not know whether I have understood my Honourable friend correctly, but I hope I have. I do think on behalf of the tax-payer that the Finance Department is the only Department that exercises any check over the large spending departments of the Central Administration. I cannot agree with my Honourable friend when he says that the Financial Commissioner should withdraw from the Railway Board and that the Railway Board should handle crores of public funds as they like without any check. I have not seen a more drastic suggestion than the one that has been made to-day by my Honourable friend Mr. Sykes. It may be that he is intimately acquainted with the general working of Railways, and it may be that no railway official would like to have those unlimited powers of expending public funds without any check from outside. I do not at all approve of the suggestion made by my Honourable friend, but I do think at the same time that the powers of the Financial Commissioner will have to be more correctly stated. We should know where we are in regard to the financial control exercised by the Financial Commissioner and what the exact relation should be between •

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this financial control and the control of the Standing Finance Committee and the class of cases which have to be decided either by the Financial Commissioner or by the Standing Finance Committee. No Resolution has yet been adopted by this House defining the functions of the Standing Finance Committee. I am not in a hurry to do it, but I do think after gaining some experience this year the functions of the Standing Finance Committee will have to be thoroughly enlarged in the light of the observations which I have made in this connection.

There are one or two other matters which I should like to dwell upon. Several Honourable Members have referred already to various questions of railway policy. My Honourable friend, Sir Campbell Rhodes, enters a protest against the new branch line terms and my Honourable friend, Sir Purshotandas Thakurdas, does not favour a too rapid capital expenditure on Railways and advocates that the whole question of transportation should be looked at from a different angle of vision. As suggested in the Acworth Committee's report the waterways of India have not received that attention which they deserve, and I thoroughly appreciate the remarks of my Honourable friend. I urged before the Acworth Committee that too much money has been spent on the Railways—I do not say comparatively but to the detriment of the existing waterways—and the Government of India and the Provincial Governments have entirely failed to conserve our waterways and improve them.

These and other questions, I am sure, are likely to come up in the various demands with which we have to deal. I do not think I should now trouble the House with any observations on these questions but I venture to think that there are one or two other matters which I might usefully refer to in this connection. One is the functions of the Advisory Councils in the Provinces. I have before me the rules which the Government of India have framed for the constitution of these Advisory Councils. I feel, Sir, that, notwithstanding the good intentions with which the proposal has been made by the Acworth Committee, no attempt has been made in the Provinces to utilise these Advisory Councils. A short report about these Advisory Councils is to be found in the last report on Railways for 1923-24. Very little use has been made of them and we have no information about them except that they met thrice a year, four times a year or five times a year—and that they dealt with some questions placed before them. We should have fuller information on this matter. I think that the work of these Committees could be enlarged and their usefulness demonstrated much more than they have been. The Agents perhaps regard these Advisory Committees as a kind of clog on their activities but I think that this idea ought to be given up once for all and that these Advisory Committees should be used much more largely than they have been.

A good deal has been said about centralisation to-day and one of the ways in which the Acworth Committee has suggested that decentralisation could be brought about is by the grouping of railways into territorial areas and thereby reducing centralisation at headquarters. This scheme has been deliberately abandoned by the Government of India, and, when it was abandoned, it was stated that the present scheme for the constitution of the Railway Board is to be in operation for one year. A very constructive scheme has been placed before the Acworth Committee regarding the grouping of railways by the Madras Government, and I venture

to think that the time has come when that scheme should be looked into to see whether it could be adopted.

Before I bring my few remarks to a close I should like to express my gratification that after all Southern India has received some attention from the Railway Board this year. We are very pleased to know that after several years of neglect the Railway Board has really done some amount of justice in placing on their new programme some of the schemes which have been under consideration for years. I trust that they will go on in the same way and that in the near future Southern India, which I think is a veritable gold mine for railway development, will receive all the attention which it deserves in the way of railway extension. I do not wish on the present occasion to criticise the Resolution of the Government of India in regard to branch line terms; but I venture to think that the question of subsidiary transportation arrangements deserves very careful consideration from the Government and, whatever we may do for adopting a policy of bold railway development, the cognate question of developing transportation with a view to connect the country with the main line is one which deserves serious consideration. The Government of India have appointed many committees but I wonder why they did not think of examining this very important question of developing subsidiary communications in order to link them up with the main lines. I therefore think that that question deserves attention. I have nothing more to say except to thank the Government of India for the attention which they have paid to the growing needs of Southern India.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Deputy President in the Chair.

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhamadan Rural): Sir, I am afraid I cannot congratulate my distinguished friend the Honourable the Railway Member on this budget. Sir, it is not a poor man's budget. It is a budget which favours the rich. The Honourable the Railway Member has shown no consideration whatever to the poor men of India. Sir, he finds excuses and very lame excuses to justify the neglect of the interests of the poor, the travelling poor. Sir, he gives figures which do not speak the whole truth.

He says:

"It will be seen that we lost not only in passengers but in earnings. That is why some railways judged it necessary to reduce first class fares."

Why first class fares? First class passengers when the fares were raised travelled perhaps second, and second class passengers travelled perhaps third or inter; but the third class passengers, as was very rightly pointed out the other day by an Honourable friend, could not travel fourth. Sir, the third class passengers have not got the conveniences and the facilities that you give to the first and second class passengers, even though most of the revenue is derived from the third class passengers. Sir, you give the first and second class passengers return fare tickets, you give them other concessions and conveniences, but you do not give even return tickets.

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at a fare and a half to third class passengers. You ignore their complaints altogether. We are told that the earnings have increased so far as the third class passengers are concerned. That is all the more reason why you should attend to the grievances, the legitimate grievances, of the third class passengers. That is no reason why you should not reduce the travelling fare of third class passengers. We are told that if we reduce fares we will not have sufficient carriages and many new carriages will have to be constructed as traffic will increase. Why not construct them? What have you been doing all these years? On the other hand we are told that they are constructing new coaches for first and second class passengers, and why? Why are they going to construct new coaches for first and second class passengers at all? Only because they are going to reduce the travelling fares of first and second class passengers and consequently they expect more first and second class passengers. I think the proper thing for you to do will be to build many more coaches than you contemplate for third class passengers and thus meet the increase of traffic and give increased facilities to third class passengers who are invariably packed to choking in their compartments. Sir, the Honourable the Railway Member does not meet the situation. I thought he would have done so especially because he has lived in India so many years and is perhaps nearing the end of his successful official career. I thought on the eve of his Indian career

(Inaudible interruptions.)

My friends say "a Governorship yet remains". I do hope, but whether it remains or not, Sir, I am concerned with the conclusion of his career as Railway Member here, and I thought as the Railway Department flourished mainly because of the third class passengers, he would have shown them some real consideration. I regret, Sir, that no such consideration is shown in this Budget.

There are other points which I do not want to dwell upon because I know there are other speakers who want to deal with them. But, Sir, I must make a passing reference to the question of Indianization. The Honourable the Commerce Member has placed before us some facts. He says that in the twelve months ending October, 1924, the number of Indians in the superior appointments rose from 280 to 310 and the number of Indian subordinates from 1,821 to 1,929, that is, 108 in the upper subordinate grades and 30 in the superior appointments. Sir, I do not think this is an increase for which I would congratulate the Honourable the Commerce Member. We have been asking for Indianization of the services ever since the starting of the Indian National Congress or perhaps from a still earlier date. And, Sir, I do not put it on racial grounds, for I remember the complaint of official Members when this question was raised in the other House who said that we were putting it on a racial ground. I am putting it purely on *the Indian ground* and I do not see why Indians on Indian railways should not have the chance of getting as many appointments as they can. I do not say, dismiss the present employees, but I do ask how many vacancies arose in this period of one year and how were they filled? Am I to understand that there were only 30 vacancies in the superior appointments and all the 30 have been filled by Indians? If so, then I may say that you are showing some consideration to the question of Indianization. But there is no statement as to the number of vacancies. They have given figures showing an increase of 30 superior appointments and 108 in the subordinate grade. Will they tell us how many vacancies there were and tell us how they filled them? Then

we could understand how they are facing this question that has been deeply disturbing the public mind. Our official friends say they sympathise with our aspirations for Indianization. But we do not want lip-sympathy. As my friend Mr. Jinnah said in connection with the question of establishing an Indian Sandhurst in this country, what we want is not sympathy, we want practical recognition of Indian rights. And, Sir, there is no recognition of Indian rights so far as the administration of Indian Railways goes. You know how the Indian railways are administered. The Railway Board have no Indian representative. It is a pure autocracy and nothing but an autocracy. The Railway Board represents English views, English ideas, English administration, English efficiency, everything English. Indians have no place on that Board. Indians have no voice or choice in the administration of Indian railway affairs, and if you cannot give Indians voice or choice in the administration of Indian railway affairs, I do not see how you will be prepared to give them a controlling voice in the administration of political affairs. We do not want any more sympathetic speeches on Indianization; we do not want any more sympathetic speeches on democratization of the administration. We will judge you not by shadowy or exaggerated statements but by substantial results. But on going through this Budget all that I can say is that the Honourable the Commerce Member like his other predecessors has been a slave of routine and a victim of circumstance.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): Sir, I fully sympathise with the Honourable Railway Member's ambition to develop into a Chairman of a Board of Directors. I suppose he will agree that there is no analogy between the position now occupied by him and that of a Chairman of a Board of Directors presenting the annual statement of the management of Indian railways at a meeting of the shareholders. In the first place he does not owe his present position to the choice of the shareholders, nor is he removable by a vote of the shareholders. As a matter of fact I think, as the circumstances stand at present, he can well afford to defy the shareholders if he chooses. When he can truly describe himself as Chairman of a Board of Directors presenting his annual statement before a meeting of shareholders—when that day comes we will, of course, have attained complete self-government in India. When my Honourable friend made that statement I think he was looking forward to that day when we will have *Swaraj* in this country. May I now appeal to him to help us in order to accelerate that day to which he so eagerly looks forward. (*Pandit Shamlal Nehru*: "Will he be here then?") He may, I do not say that he will not.

I think it was my Honourable friend Mr. Sykes who said that we have not yet got a complete separation of railway finance from general finance, and my Honourable friend, Sir Campbell Rhodes, said that further devolution of power was necessary from the Railway Board to the Agents in order to make the present system workable, in order that he might put up with what he described to be the evil into which Sir William Acworth has plunged him, that is to say, State management. I have no doubt that the ideal which my Honourable friend, the Commerce Member, has before him is to have a completely independent State organism in the Railways, which will not be considered to be a Department of Government at all. I believe that is the ideal which my Honourable friend, Sir Campbell Rhodes, also has in view. Now let us turn to the recommendation of the

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Acworth Committee, and let us see what they intended this new system to be. This is what they say in paragraph 127 of their Report :

" We assume that in future the Railway Commission will be responsible for its own administration and, within the limits of its Budget, as approved by the Government of India and the Secretary of State and accepted by the Legislative Assembly, will carry it into effect; that, in a word, though remaining an integral part of the Government machine and subject to control on broad questions of policy and on the major questions of finance on which that policy must depend, it will be an independent administration."

The Acworth Committee contemplated that the Secretary of State would loosen his control over the Railway Department, and further that the Government of India in the Finance Department will cease to exercise that detailed control that it has hitherto exercised over the Railway Department. The meaning which the Acworth Committee had in mind in making this recommendation has been further made clear in a Report on the Austrian State Railways which Sir William Acworth has presented to the League of Nations. Here again he was recommending the complete separation of railway finance from the general finances of Austria, and this is what he says :

" I have assumed that the railway budget will really be that of a separate and semi-independent undertaking, and have pointed out that Parliament and the Ministry have come under an obligation to refrain from interference in administrative matters, and to restrict their control to questions of broad policy and weighty matters of finance. I have stressed the point that the new law has entirely changed the relation between the Finance Minister and the State Railways. Hitherto he has been the superior officer. In future he becomes a watch-dog."

Then Sir William Acworth points out that the business of the watch-dog is to bark and not to bite. So I think Sir Basil Blackett will now cease to bite Sir Charles Innes and will henceforth merely bark at him; and as part of the understanding I believe Sir Charles Innes has agreed to Mr. Sim coming into his parlour to do the barking on behalf of Sir Basil Blackett. Now Sir William Acworth goes on to observe :

" So far as the Railway Budget, when submitted to the Cabinet for general approval, deals with proposals for capital expenditure, his opinion will doubtless have great weight, but once the Budget is passed by Parliament he will not be required to sanction expenditure within the estimates; his function will be solely to watch and see that the expenditure and receipts are keeping pace with one another; and in case of unforeseen emergency, to collaborate with the railway undertaking as to the method for dealing with it."

So, Sir, I do not think Mr. Sykes need have any apprehension on the ground that the financial control will be so very exacting as to make a failure of the present scheme of the separation of railway finance from general finance. My Honourable friend, Sir Campbell Rhodes, pleaded for an effective and large delegation of authority in favour of Agents. I am perfectly aware that that was one of the recommendations made by the Acworth Committee, and let us see what the latest Report on the Administration of Indian Railways has got to say with regard to it. At page 9 of the Report for 1923-24 we find it stated :

" The responsibility which would, under these proposals, devolve upon the Railway Board of securing a definite return on the capital at charge is one that must obviously determine the powers to be conferred upon the Railway Board in order to enable it to carry out that responsibility; and the Railway Board in turn, being then able to apply the same principle to every separate administration and to require the various constituent parts of the whole railway system to contribute its fair share by working to a definite standard, must make a corresponding delegation of powers and freedom to the Agents of the railways to enable them to discharge respective responsibilities."

There has been a beginning made in the delegation of authority from the Railway Board to Agents, and my fear is that this process of delegation may proceed to a far greater extent than would be desirable in the interests of the Indian taxpayer. I am afraid that if my Honourable friend, Sir Charles Innes, were to give effect to the demands made by my Honourable friend, Sir Campbell Rhodes, and my Honourable friend, Mr. Sykes, then a day might come when we might say that we have leased out the Railways to Sir Charles Innes and Co., and Sir Charles Innes and Co. have farmed out the different railways to the different Agents. That certainly will be a contingency to be strongly resented by the representatives of the Indian taxpayer in this House. I find, Sir, that the Indian point of view on the question of centralization *versus* decentralization in the management of the railway system differs very materially from the point of view from which this question has been approached by members of the European community in this House. The latter do not seem to see any good in control from the Central Government here over the Agents, and they would much rather leave the Agents altogether free to do what they like, than have the Railway Board interfere with the Agents even in matters of a somewhat important nature. I want this House to understand what the implication of the complete delegation of authority by the Railway Board to the Agents will be. To the extent that the Central Government delegate their powers to Agents, to that extent we in this House will be relaxing our control over railway management. (*Pandit Shamlal Nehru*: "Have you any control at all?") Well, that is why the Railway Budget is placed before us, and that is why I suppose we would be required to vote the demands during the next few days. (*Pandit Shamlal Nehru*: "That is only formal.") I find that the Honourable Sir Charles Innes is already anxious to establish a convention under which we in this House will impose a self-denying ordinance on ourselves and cease to make inquiries on the floor of the House in regard to the matters which he thinks should be left to the discretion of the Agents. I find that in reply to certain questions on the 2nd February last Sir Charles Innes said:

"I may say that the Railway Department consider"—(*just mark the peremptory tone of that reply*)—"I may say that the Railway Department consider that these questions should be left to the Railway Administrations, and the Legislative Assembly should not interfere in details of this kind."

Then my Honourable friend Mr. Goswami interposed saying "we think otherwise." Then Mr. Chaman Lall asked, "what are we here for if we cannot get information on these matters?" Then again the Honourable Sir Charles Innes said in reply as follows:

"The Railway Department think that the Legislative Assembly should criticise the Administration and criticise the Railway Board and they are entitled to influence the policy, but nothing can be more fatal to the efficient management of our Railways than that the Legislative Assembly should try to interfere in details of railway administration."

That is the new enunciation of policy which has been made by the Honourable Sir Charles Innes as a sequel to our acceptance of the separation of the railway finance from the general finances of the country. I think the House will agree with me that if once we were to agree to the establishment of the convention which my Honourable friend Sir Charles Innes has in mind, then we would absolutely part with whatever vestige of power we have in regard to the railway administration. That is why I stated

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that this devolution of authority may proceed too far, and it is up to this House to see that the Honourable Sir Charles Innes has not his own way in this matter.

Sir, we have heard a good deal about the analogies of other countries. I know that wherever there is State management of Railways, railway finance is altogether separate from the general finances. That is undoubtedly true. But what is the principal feature that obtains elsewhere in the railway management, and which is absent in India? We find that in every other country the management is indigenous, and in this sense when we ask for Indianization of the Railway Department, it is intimately connected with the question of railway finance. My Honourable friend Sir Charles Innes thinks otherwise. He said in his speech the other day that the question of Indianization stands apart from the question of finance. I join issue with him there. It is one of the essential features of separation of railway finance from the general finances in every other country that the management must have a community of interest with the people. That is the essential feature. Here we have entrusted the management of our Railways to people whom, without meaning any offence to anybody, I might describe as birds of passage. My Honourable friend Sir Charles Innes is presenting the Budget for 1925-26 this year, but there is no knowing whether he will be here to present the Budget for 1926-27. Well, a few years hence he will be settled in comfort in his island home, away from the influence of this House, with his pension secured by Statute; and perhaps it may be then that this House may come to realise that, as the result of the adoption of a new railway policy on his initiation, the country has suffered a severe loss. There will be no means left at our command to bring him to book for that. When I refer to the Honourable Sir Charles Innes, I do not at all intend to be personal. He serves me the purpose of an illustration merely, and this argument holds good in relation to each and every individual member of the Railway Board and the Agents and other higher officials in the various Railways in India who are all Europeans. Sir, what is the position to-day? Indian opinion was unanimously in favour of State management. The Honourable Sir Charles Innes and his community were unanimously against State management. Well, it was a great concession to the opinion of this House when the Government agreed to take over two of the principal lines whose contracts have just expired. Now, Sir, in any other country perhaps the management of the State railway lines would in these circumstances have been committed to the hands of those who believed in State management. But look at the circumstances of India. The Honourable Sir Charles Innes is frankly opposed to State management, so is every one of the railway authorities in India,—the higher European railway servants I mean, and so are the members of the non-official European community in India. This opposition to State management is also backed by powerful interests in England, yet we have entrusted the management of our Railways to men who do not believe in State management, but are positively hostile to it, and I do not know whether it is going to prove a failure. There are company-wallas installed in the Railway Board, company-wallas everywhere. I therefore doubt whether we are having State management under the best auspices possible. Sir, the Railway Department of India is, I think, the largest organized industry in the whole of Asia; but it can be said without any fear of contradiction that Indians have not yet derived the fullest

benefit out of this great industry. I do not ignore the great services that the Railways have rendered to India so long. But it will have to render a far greater service yet. I think the Railway is one of the few departments left under the charge of the Central Government which maintains contact between the Central Government and the ordinary people in the interior; and as days go by and as we get a real federal system of Government in India, and as the provinces acquire real autonomy, the Central Government might appear a mere abstraction to the ordinary man in the interior. It would then be for the Railways to bring vividly to the mind of every Indian the existence of the Central Government as a beneficent administration. And although perhaps the Railway does not under the new system minister to the many wants of the Indian community, yet it will be a sort of link between the provinces and between the different races and peoples inhabiting this great continent. It is in this view, Sir, that I think that we must approach the railway question, and not merely from the business point of view of my Honourable friend Sir Campbell Rhodes. It is in this view that I have tried to approach the railway question and have made these few remarks.

Mr. N. M. Joshi (Nominated: Labour Interests): Sir, I had no intention of taking part in this debate as I thought four days
8 P.M. would be quite sufficient to give me an opportunity of ventilating the Railway grievances. But, Sir, the reference to the Chairmanship of the Honourable the Commerce Member in his speech as well as the further reference to that Chairmanship in several other speeches tempted me to speak a few words on this occasion. Sir, I assure you I do not know much about the management of companies or about the management of the Indian Railway Company. I don't know whether that Company is limited or unlimited. Its benefits to the people are limited. It is unlimited in the authority that is placed in the hands of the Honourable the Commerce Member. But, Sir, whether the Company is limited or unlimited, it is certainly autocratic. The Honourable the Commerce Member is not responsible to any people; at least he is not willing to recognise responsibility even to this House. He does not like this House to interfere with his work. Therefore, when I heard the reference to the Company, although I did not know much about the management of Companies, I became somewhat alarmed and somewhat suspicious. Sir, if the Indian Railway Company is to do good to this country it at least must be based on a sound footing. The Railway industry is a great industry but, Sir, what is going to be the object of this railway industry? Is our railway industry going to be conducted like the ordinary private Companies for profits or for the comfort and the convenience of the public in this country? That is the main question which I would like this House to solve. If we begin to conduct the affairs of the Indian Railway Company on the lines of the private commercial concerns for the profits, then certainly our policy must be condemned. The only policy which this House should adopt for the management of the Indian Railway Company is the comfort and the convenience of the public in this country. Sir, if the comfort and the convenience of the public in this country are to be secured by the management of the Indian Railway Company that Company must be put on a proper footing. I was told that the Honourable the Commerce Member is the Chairman of a Company and this House is the Board of Directors. Some people said the Central Advisory Council was the Board of Directors. But, Sir, which

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are the interests represented in this Board of Directors? I may admit for a moment that this House represents those people who have invested their money in this concern. I may admit for a moment that this House represents the customers of the Indian Railway Company. But, Sir, are the mere customers, is the mere money, sufficient to run a railway industry? Are not the seven lakhs of people who are working on the Indian Railways a necessary element for the proper working of the Indian Railway Company? Sir, should not this important element in the Indian railway industry have a proper place in the management of this industry? I therefore hope that when this House decides to set the House of the Indian Railway Department in order, they will take care to give sufficient representation to the railway employees who form a very important and necessary element in the management of the Indian Railways. Sir, the Honourable the Commerce Member referred to this occasion as an important occasion on account of the separation of railway finance. Sir, I was one of those people who approved of the idea of separation of railway finance but I did so only for the reason that it would give us better opportunities of discussing Railway questions in this House. Sir, I am frankly in favour of the State management of Indian Railways but if the State is to manage the Indian Railways the Assembly must have a proper share in the management of the Indian Railways. There is no special merit in the Railways being managed by the State if the State is not going to be responsible to the Legislature and to the people of this country. I was, therefore, glad that the separation of the railway finance will give us a great opportunity of discussing our Railway Administration at greater length than we used to do formerly. Moreover, Sir, I am also very glad that during this year the East Indian Railway Company has been taken over by the State and I hope the Great Indian Peninsula Railway will also come under State management next year. But, Sir, I would like to say one word and it is this. The Great Indian Peninsula and the East Indian Railways are not the only Railways to be taken over by the State. I hope the Government and the Legislative Assembly will insist upon every Indian railway when its contract is over being taken under the control of the State. Not only that, but I would like this House to insist that no more private companies be allowed to be formed in this country for the conduct of any railway in India. The transport industry in this country cannot be allowed to be placed in the hands of any private company. The comfort and convenience and the happiness of the people depend to a great extent upon the transport industry and that industry cannot be allowed to be placed in the hands of any private concern. I hope, therefore, the House will insist hereafter that, whenever any railways are to be built, they will not be built by any private company; they will be built by the State. Sir, I heard a great deal about the management of the Indian Railways Company being based on commercial lines. Is the present management a commercial management? Sir, if the present management had been a commercial management, would they appoint their employees on the principle of race? If there is any department of the Government of India where people obtain their appointments and jobs on account of their race, it is the Railway Department. I know, Sir, there are many people in this House who do not like a reference to this subject but we cannot avoid reference to this matter because the Railway

Department is the one Department where the principle of race plays a great part in the selection of the employees.

(At this stage Mr. Deputy President vacated the Chair which was taken by Mr. President.)

I know, Sir, Sir Charles Innes found some kind of hereditary fitness in some races for the railway jobs. I don't know whether there is any hereditary fitness among the people of any race. Unfortunately, the Railway Department does find hereditary fitness in the case of some people for all jobs on the Railways. Even the Medical Department on the Railways is manned mostly by European officers. Are there no Indian doctors in India? But, Sir, the Railways will not employ Indians. They always prefer Europeans. Is this a commercial management of your Railways?

Then, Sir, if the Railways had been managed on commercial principles the Railway Board would have taken the best care of their most paying customers. The most paying customers of the Indian Railways are the third class passengers. What attention does the Railway Board give to the comforts of the third class passengers? On the contrary, they pay their sole attention, I may say, to the comforts of the first and second class passengers. Even this year, when the first and second class traffic is going down, according to the statement of the Honourable the Commerce Member, he is adding to the first and second class coaches and when it comes to the question of adding to the third class coaches he says that he cannot build more because they cannot be built in their workshops. But, Sir, the Indian Railways have been in existence for over 50 years. Could you not build sufficient workshops in the country in order to have your own carriages and coaches built in this country? Every concern which is conducted on commercial lines will take care to procure the necessary equipment. Not only that. Every great industry takes care to build the subsidiary industries. If you wanted to run your Railways on commercial lines, you ought to have brought into existence the railway industries such as the industry of building coaches. Why did you not do this during these so many years? Sir, you will find that our railway industry is not run on a commercial basis. We were also told that we must look to the efficiency of management. Sir Purshotamdas Thakurdas has already exposed the efficiency of the railway management. You are making profits simply because you have a great monopoly. There are no other companies to compete with you. You can fix any rates you like. You have fixed the highest rates for the third class passengers, who are the greatest number of your customers.

Khan Bahadur W. M. Hussanally (Sind: Muhammadan Rural): So also for the higher classes.

Mr. N. M. Joshi: Sir, the rates for the higher classes have been reduced. Sir Charles Innes explained to us that the principle on which he reduced those rates was what the traffic will bear. Supposing the first and second class passengers cannot pay the cost of their travelling and that the cost of their travelling is so high that the traffic cannot bear it. The only thing that a good commercial man will do is to stop that traffic altogether. If second class and first class passengers are not willing to pay the cost of their travelling, a good commercial man will stop that traffic. He will say, "You want to travel first and second class; you

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are not willing to pay; I cannot give you the kind of accommodation you want". But, Sir, that principle has never found a place in Sir Charles Innes' book.

The Honourable Sir Charles Innes: Nor on any railway in the world, Sir.

Mr. N. M. Joshi: Sir, it is no comfort to the people of this country that all over the world the rich men exploit the poor people.

Sir, I only wish to say one word as to the form of the Budget. The present Budget gives a greater number of details than was given previously. But I would like the Honourable the Commerce Member to present his Budget in a way that his shareholders and his customers would understand very clearly. I do not say that all the Members of the Assembly do not understand the whole of the Budget. But I am one of the few Members who do not understand everything in this Budget and I feel, Sir, there will be many shareholders of this company, there will be many customers of this company, who cannot understand the whole Budget. I would, therefore, request the Honourable the Commerce Member to present his Budget in such a form that all the people in the country may understand it. Let the Budget contain full explanations, so that every one in the country will understand why you are making the demands which you are placing before this Assembly. I will give you one or two instances. Sir Charles Innes is asking for a certain number of wagons. But I do not find in the Budget or in the report of the Standing Finance Committee why these wagons are necessary. Has your traffic increased to such an extent that you want more wagons? If Sir Charles Innes had given us some figures stating what the wagons of the Indians Railways used to carry, say two years or five years back or 10 years back, and what they are expected to carry to-day, I could have understood that there was a need for 3,800 wagons for which he is making provision. Then, Sir, I would like Sir Charles Innes, if he wants to convince this House and the country that his management is efficient, to give some comparative figures from other countries. I have heard it several times stated that the great trouble with the Indian Railways is the want of proper distribution of their wagons, or that the wagons do not give you the same work which the wagons in other countries give. Sir, I do not know how far this statement is true, but I would like Sir Charles Innes to prove to this House whether his management is efficient or not by placing before this House comparative figures from other countries.

Sir, I do not wish to speak more on this subject. As I have said, there are many opportunities before us during this week of speaking, but I would like to say to this House only one word. Although we may desire to place our Railways on a commercial basis, let us not make a great profit out of this concern. Let the object of securing the comfort and the convenience of the people of this country be our sole aim in the management of our Railways.

Mr. Jamnadas M. Mehta (Bombay Northern Division: Non-Muhammadan Rural): Sir, I offer my sincere congratulations to the Honourable Sir Charles Innes and his colleagues on the very lucid and illuminating statements which they have presented to this House. Sir, the separation of railway finance from the general finances of the country is a landmark in the history of railway administration in this country and I venture to believe that if that separation is honestly followed up on both sides, by the

Assembly as well as by the Government, it will very soon become the Magna Charta of the Indian Railways. Sir, there is no doubt that we have had to work in the Railway Standing Finance Committee under great pressure. Papers were thrown at us in such rapid succession that before we had finished with one pile of papers, two more came in and altogether we got more than we had bargained for. All the same, I wish for more and more of that. I hope that we will have more frequent meetings of the Railway Standing Finance Committee independently of the meetings of the Legislature, if necessary, and not necessarily in Delhi or Simla but wherever the Members of the Railway Board and the Honourable the Commerce Member consider necessary. (*A Voice*: "Bombay?") Not necessarily Bombay. It may be in Madras.

Sir, reference has been made by so many Honourable Members to the analogy of the Railway Member being the Chairman of the Board of Directors and speaking in that capacity while making his budget statement. No doubt, Sir, that is the ideal at which we all aim, that is the ideal recommended by the Acworth Committee; at the same time I must remind the Honourable Sir Charles Innes that before he aspires really to become what he ought to be, namely, the Chairman of the Board of Directors, he must not forget the Secretary of State for India. He is at the present time counting without his host—the Secretary of State who is still controlling his destiny and the destinies of the Indian Railway Administration. And unless the Railway Administration is liberated from the trammels of the Secretary of State, this so-called chairmanship will not materialise and this House will not become a board of directors or a body of shareholders. Therefore, it behoves Government immediately to take action in the matter of liberating the Railway Board, the Railway Administration and the railway policies from that great functionary, the Secretary of State. That was recommended by the Acworth Committee nearly 3½ years ago and I do not understand why no substantial steps have so far been taken in that matter. That ought to be the immediate thing. In fact, your commercialisation will not become an accomplished fact unless the Railway Board has become an independent entity subject to the control of this House only and to nobody else's.

Sir, I think my Honourable friend, Sir Campbell Rhodes, referred to the New South Wales Railway Commission in his speech. There they had recently an inquiry similar to the one we had some years ago. The commission's recommendations are practically the same as we have had from the Acworth Committee. The Commissioners there recommend complete separation of the Railway finance from the General finances of the country; they say that the Railway Board should be a wholly independent entity, with statutory investment in them of the railway administration and also the powers to raise loans independently of the Government subject, of course, to statutory control. Sir, we must get to that position here, but how can we have that unless and until we have first of all got rid of the Secretary of State's control? Therefore, I urge that the first step that will lead to real commercialisation should be that the Railway Board must be the mistress of its own house. To-day it is not, and until it attains to that position I do not think that the Railway member will become the chairman of the Board and the separation of railway finance will not lead us much further towards commercialisation.

Then, Sir, a great deal has been said about the independence of the Agent. I think it is no use quarrelling over how much power he must have and how much he must not have. The ideal has been laid down

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very clearly and properly by the Acworth Committee. I think it is impossible for this House to exercise any meticulous control over the Agent if real commercialisation is to materialise—it is impossible much as we should like it. We should devise other means to have the Agents working properly in the manner we want, but for this House in open session to deal with petty matters of detail in individual railway administrations would become impossible. At the same time the Acworth Committee have clearly indicated that in large matters of policy and finance this House must remain the master and I think that is a clear line of demarcation as wise as it is necessary. We must stop at that and for any further control of the Agents we must have the Standing Railway Finance Committee, the various Railway Advisory Councils and any other machinery that we think proper to devise; but for this House to go into details would reduce the whole thing to an absurdity and delay the consideration of more vital problems.

I now come to the form of the Budget. Although we have got ample material I must say that in the form in which it is presented it has not been possible for us to appreciate at their true value the results of the working of individual railways. We do not know whether a particular line has become a drag on the whole Railway Administration, whether the profits of one line are being really utilised by another; but as the Honourable Sir Charles Innes has said that the form in which the present Budget is presented is not necessarily final and that the whole question is still open, I will not dwell upon it at length. It would be worth while later on in the course of the year to consider whether it is not possible for us to devise some different method whereby each individual railway administration could come under a proper searchlight and we could have a much closer scrutiny of their working and financial results. You will find that except in the case of the Bombay, Baroda and Central India Railway, the Burma Railway, the East Indian Railway, the Madras and Southern Mahratta Railway and the South Indian Railway, it is doubtful whether any other railway at all brings to us the 5½ per cent. which the Inchcape Committee recommended. In fact they do not. These are the only five railways which pay, others do not pay their percentage and therefore it is clear that the ideal which has been laid before us by the Inchcape Committee of a 5½ per cent. return is not being realised in the large majority of railway administrations. It is therefore absolutely necessary that these railways should come under a closer scrutiny of this House and that can only be done if the demands for grants are presented in a somewhat different fashion than they are here. Here the demands for all the railways are lumped together although separate books give us ample material to find out which administration is not paying. That, Sir, is my suggestion as regards the form in which the demands should be put forward.

Then, the other day the Honourable the Finance Member warned us against making a raid on the sinking fund. I would inform the House of the numerous raids on revenue which the Railway Department is making and then it will appear how extraordinarily extravagant and wasteful the administration still continues and how extremely burdensome, almost ruinous, are the rates and fares which we have to pay. I am afraid the recommendations of the Inchcape Committee and the caution given by the Acworth Committee are already forgotten by the Railway Board and they

have begun to feel no necessity for either economy or retrenchment. I am afraid also that this Assembly itself is inspired by a spirit of "grab" in getting Rs. 6 crores and 30 lakhs from the Railway Department. In New South Wales, to which I have referred, what is it that the general revenues get from the railway administration? Nothing. Here the House insisted on getting first 1 per cent., then in addition one-fifth of the surplus profits and then again one-third of the reserves over 3 crores. I think no usurer ever exacted more from his victim than this Assembly has in a spirit of grab, though it has forgotten that in doing so it is only penalising the traveller and the trader. Much lip sympathy was paid to the desirability of cheap transport. Many said that it was wrong to tax transport, that a tax on transport was vicious, and yet the Assembly forgot that they could not get these 6 crores and 40 lakhs this year and 7 crores and 38 lakhs next year unless the railway administrations continued to levy the higher fares and rates. That is not commercialisation. In New South Wales the railways and tramways are "so worked and managed that the gross receipts shall not be more than sufficient to cover the working expenses, reserves and interest on capital including sinking funds"; in the event of any surplus it is devoted to the reduction of rates and fares, and in case of a deficit rates and fares are increased. So that according to the latest authoritative view these 6 crores and 40 lakhs should have been used entirely and exclusively for the reduction of rates and fares; we, however, make a gift of them to the general revenue. This, however, is not the only burden which the Railway revenues bear. We are constructing new lines and we are having huge capital expenditure for rehabilitation. This year both combined are likely to be 33 crores. Now, Sir, these new lines can begin to pay only after they are finished. In the meantime interest runs on capital. Enlarging of the yards, the building of bridges with heavier girders and such other rehabilitation processes also require capital expenditure which again can become paying, if at all, after the whole thing is finished. In the meantime the interest on all these 30 crores must be paid and that for several years. And this is, unless I am mistaken, being paid from revenue, so that you are every year paying out of revenue interest on nearly 30 crores or 20 crores or whatever the annual capital expenditure. This is unjust and what is worse we are not getting, owing to such methods, a correct perspective as to whether the new construction or new rehabilitation is really paying or not. You cannot judge of these new constructions and rehabilitation schemes in their true perspective unless the whole interest on these new constructions and rehabilitation programme is paid out of capital, until they are completed. During the interval the whole interest on them must be borne by capital. Otherwise you never get a correct perspective as to their financial success or otherwise. This year, taking the interest at $5\frac{1}{2}$ per cent., if 32 crores are spent on capital programme we will nearly pay out of revenue as much as 170 lakhs, not for any purpose of railway working but for schemes which are still under contemplation and under construction. Then, Sir, nearly two crores of rupees are being paid out of revenue on payment of capital annuities though they are paid out of the 6 crores and 40 lakhs that we pay to the general revenues. Then 47 lakhs of rupees are paid towards sinking fund again from the general finances out of 6 crores 40 lakhs. Then land subsidy and survey again should not be charged to revenue. They should be charged to capital. To each scheme, when the scheme is ready, the cost of the survey of that scheme must be charged. Similarly land. It should not be a burden on the revenues of the year. Why should

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schemes which will materialise five years hence be charged to the revenues of the Railways? Then, Sir, the automatic couplers are really a betterment of the present method of coupling. They are in a sense rehabilitation or betterment and must be charged to capital and not to revenue. Similarly, you have to take 18 crores of surplus stores which cannot be used, and interest runs on these 18 crores or 17 crores and 50 lakhs. That is one crore. Then, Sir, you are writing down the value of the stores in the current year by 80 lakhs. That again is a charge on Railway revenues. Then, Sir, losses on individual railways are again charged to the revenues of the year. I do not know what they come to but there are losses even this year on some railways. They do not pay $5\frac{1}{2}$ per cent. Then, Sir, there are the charges from the Secretary of State in the form of 37 lakhs of rupees for the Lee Commission recommendations. This is not commercialisation. The other day my friend Mr. Sim very rightly quoted from me that we should not increase the remuneration of our employees on the recommendation of any committee. He forgot that he was proving too much and that the very next day he would be doing what he was protesting against. In this way on a mere haphazard calculation I find that we have to pay out of Railway revenues this year nearly 10 crores of rupees in addition to what those revenues could be legitimately charged with exclusive of the 6 crores and 30 lakhs to the general revenues, so that in this single year Railway revenues will bear 16 crores and 30 lakhs of greater burden than you can legitimately charge to them. After that I cannot wonder that the rates and fares must be where they are, nor am I astonished at the absolute want of human conditions in third class travelling. This is certainly not commercialisation in any sense of the term. This is not State management in any sense of the term. We will have to exercise greater vigilance in this matter so that we can get at the bottom of this mischief which improperly charges to revenue 10 crores every year besides the contribution to the general exchequer. Not one of these items could be regarded as a proper charge on revenue, and if you still pay them out of revenues, you cannot help submitting the third class traveller to inhuman conditions and charging rates on trade and travel which are impossible on any economic competitive basis. That, Sir, is my comment on the question whether we are really having any commercial management so far, although that is our ideal. Then, Sir, there is another thing on which I want to speak. I think Sir Charles Innes will agree with me that the present method of showing the accounts of purchases of stores made in this country and in England is not only not satisfactory but it is amusing and ridiculous. If you have purchased 15 crores worth of stores in England you are now showing in your accounts 10 crores as spent in England and 5 crores as loss on exchange in India. As a matter of fact you have paid 15 crores to English manufacturers. Still on the 2s. ratio you show 10 crores as having been spent in England and 5 crores in India as loss on exchange. Not only that but the customs duty is charged as expenditure incurred on the purchase of stores in India. In this manner expenditure which is really chargeable to foreign purchases is debited to the Indian stores purchases and it is made to appear that enormous amounts have been purchased in India whereas as a matter of fact they are on account of purchases made in England. Here is a balance sheet in Annexure B to the Memorandum which accompanies the Railway Budget and you find that 10 crores is shown as having been spent on stores purchased in England and 3 crores 59 lakhs as loss on

exchange, and one crore 47 lakhs as Indian charges on English stores. These charges ought to be shown against English purchases. Still they are shown as if purchased in India. Therefore I think the form of showing these charges is entirely misleading and should be changed. It is not right that the Government should publish a form which is so grossly misleading.

Then, Sir, the last word which I want to say on the Budget is that the stores purchases and other rehabilitation expenses are being done in a manner which the Government will admit are not in accordance with the lines laid down by the Assembly when sanctioning 150 crores for Railway rehabilitation. Paramount consideration was to be given to the comfort of third class passengers and it was also promised that as large a portion of it as possible would be spent in India and that encouragement would be given to the establishment of railway industries in India. I do not think they have carried out this promise entirely or even substantially. And although I do not say that these enormous crores were obtained on false pretences, I do say that the representations on which this money was obtained are not being properly carried out. The locomotive industry has become a matter of remote possibility so far as this country is concerned. You cannot have a locomotive industry in this country for years to come and yet 30 crores out of that 150 crores were certainly sanctioned because of the locomotive industry which it was hoped would be built up in this country. Similarly, the third class passengers were to figure very largely in the matter of the expenditure of that 150 crores: but it has dwindled down to a very very small proportion and the most curious part of it, as my friend Mr. Sims explained to me the other day, is that they have really provided only 32 lakhs for third class passengers and they are making a show of having provided 174 lakhs inclusive of the amounts for more coaches for third class passengers. But unless they show at the same time that these additional coaches are meant for the existing railways and not for the new construction, they cannot say that they are meant for the comfort of third class passengers. That will simply increase the extent of the present discomfort. Overcrowding instead of being confined to the existing railways will be multiplied and extended to the areas where new railway construction takes place. Where does the comfort of third class passengers come in? Merely providing third class coaches on new construction cannot be said to be money spent on the comfort of third class passengers. I think it is certainly not reasonable to show 174 lakhs for third class passengers' comfort. And then 8 or 4 lakhs or a similar sum is shown for raising of platforms. Where is the comfort of third class passengers as such when you raise the platforms? That is of comfort to all classes of passengers. It is of comfort to goods also. How can you show that as money spent for the comfort of third class passengers? Similarly—Indian refreshments. That is not third class. Indian refreshment rooms will be used by Indians who are travelling first, second and intermediate class. Why do you show all this expenditure as if you are incurring it for the benefit of the third class passengers when as a matter of fact it is for the comfort of all classes of passengers? And, if you examine the position in this light, you will find that the third class passenger has not been getting even a modicum of what you promised when you wanted the 150 crores. Therefore you must put a spurt on your activities on behalf of third class passengers if you are to justify your claim, because you have obtained 150 crores on the representation that the comfort of the third class passengers was to be your paramount consideration.

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Sir, I have finished. I think, Sir, that Sir Charles Innes should realize the full weight of responsibility which is on him in this matter, because he has been in charge of this whole matter throughout. You will remember, Sir, that the Acworth Committee said that the Railway Member must be a capable administrator, a parliamentarian and a railway expert. (*The Honourable Sir Charles Innes*: "No, not a railway expert.") Yes, look at page 39. They say if a man could be found who had the qualifications of a capable administrator, a parliamentarian and railway expert he would be an ideal selection for the post. (*The Honourable Sir Charles Innes*: "Read on, read on.") I have read it. It is said, Sir, that it is impossible to get such a man. But I say that we have almost got one. I was going to say that all those three qualities are very nearly happily combined in Sir Charles Innes,—if he would only realize the full weight of his responsibility. All the promises of Government are materializing very slowly, in some cases not at all. And further he will be doing right by the country if he will not promise to an English audience or to an economic conference that 95 per cent. of the purchases outside India (*The Honourable Sir Charles Innes*: "Pardon me, I made a statement of fact, no promises.") Then, Sir, as a statement of fact it is most deplorable; and although I cannot blame him, I should urge that he should minimise it as much as possible and see that the 95 per cent. is reduced to 5 per cent. and eventually to zero.

Mr. Bipin Chandra Pal (Calcutta: Non-Muhammadan Urban): Sir, I want to join my tribute of congratulation to the Honourable Railway Member for the exceedingly capable and lucid statement which he has placed before us. The statement on account of its lucidity and the very clear,—some will perhaps say also very clever—arrangement of facts and figures, that he has placed before us has made it possible even for the mere layman to think on this very complex technical question intelligently and have his say on it. There have been two views current in this country in regard to railway policy and railway administration. One view is almost universally held by the official and the non-official European community, the view, namely, that railway extension is an unmixed blessing to the people of this country. There has been an opposite view held by some of our best educated and even most representative public men that these railways are an evil. They increase the burden on the tax-payer; they deprive us of the advantages of the primitive simplicity of our own culture and civilization. (*A Voice*: "No.") Yes, Sir. I will not name names. You know there are people who are against railways altogether, who want to go back to the old days when we drove in state in our bullock carts. (*Pandit Shamlal Nehru*: "Are you one of them?") I am not talking of myself. I am talking of two views. There have been two views. There are people who do not like the rapid extension of railways which some of us here, the new industrialists, are anxious to have. The thing is this, Sir, that if you go to any village which had not the privilege of a railway say 10 or 15 years back, and if you ask the poor villager there if he likes the new railway, as I have asked them sometimes, the answer will be, "No, sir, because these railways make life difficult for us. They take away the things which we produce to distant parts, starving the local population." (*Pandit Shamlal Nehru*: "No, no.") You may shout "No, no", but neither the volume of your shout nor the bulk of something else will help. Now this is the view of the villagers. (*A Voice*: "No.") One gentleman, a zemindar

from my part of the country who knows his village very intimately, told me only this morning in the corridor of the House that that was a fact, that people in the rural areas did not quite appreciate the great advantages of modern railways that these made for increase in the cost of living. Be that as it may, the fact is absolutely incontrovertible that the railways were first introduced with a two-fold purpose. One purpose was to tighten the political domination of our masters on the country and for strategical motives. The first railway, the East Indian Railway, was opened in 1855, just a few years before the mutiny, if I remember aright. (*An Honourable Member*: "It was in Bombay.") We had the first railway in Bengal in 1855, and after the Mutiny railway extension went up by leaps and bounds. There is this view. I do not entirely support it. I do not criticize it here; this is not the place nor the occasion to do so, but I think it my duty to place before this House and the Railway Administration these two views, namely, one view which supports the extension of railways in all directions—all possible extensions of railways—and there is another view which somewhat differs from this policy, which does not actually favour this policy. Now, we have in this year proposals for extensions. I do not take exception personally, and I think few persons here in this Assembly or outside will be able to take exception to these extensions, because they almost in every case go to the mining districts with a view to explore the mining resources of the country, but when they go to the agricultural areas and they draw away the agricultural produce and send it out of the country, there are people who certainly object to that process of exploitation. Now, Sir, the second thing is this. In this context we are reminded by Sir Charles Innes that India with a population of 300 millions has got 38,000 miles of railway. Contrast England, he says, with its 50,000 miles and the United States of America with its 250,000 miles. Now these comparisons are rather risky. When I am asked to compare the railway extensions in England and United States on the one side and India on the other, I feel a little nervous lest I should be tempted to be carried off my feet and forget actualities. Now railway extension is legitimate where it follows the development of commerce and industry; and when he places the mileage of railways in England or in the United States side by side with the mileage of railways in India, I expect Sir Charles Innes to give me the figures of the trade and commerce and the incidence per head of the trade and commerce of England and of this country. Referring to these figures, what do we find? The total volume of the trade of England, export and import, for the last year for which we have the figures, 1923, came up to 1,983 millions as compared with 602 millions—the total value of exports and imports of India. Now 602 millions is the total value of our trade, as compared to 1,983 millions, the total value of the trade of Great Britain! I think that ought to be the measure of our railway extension. And what do we find? 50,000 on one side and 38,000 on the other. Why, it ought to have been under normal conditions only 15,000 miles, not 38,000. But I will not labour that point. We have to take facts as they are. Our railway administration has got a past history; for whatever reasons it may be, the railways have come and they have come to stay and our duty is to make the best of this new system. And how can we do so? That is the next point, and this leads us to the policy of railway expansion. I think as long as the Government are guided by one consideration only, namely, to develop the resources of the country where there is an actual need for this development, not for exploitation but for development purposes, that

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is all right. If you want railways, you must have them—just as we have in the list of new lines a certain railway which is wanted to develop the manganese ore industry. We have also the other class of line to which my Honourable friend, Sir Campbell Rhodes, referred, namely, that which is wanted for the development of the Vizagapatam Harbour. Now these are lines which are absolutely justified, and the Government ought to spend as much money as may be legitimately necessary for the development of these lines. There may be other lines of this kind also. In my own native district of Sylhet I find there is going to be a new line from Karimganj to the Sangai Valley. Now that also, from actual circumstances we know is justified because it will open up a tract of country which needs good roads for the carriage of an already existing industry, namely, the new tea industry in the valley. These are actual justifications for these lines. There may be other lines also. I do not want to enter into details of new construction but what I want to insist upon is this, that no new railways shall be built except where there is actually a demand in the new and increasing trade of the locality concerned. Where there is no such demand, new lines ought not to be undertaken.

Now with regard to the other items. I am glad, I am thankful, for the sympathetic manner in which Sir Charles Innes speaks of Indianization. I am thankful, Sir, when he says that Indians must have a chance. Give him a chance. Give him a chance, this is what I want, but what I find here is this, and this is rather suspicious. Now looking into the figures, what do we find? In the first place, the classification is rather curious. I find in Annexure A in the Explanatory Memorandum that these railway officials are divided into four classes: Europeans, Anglo-Indians, Muslims and non-Muslims—men, women and clergymen, Sir! (*The Honourable Sir Basil Blackett*: "Who are the clergymen?") Why, Sir, do you divide Muslims from non-Muslims? We already suffer from division, but why do you seek to drive a wedge between one Indian community and another, and divide us in a matter like this? So far as the railway service is concerned, there ought to be no division as between one Indian and another. In other services also there ought not to be any such division. If there is any division insisted upon by any particular community, it may have it, we may be left to fight it out amongst ourselves, but why should Government, why should a Department of the Government, try to create this feeling that there are some Muslims and non-Muslims hankering for the loaves and fishes of Sir Charles Innes's Department? Now looking into the figures, what do we find? In the Agency Department, the Europeans I find have an addition of 33, from 1923-24; Anglo-Indians, an addition of 3, and then Muslims and non-Muslims together, an addition of 18. 33, 3 and 18—this is the ratio of increase in the Indianization with regard to the highest Department of the Railway, the Agency Department. Coming next to the Engineering Department, there is no increase, it is all decrease. I think it seems that with the extension of Railways, we want less engineers! There is a decrease of 1 in the European, 5 in the Anglo-Indian, and 19 among Indians, Muslims and non-Muslims. Now coming to the Traffic Department there is a decrease of 10 Europeans and 3 Anglo-Indians and an addition of Muslims and non-Muslims combined of 2. Coming to the Locomotive and Carriage and Wagon Department, there is a decrease of 22 in the European branch, an addition of 2 in the Anglo-Indian and an addition of 5 in the

Muslim and non-Muslim combined. In the Stores Department an addition of 6 in the European services and a decrease of 3 in the Anglo-Indian and the Muslim and non-Muslim. In the other departments there is an addition of 14 in the Muslim and non-Muslim category, and a decrease of 9 in the other two. In the total what do I find? There is a decrease of 2 in the European services, there is a decrease of 6 in the Anglo-Indian services, there is an addition of 30 in the Muslim and non-Muslim. Is this, Sir, a proper standard of Indianization? I do not want to raise any racial or communal question here. I accept the Anglo-Indian as an Indian in regard to these matters. India is his home, India is the place, the only place, which he can look up to as his own—and as the place where he has to spend his life and whatever savings he might have. And both Anglo-Indians and Indians have a common complaint against the appropriation of practically the entire service under the railway administration by Europeans, and I think instead of making a complaint of the appropriation of a large number of these posts by the Anglo-Indians, we ought to combine and join the Anglo-Indians in our protest against the Europeanization and the continued attempt to keep the railway service in the hands of the Europeans.

Now, Sir, I have one word to say with regard to the schools and the training which is wanted. I find mention is made in this Memorandum and in Sir Charles Innes's speech, or rather in the statement made in the other place by the Honourable Mr. Hindley, that they are going to open some Schools and a Central School at Chandausi. Now, I want something more than these schools. In the Chandausi school, we are told, an attempt will be made to train up those who are already in the railway service. But what we ask is, why should not our young men brought up in our universities and colleges be provided with proper training in the various mechanical and engineering departments in your workshops? We have hardly got a descent number of engineering colleges in this country. The Bengal Engineering College is practically decadent, and we have got an engineering college at Roorkee, and a few engineering colleges here and there. But we want more technical colleges. Our people are craving for manual instruction and technical education, but you cannot get technical education and manual training outside real workshops. And where can you have workshops? The workshops that are controlled by the Government are mostly in these railways, and I ask the Honourable the Railway Member to see to it, if he cannot make provision for the education and training not only of the men who are likely to enter the railway service but of those who are likely to seek employment elsewhere also in mechanical engineering and electrical engineering and other branches of these technical works in the railway workshops. I hope, Sir, the Honourable the Railway Member will consider this humble suggestion of mine.

Finally, Sir, I come to the Railway Advisory Committee. Now, we know, Sir, how these Railway Advisory Committees are formed. It has been the tradition with the Government of India that if you want to form any Committee, whether it be a Committee to visit the jails or for some other purpose, you look up the New Year's Honours List, you look up the Visitors' List in the Government House and then pick out your men. This is not the way to select the right kind of men for your Committees. If you want real, helpful Railway Advisory Committees you ought to choose members from among the daily passengers in the different railways, you ought to select members from among men who have an intimate knowledge

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of the traffic and the difficulties of the people who travel by these railways. But you do not do it. I hope the Honourable the Railway Member will see to it that in the selection of members for the Railway Advisory Board care is taken in the future to have men who have actual experience of these things and who have some influence over the travelling public in the locality.

Then, Sir, a word about the passenger traffic. Enough has been said with regard to the improvement of the comforts and conveniences of third class railway passenger. I am glad and thankful to the Honourable Sir Charles Innes for the small mercies which he promises in regard to this matter. He has promised to give us 30 lakhs, I think, for improving the amenities of third class passengers, for the arrangements of water supply, waiting sheds, Indian refreshment rooms and so on. I hope he will consider the desirability of attaching Indian refreshment cars to long distance trains just as they have the European refreshment saloons. I mentioned on another occasion on the floor of this House that there are Indian refreshment cars in the Jodhpur-Bikaner Railway; so similarly why should we not have compartments set apart or a carriage set apart for catering to Indian passengers in our long distance trains?

Lastly, Sir, I come to the question of the railway employees. It has been said that it is the ideal of the railway administration to run the railways on commercial lines, and as my friend Mr. Joshi has pointed out, the wisest managing director of any concern is he who not only looks to his profit but more than to his own profit and the dividend to his shareholders, who looks to the comforts and contentment of the workmen who bring him his profits, and it is the duty of the railway administration to look to the comforts and the contentment of the large body of railway workers and railway labourers all over India. We are coming gradually to the point which has already been reached by other countries in the matter of labour organizations, and in the interests of the railway administration, as an employer of labour, perhaps the largest employer of labour in this country, it is necessary that before the railways transfer their profits to their capital account, they should spend as much as is necessary to secure the comforts and contentment of their own workmen. If this is done, I think we shall be able to congratulate ourselves and congratulate the Honourable the Railway Member, whether the Honourable Sir Charles Innes continues in his place next year or not,—we hope he will not—because rumours are rife that he is going to a higher place. But whatever that may be, we hope the next time he presents his Budget to us, he will tell us in his statement that not only has he been watchful of the comforts and conveniences of the passengers, not only has he been sympathetic to those who want Indianization of the railway services, but above all, he has been sympathetic and more than sympathetic, he has been just, to his own labourers and workmen.

Mr. N. C. Kelkar (Bombay Central Division: Non-Muhammadan Rural): Sir, numerous congratulations have been bestowed upon the Honourable the Railway Member, and perhaps he has deserved them, and I do not grudge them to him. His speech contained colossal financial figures such as would strike the imagination of an ordinary man, and from that point of view perhaps his speech has been an epic-making speech. But whether it is an epic-making speech or not, it is certainly an epoch-making speech.

and for this reason. It has been a plain business-like statement and yet he has the honour of introducing into the administration of this country a new epoch, that is to say, a period which begins with entirely new conditions for one department of administration. That is, he has made this House responsible for quite a new starting point of arrangement. But how far is this really a new arrangement? That is the question. And my answer to that is that, in my opinion, we are certainly out of the tunnel but not yet out of the wood. What has certainly been accomplished is that the Finance Member on the one hand and the Railway Member on the other hand are perhaps quite as against each other; their interlocking has been broken. The Finance Member can no longer characterise the Railway Member as a high gambler in Railway finance, and on the other hand the Railway Member cannot blame the Finance Member for putting an excessive control upon him and checking his extensive ambitions. But in all this what has the rate-payer gained so far? That is, in my opinion, the real question. And though the Finance Member and the Railway Member have been released from each other's bondage, I think relief yet remains to come to the rate-payer in a large measure. Anyway, it seems that we have reached a definite stage, an advanced stage, in the evolution of the Railway Department, and yet, as one doctrine of evolution has it, even this latest stage of development contains vestiges of all the antecedent stages of development through which this department has passed. The Railway Member has said that he resembles the chairman of a directorate of shareholders. It is an unmixed metaphor but its merits are mixed. It is a happy metaphor but it raises unhappy associations so far as I am concerned. I see in him the parallel of a chairman of a directorate of a joint stock company, the like of which we have seen in plenty in Bombay and other places recently. I dare say that the Railway Member cannot, as representing Government, dare to face this House and give a satisfactory or creditable account of the stewardship of the Railway Department if we take all the years of the Railway Department's life together. So far as the Railway Member himself is concerned, he is no doubt the chairman of the directorate, but he differs from an ordinary Chairman in many ways. He is not elected. He is appointed by Government. He enjoys a non-votable salary and a non-votable pension. Even if his Railway Company goes to rack and ruin no body can sue him in a railway court, much less can he be impeached for his maladministration in a criminal tribunal. The question really is, during the stewardship of the Government, as being responsible for the administration of the Railways, has the Indian tax-payer, who is really the ultimate shareholder in this company, got any satisfactory return for the money that has been put into this business? On that matter I think I can justly claim that the shareholder has been kept out of a reasonable or even a fair dividend for the last nearly fifty years. Railways have only recently begun to pay. And in this matter I will quote the testimony of a previous Finance Member himself—I mean Sir William Meyer. He said:

“On the other hand if you take Sir Dinshaw Wacha's metaphor and the people of India as shareholders in Railways, you have got the fact that the shareholder went without any dividends for a long time, because, as Sir Dinshaw has aptly reminded the Council, it was not until after many years that the Railways began to pay, and the shareholders may quite reasonably claim that they should have some reward for their past abstinence. Also as shareholders might claim in an ordinary business, they might say 'It is all very well for you to put part of the profit into improving the business, but you must apply part of it in giving us dividends.' If the Railway Budget is not to be disturbed for the needs of the General Budget, why should the Railways not make a fixed annual contribution to the national exchequer on a scale to be determined say every five years?”

[Mr. N. C. Kelkar.]

A beginning has no doubt been made in this direction; but I am one of those who think that we are not going as far as we may in that respect. Also, I will here quote the testimony of a writer who perhaps may be condemned by some of our friends here as an erudite professor. We have seen that those of us who are uninformed of course are no good because we are uninformed, and some other critics who are well-informed are of course no good because they are erudite professors. Perhaps only the experts may reign and rule in this House. This writer says:

"There are critics of the Railway Finance in India, who hold that before the Railways in India could be considered on commercial principles to be a paying concern, they must make good all the losses, which the State has incurred in the past, when railway receipts did not suffice to meet even the working expenses, or the interest on the Railways. At this rate,—which is by no means unreasonable from our point of view,—even the interest charge is not and cannot be met from the so-called railway surplus of profits of to-day, let alone a proper depreciation fund making up arrears of past depreciation provision. But even if we drop the question of compound interest on the losses incurred by the State for making both the sides of this wasteful asset meet in the past; even if we take no account of the mere capital value of these losses, the problem of railway finance still will remain:—Whether the demand of the State from the Railway profits is fairly calculated, when the calculation is based only on the present earnings after perfunctory provision has been made for a depreciation reserve. The only way to make a sound financial provision for the working of the Indian Railways is to cry halt to the programmes for further construction, until all the wastage has been made good from the surplus revenues, until all the expansion and developments on the existing lines have been effected from the current profits."

We know that the Retrenchment Committee has severely criticised the Railway Administration, and we also know that the recommendations of the Retrenchment Committee have not been properly carried out. To one instance of the criticism of the Retrenchment Committee I would refer here, only to show how far the Railway Board has been worthy of its hire. The Retrenchment Committee mentions one instance in which the Agent or the Traffic Manager of a Company says that repairs and renewals upon his particular Railway are not needed for the next 15 or 20 years and yet the Railway Board insists that these repairs must be done immediately. If that be the fact, then it obviously shows in what spirit the Railway Board works in the Railway Administration. Well, it has been claimed that Railways have now begun to be profitable but, as has been amply pointed out by previous speakers in this House, it is the increased rates and fares which are really responsible for the small profits that we are beginning to receive from the Railways.

Our Railways, again, are still working, and the Railway Board is still working, in a perfectly *unswadeshi* spirit. The other day I read an extract from a lecture given by a European to the Assembly some 3 or 4 years ago in which the lecturer practically censured the Assembly for overlooking the fact that ordinary wood for the use of railways, coaches and carriages, was being imported from Australia and other colonies, whereas really in India we have an ample variety of all kinds of wood for immediate use.

Then, again, the Railway Administration is working in a racial spirit. It has been said that the Anglo-Indian community have got a kind of special instinct or aptitude for service in the Railways. I do not know whether the Railway Board or the railway companies have gone into

biological researches in the matter, and I do not know on what side they have found that instinct or aptitude, whether on the paternal or on the maternal side.

It has been said that in America and other countries they do not exercise so much control over the Railways as we seek to do here. That is perhaps because their railways are run by private railway companies. But this much we do know about the difference between America and India; and it is this, that the railway rates are so cheap in America that it is said that with one day's wage an American labourer can travel about 8 times as far as an Indian labourer can with his one day's wage. Of course there are complaints even in America about the mismanagement of railways, and perhaps that sort of complaint you may find all the world over. I was just reading the life of Mr. Ford, the great motor car maker, and there he says in his Chapter on the Railroads:

"The public is dissatisfied because both the passenger and freight rates are too high. The railroad employees are dissatisfied because they say their wages are too low and their hours too long. The owners of the railways are dissatisfied because it is claimed that no adequate return is realized upon the money invested."

Now, I quite admit that nothing can be perfect in this world; and even in America railway administration is not as successful as it may be. But, as I have pointed out just now, there is this difference between railway administration in America and railway administration in India that a labourer can travel about 8 times as far with one day's wage in America as an Indian labourer can with his one day's wage in India. That is ample proof that whatever mismanagement of American railways in other respects there may be, they are certainly better managed than the Indian railways at least in one respect.

Much is made about the control which we seek in this Assembly to impose upon the Railway Administration, and reference has already been made to the latest Royal Commission Report upon the New South Wales Railways. But sufficient attention has not been paid to one passage though it has already been read, namely:

"They (i.e., the Railways) should be free from the influence of either party, and when once the Chief Commissioner is appointed, he should be trusted to carry on his duties to the best of his ability and in his own way, subject"—(mark these words) "solely to the limitation of his powers in regard to rates and fares, staff and other matters of defined state policy."

Does the control that we seek to enforce upon the Railway Administration in this House really go to any extent beyond these exceptions which have been already made in that report? Do we ever go beyond inquiring into the powers of the Railway Commissioners in regard to rates, in regard to fares, in regard to staff and other matters? That will at once show that though the report has been quoted in favour of proving that railway administration should as far as possible be free from the control of political parties—and I quite appreciate that idea that railway administration should be as far as possible free from too much control by political parties—still I contend that we have just now touched only the fringe of the control that we may legitimately exercise upon the Railway Administration. We have yet to go a long way in enforcing our control. Mr. Sim has already taken

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the opportunity to give us a warning that if we exercise more control over the Railway Administration, then the Railway Board will not be responsible for running the railways on an economic basis. Here is what he says :

" I should like to repeat that warning that if any such policy as is proposed in this Resolution"—(this refers to the discussion on the Railway Resolution the other day)—" is ever adopted, State management is bound to fail and if it does fail, the failure will be not because the management was carried on in the name of the State but because your managers were not allowed to manage." .

Now, I make a present of a return warning to Mr. Sim that, whatever he may say about the improper nature of the control exercised by us upon the Railway Administration, we are not to be lightly put off like that. We shall continue to enforce all the reasonable control that we can possibly command in this House over the Railway Administration, and yet hold the administration responsible if the State management goes wrong. I give him that warning in all seriousness. It may be said that here in this House we are not experts, and therefore we are not entitled to criticise the Railway Administration. But I say in return that it is a wrong notion to expect that there could be many experts in this House consisting of representatives of different constituencies in the country. You must take the situation as you find it. We are, of course, non-experts but I also think that if the world were full of experts, the world would not be worth living in. We are here all men of common sense, representing certain interests, endowed with a reasonable average amount of intelligence to understand things, and with the will to enforce our responsibilities upon ourselves as well as the responsibilities of the officials upon them. It is always the habit of the Railway Board and the Railway Administration to whittle down every recommendation that is made in criticism of their administration and which goes against their will. We have seen however the Retrenchment Committee's recommendations have been whittled down, and if people with expert knowledge criticise the administration, then, as I just now said, they are run down in the phrase that they are mere erudite professors and not acquainted with the practical details of administration. But whether we are experts or whether we are not experts, whether we are only men of common sense or of learning, I warn the Railway Board that we shall never be lacking in the enforcement of the proper responsibilities against them and while they must bear with us in ill-informed criticism on our part, they must submit to our well-informed criticism.

Mr. Kumar Sankar Ray (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Sir, management on commercial lines involves the employment of cheap labour. So long as the administration is not thoroughly Indianised that is not possible and no serious attempt seems to be made in that direction. Commercial principles involve further the adoption of the lowest possible profit and quickest possible handling of the traffic. We have not yet got the Rates Tribunal, nor any appreciable reduction of rates and passenger fares. Monopolist concerns such as these must therefore be strictly controlled by the popular Legislature.

Then comes the question of the provision of a depreciation fund. Here, too, we find no provision is made for the investment of the funds and no account is taken of the interest that can be realised on it.

Much waste of time and money is further caused by the existence of different gauge systems of railway lines in the country and no proper attention seems to be given to the gradual establishment of a one gauge system and insisting on a unitary system for all new constructions. Another defect in the railway administration of the country is that it does not keep in view the industrial regeneration of the country which is highly necessary for the prosperity of the railway administration as well. The sole object of the authorities seems up till now to have been confined to the draining away of the agricultural and mineral wealth of the country to the different ports of export and bringing in foreign goods up the country from there. The scandalous way in which the coal traffic of the country is being managed while other countries provide bounties for its transport is proof positive of this policy.

Generally speaking, the interests of Bengal seem altogether to be neglected in the present Budget as far as construction of new lines is concerned, although our province has shown great improvement in the traffic. As regards stores its purchase is based on no principles. Reckless purchases are made and then amounts are written off to the extent of Rs. 18 crores and you have to incur a further loss of Rs. 50 lakhs for striking off the amount and for selling the stocks at a loss.

Lands acquired on both sides of the railway for purposes of earthwork almost twice the area of what is actually occupied by the railway lines are left useless and waste as breeding ground for malaria. Commercial working involves also the necessity of having a satisfied staff. The higher staff of the administration has the Lee Commission to look after them, but if you ask for a commission for the lower staff that will bring in revolution in the country. The heavy loss paid as compensation for goods lost by the railways indicates a rotten administration and it is high time that the lower staff should be looked after more carefully.

Pandit Madan Mohan Malaviya (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): *Sir, I regret I cannot join my Honourable friends in congratulating the Honourable the Commerce Member on the Budget which has been laid before the House. I join the Honourable the Commerce Member in saying that there should be a policy of railway development pursued in this country. He said that it should be a bold policy. I should say it should be a sensible policy, but there should be a policy of development of Railways. There are two aspects of the development of railway policy which I should emphasise. One is the manufacture of more railway material in this country and the second is a system for the employment of Indians in the higher grades of the railway service. On those two points I do not think that the Budget presents a satisfactory aspect.

The development of the Railways has been largely hampered in the past because of the mismanagement which characterised railway administration in the earlier years. Of course, I do not hold either the Honourable Sir Charles Innes or Mr. Sim or any member of the Railway Board responsible for it. I refer to it not with any pleasure but only to show that if railway development has not reached the limit that it should have reached by this time the fact is explained by the want of proper management in the earlier days. The railway administration has not been a success in this country so far. That is a fact writ large upon the history of Railways in India. Why has it been so? I will not refer to the mismanagement

* Not corrected by the Honourable Member.

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which led to the establishment of railways that were obviously not profitable. But what happened in the past and the remote past might be excused if there was sufficient care bestowed on dealing with this question even now. As an instance of not very well considered schemes of railway management I think it will be difficult to name one worse than the Assam Bengal Railway. Rs. 18 and odd crores have been spent upon that Railway and yet I understand it involves an annual loss of Rs. 40 lakhs or something like that. Even so, about a year ago about Rs. 37 lakhs were provided for being spent upon that Railway. The Assam Bengal Railway is not the only instance of a railway that has not paid. My Honourable friend Mr. Rama Aiyangar referred to the other railways. Mr. Jamnadas Mehta has mentioned the few railways that have been paying. The result of it all is that the people of this country have invested a very large sum in the Railways and the Railways have not paid a proper return. Apart from this mistake in the selection of railways and the starting of them in the initial stages,—the second and larger reason for the failure of these railways has been the absence of any provision in the arrangements of the Government of India for manufacturing railway stores to the extent to which they could have been manufactured in this country. A Government which has built up extensive lines of railways should have provided for the manufacture of railway material in this country to a much larger extent than it has done, and I submit that, while the Legislature has agreed to Rs. 30 crores being spent every year on the development of Railways, it should be a wise policy even now to consider whether the Government should not start another steel and iron works like the Tata Iron and Steel Works or whether they should not acquire those works and add to them sufficiently to be able to get all or most of the railway material so far as they can from those works. I feel, Sir, that, in view of the immense loss to which the people of this country have been put in the matter of their railways in the past, it is high time that this question was seriously taken up and considered. Where you are spending Rs. 30 crores a year, 10 or 15 crores spent on another big iron and steel works will be a matter of pure benefit to Government and to the people. I do not see any objection to such a course being adopted. When the Government of India have started this commercial business of railways it cannot be urged that Government should not do whatever else is necessary in order to make that business successful. It has been stated that the Railways should be run on commercial lines. True, let them be run on commercial lines, but it should be a part of the commercial business which Government do in Railways that they should manufacture such of their railway material here as is possible.

The second reason for the failure of the Railways is the employment to an enormous extent of non-Indians in the management of Railways. I do not look at it from the point of view of differences of race. It is not a racial question in the sense in which these words are used ordinarily. I look at it from the purely economic point of view. Here you start railways in this country 7,000 miles away from England. You have got raw materials in this country out of which you can manufacture your railway material. You do not bring out the men to work these railway materials up here. You do not train up men in the country to work these railway materials. On the other hand, for establishing your lines, for maintaining them, for running them, you import from the highest engineer downwards

to the station master in some cases, from outside. With the exception of a small percentage mentioned in the Budget all your engineers are imported, and this must entail a very heavy expenditure. The result of it is obvious. The Railways are such an unprofitable concern, because you have worked them on wrong lines. The expenditure which the Railways have involved has been always very heavy. In the Report of the Inchcape Committee it was shown that the working expenses of Railways have increased from 29.35 crores in 1913-14 to 67.99 crores which was budgeted for 1922-23. Last year the expenses amounted to 63.25 crores and this year you are budgeting for 65.79 crores, that is to say, $2\frac{1}{2}$ crores more than was budgeted last year. In this increase we find that the carriage and wagon expenses were exceptionally high, namely, 235 per cent. over the actuals of 1913-14. Taking the cost of maintenance and renewals of permanent way per mile of single track the expenses in 1922-23 showed large variations on the different railways. For instance, the cost of the Bengal Nagpur Railway was Rs. 1,538, while on the Great Indian Peninsula Railway it was Rs. 4,357. The variations in the cost for similar work on the different railways are very marked. They may to some extent be due to the amount of renewal work but surely the cost should not vary so much as the figures in the Inchcape Committee's Report show. The Inchcape Committee themselves remarked that "the figures call for investigation and we are not satisfied that the present scale of expenditure is essential to the efficient and safe working of the line." As in the case of engineering expenses, we find similar variations in the average cost of repairs and renewals to locomotives and in the average cost for repairs and renewals per vehicle stock. The cost per locomotive in 1922-23 was Rs. 5,620 on the Bengal Nagpur Railway, Rs. 8,686 on the North Western Railway, Rs. 9,854 on the Great Indian Peninsula Railway. The cost per vehicle in the same year was Rs. 227 on the East Indian Railway, Rs. 474 on the North Western Railway and Rs. 591 on the Bombay, Baroda and Central India Railway. These variations call for a searching investigation. In the Traffic Department the staff employed on many railways has increased to a much greater extent than is justified by the additional traffic now carried. The Retrenchment Committee were of opinion that the retention of a large surplus staff inevitably lowers efficiency and that the staff ought to be reduced to the level necessary to meet current requirements. Government publish no details of the cost of the subordinate staff or of the workmen. Yet it can be shown that the number of superior officers in all departments of the State Railway worked both by the companies and by the State has been unnecessarily increased during recent years, and calls for a special reduction both in the number of officers and in their salaries. The Railway Board's Administration Report for 1920-21 showed that of the total working expenses of the State Railways amounting to 60.29 crores, Rs. 26.68 crores or 44.45 per cent. were on railway staff. This indeed was a high percentage. Comparing the list of superior officers of the 11 principal railways for the year 1912 with that for 1922 there is an increase of 24 per cent. in the number and 65 per cent. in their salaries. In paragraph 7, page 31, of the same Administration Report the Railway Board admitted that the claims of better paid officers were less urgent, yet large increases to the salaries of all officers were allowed from 1919 even beyond the recommendations of the Public Services Commission of 1914. The total expenses on the whole staff were nearly doubled since 1913-14. The need for increasing the number of superior officers has not been explained. It is not justified by the small increase in the open mileage which was ten per

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cent. only. The figures for 1922-23 as compared with the figures for 1912 are as follows:

1922—Total number of officers	...	...	1,959
1912—Total number of officers	...	...	1,578
			Rs.
1922—Total amount of salaries per month	...	...	20,41,636
1912—Total amount of salaries per month	...	...	12,26,116
1922—Average salary	...	...	1,073
1912—Average salary	...	...	777

Percentage of increases:

Number of officers	...	...	24 per cent.
Amount of salaries	...	...	65 per cent.

381 officers were added to the number employed in 1912. The Retrenchment Committee recommended reduction of a crore and a half for the extra staff that had been employed. I understand the Great Indian Peninsula Railway carried out some reduction of staff to the extent of 40 lakhs but I do not know if it has been carried out on any other line. From 1924 the salaries and allowances of higher officers have been further increased under the recommendations of the Lee Commission. These increases to high officials stand in the way of allowing due salaries and wages to the subordinate staff and workmen under the excuse that the operative ratio would go up. The increases in the rates and fares charged to the public are directly due to the excessive ratio of working expenses. It is not explained how this increase was necessary. But on some lines the increase is more noticeable than on others, especially in the Assam Bengal Railway, which is not paying, which shows a deficit of 40 lakhs; and it seems that the percentage of working expenses and the pay of the superior officers on that line was higher than many of the Indian railways. The result therefore is that the working expenses are so high that they cannot earn sufficient profits. There is also great variation in the percentages of profits on several railways. The percentages of profits on broad gauge railways in 1921-22 was as under:

1.19 per cent. on State lines worked by the State, 3.53 per cent. on State lines worked by companies, 12.81 per cent. on branch lines of companies under guarantee terms worked by the main line, 6.90 per cent. on branch lines under rebate terms worked by the main line, 12.37 per cent. on company lines subsidised by the Government of India, 6.62 per cent. on Indian State lines worked by the main lines. Similarly, the percentages of profits on the metre gauge lines were 2.00 per cent. on State lines worked by the State, 4.85 per cent. on State lines worked by companies, 10.43 per cent. on branch lines of companies under rebate terms worked by the main line, 8.59 per cent. on companies lines subsidised by the Government of India, 7.91 per cent. on district board lines, 11.22 per cent. on companies lines guaranteed by Indian States.

While the percentages of profits on the State lines were 1.19, 2.00, 3.53 and 4.85 the profits on the other lines were 6.90 to 12.81 per cent. Why the State lines are so unprofitable is a question which requires investigation. The low percentages clearly point to the high capital outlay and

also to high working expenses. While the capital cost of the State Railways has already gone up to an unprofitable extent the railway administrations are piling up the capital expenditure on the same lines under the convenient name of rehabilitation and improvement of open lines. The large demand for this expenditure has sprung up only during the recent years. Before the war there was no dearth of funds. Railways were getting as much as they wanted under the recommendations of the Mackay Committee of 1908. Yet it is not clear how the Railways have fallen so much behind in this work as to require such large funds for this work now. The normal percentage of working expenses to gross receipts of Railways has been generally accepted at less than 50 per cent. In the contracts made between the years 1890 and 1917 by the Government of India for the working of the branch lines belonging to minor companies, by the main lines worked either by Government or by guaranteed companies, the maximum charge for working expenses was fixed at 44.45 or 50 per cent. of the gross receipts. Between the years 1891 to 1895 the average operative ratio of all Indian railways was 46 per cent. In 1912 it rose to 48.92 per cent. In 1920-21 it jumped up to 65.54 per cent. while some of the main lines showed as high as 75 per cent. Taking 50 per cent. as the normal ratio, it may be reasonably asked that the expenditure on those lines which incur higher percentages should be investigated and subjected to the strictest scrutiny. The present percentage of 65 per cent. is certainly very high. It should be brought down to 52 per cent. if not 50 per cent. and if it is so brought down there will be a great deal of relief given to the Indian tax-payer. There is an insatiable demand from officials in charge of State Railways for inordinate grants for railway expenditure. If the Government of India suggest that, because they did not spend all that was provided for last year therefore they should limit their demand for next year, they are not content. The tendency for such demands was shown before the Acworth Committee in 1920-21 and the convenient phrase of "works of rehabilitation" has been coined to justify these demands. Before the year 1919 there was no such demand and before the year 1914-15 there was no restriction in the railway expenditure on the ground of shortage of funds. Some of the responsible witnesses gave the figures of actual expenditure on betterments and assured the Acworth Committee that under the recommendations of the Mackay Committee of 1908 the Government was providing sufficient money for the wants of the open lines before the war. Capital expenditure should be carefully scrutinized with due regard to final results and economical working of the Railways. I hope the Railway Board are giving sufficient attention to this matter. While we should be anxious to promote railway development to a reasonable extent and under healthy conditions I am certain that the Railway Board understand that it is their duty to the tax-payer that no scheme should be sanctioned, as many of them were sanctioned in the past, unless there is a clear probability that benefit is likely to accrue from those schemes. But it is high time that the salaries of higher officials should be reduced because, unless this is done, it is not likely that the working expenses will go down. It is very well known that the salaries paid to higher officers in the Railway Departments are very high. It is said some times that in England the salaries are even higher. But the average income in England is 20 times as much as it is in India. The better comparison will be to compare what salaries are paid to similar officials in Japan. A friend of mine has kindly sent me a statement showing the salaries given in Japan which it will be interesting to mention here.

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He says that in India in 1923 the actual monthly salaries, not the maximum, of the highest officials were:

	Rs.	In Japan.
Management Dept.	3,000 to 4,000	1,000
Way and Works	2,400 to 3,000	650
Transportation	2,250 to 2,750	650
Rolling Stock	2,000	650
Traffic	2,500	650

The scale of maximum salaries in Japan, converting the Japanese yen at Rs. 1-8-0, is as follows:

	Rs. per month.
Minister for Railways	1,000
Vice-Minister and Engineer-in-Chief	812½
Director, Central Administration	650
Councillors	650
Divisional Superintendents	650
Engineers	750
Private Secretaries	558½
Junior Secretaries	512½
Assistant Engineers	240

Now if we adopted scales of salaries like those, they will suit the conditions in India, but they cannot be adopted unless sufficient training is imparted to Indians to qualify them for both mechanical engineering and the traffic department. For that purpose the arrangements which have been mentioned, though they are welcome so far as they go, do not seem to be sufficient, and I hope that better arrangements will be made and provided for. It is not right that the Government should continue to import such a large number of experts from outside and pay them huge salaries and thereby burden the tax-payer of India.

Now, Sir, when this is the state of things with regard to expenditure and materials it is not surprising that the Indian Railways have not been a paying concern. We are to-day talking of the surplus of 11·25 crores. I am sorry that it can be called a surplus in the Budget, as the phrase is used. It is not really a surplus. We all know that in 1922 the rates were increased and the rates and the fares together brought an additional income of 12½ crores. With this 11·25 crores which is being shown as a surplus this year, we are still nearly 1·25 crores below that standard. If 12½ crores had been raised and if those 12½ crores were applied to wiping off the extra taxation that was put upon the travelling public, then only could we think of talking of a surplus. I do not think that anybody will dispute that while that increase in rates and fares by which the additional income was secured remains to be wiped off, it can correctly be said that there is a surplus in the railway income.

That brings me to the question of the application of this surplus. It seems to me that the Government are bound in the face of that increase in 1922 to apply this surplus to wiping off this additional increase in rates and fares. I cannot understand with what reason, with what justification, this surplus can be applied to other purposes while these rates and fares continue to be what they are. So far as the arrangement made last

September is concerned, I welcome it; so far as the new proposal has been introduced I welcome the opportunity for a better discussion of the Budget; I welcome the presentation of the Budget in the very clear form in which it has been presented. The Honourable the Railway Member and the Honourable Mr. Sim and all those who have worked with him are fully entitled to our gratitude for the manner in which the demands have been presented and papers submitted to the Assembly. But while I fully appreciate and feel grateful for the arrangements made in presenting the railway demands and the Railway Budget, I am not satisfied that the creation of the railway reserve has been quite the right thing. I feel, Sir, that with all the other advantages being secured, the question of whether this reserve should be built up until this additional taxation has been removed is a doubtful one. Secondly, even accepting that arrangement as inviolable for five years, which I do, I submit that the question that is still left to be considered by the Government and the Assembly is, what use should be made of this reserve? If this reserve is to be used, if that surplus is to be used as it is proposed to be used, I submit the arrangement arrived at will be a very objectionable arrangement. But if that arrangement had not been arrived at ordinarily the amount should have been used for wiping off the additional taxation. I do not see why this should not be done even now. It is proposed to contribute 6 crores and odd to the general revenues, and it is proposed to get a reserve of 4 crores and more. Personally speaking, Sir, I submit that it is due to the travelling public that the whole of this amount should be used in the first instance for reducing the fares that were increased in 1922. That will cost, I understand, about 2 crores of rupees. Even the question of rates might be held back so far as an increase of rates is concerned. There might be a Rates Tribunal appointed to consider the matter and report what should be done. But the first charge upon the surplus should be an amount which will be necessary to reduce the fares which were increased in 1920-22. That also brings us to the question of how the future management of the Railways should be carried on. I am glad that in discussing the matter the Honourable the Railway Member has pointed out the reasons why the passenger fares of the first and second class were reduced. He has also stated the reason why the Railway Board have not thought it fit to reduce rates in the case of third class passengers. He says:

"It will be seen that there was progressive increase both in passengers and earning,"

that is, in the case of third class passengers.

" The annual rate of increase is perhaps slower than it was before the war, and it might be argued that the reduction in fares would pay us by the increase of passengers it would bring us. But in the first place we should be taking risks. If there were no increase of passenger traffic, even a reduction of $\frac{1}{2}$ a pie per mile in third class fares would cost us $4\frac{1}{2}$ crores a year."

I do not think, Sir, that there is any reason to apprehend that the numbers of travellers will not go up. At-
 5 P.M. vention has already been drawn to the fact that third class passengers have only a Hobson's choice in travelling. First class passengers if they cannot get first class accommodation, can travel second class; second class passengers can travel intermediate; intermediate class passengers can travel intermediate or even third class, but the third class passenger has no other recourse but to travel by third class when he is compelled to do so, and that being so, the Government

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are taking a very unfair advantage of his helplessness by keeping up the fare in this case as it was increased in 1922. Of course the Government can do so, the Railway Board can do so, and this Assembly may support the Government, or even if the Assembly do not support the Government, Government might still do so, but I submit with great respect to everyone concerned that it is an unfair advantage which is being taken of the helpless condition of the third class passenger, and that the keeping up of these fares cannot be justified on any ground of reason or justice. If this view commends itself to the Railway Board and the Members of Government and to the Assembly, I hope that out of the surplus there will be a deduction made to reduce the third class fares; and if that is done, Sir, then it will be time to congratulate the House and the country upon the Railway Budget. As for the other portion of the surplus revenue which has been contributed to the general revenues, on that question I submit that it is no satisfactory state of things that while the Railways should pay so much in order to contribute to the general revenues, if we wipe out this 12½ crores, it will be seen that the Railways are not yet a paying concern, that there will be little profit left to think of a surplus, and that therefore the railway administration will not appear to any advantage; but whatever that may be, I submit that this policy of earning surplus profits by keeping up the burden on third class passengers is a very objectionable one and requires revision. And I hope it will be so revised.

The Honourable Sir Charles Innes (Member for Commerce and Railways): Sir, this debate to-day has covered so many topics that I am quite sure the House will not expect me to deal with each and every point raised, more particularly because very many of the questions which have been raised in to-day's discussion are covered by motions on the paper for reductions. I think the House will agree with me that these questions had very much better be left over for discussion till the connected motions come up. Then we shall be able to discuss these questions individually, and not merely as part of a general discussion. I need only refer to such questions as the Rates Tribunal for instance. There is a definite motion on the paper for a reduction by Rs. 100 of a certain grant in order to raise the whole question of a Rates Tribunal. Sir Purshotamdas Thakurdas discussed this matter in his speech to-day, and I think he will agree with me that it would be very much better to leave that question over until Mr. Ramachandra Rao's motion comes up. May I take this opportunity of thanking Honourable Members for the consideration they have shown in putting down these motions for reduction. I am bound to admit that I think that they are somewhat numerous. Up to yesterday I had 68 of them; I have just been told that 200 more have come in. Most of the 68 which I saw yesterday have a little note to show what point the Honourable Member desires to raise, and I am grateful to Honourable Members for responding to the appeal which I made in that matter.

Now I propose very briefly to refer to some of the more important questions raised by Honourable Members during the course of to-day's debate; and I should first like to refer to what Sir Purshotamdas Thakurdas and others have said about my remark in my speech introducing the Budget that I proposed to make the sort of speech that the Chairman of a Board of Directors would make to his shareholders at the annual meeting. I must confess that I am rather surprised at the amount of interest that

that somewhat harmless remark has aroused. Almost every speaker has referred to it. I should like to assure the House that I quite realize the difference between myself and the Chairman of a Board of Directors. But I would ask them to note the fact that I merely said that that was the ideal at which I hoped we would eventually arrive. Sir Purshotamdas Thakurdas suggested that this House was rather in the position of a Board of Directors than of a meeting of shareholders. Well, Sir, I am not a director in any Company in India nor am I a shareholder in any company in India, and I have never been to a shareholders' meeting in my life, but I do read with great interest the proceedings of company meetings in different parts of India and particularly I may say in Bombay. It seems to me that usually one finds in these meetings that the directors are very much in favour of a conservative policy in regard to dividends whereas the shareholders seem naturally to take a different view and to be always demanding greater dividends than the directors are willing to put up. Now looking at the matter from that point of view I think that this debate shows that I was right in referring to this debate as a meeting of shareholders, for a great many Honourable Members have asked for a greater dividend than we in the Railway Board think it wise to offer. Sir Purshotamdas Thakurdas himself referred to the necessity of keeping the shareholders quiet. Well, Sir, I am inclined to think that many Companies have found it a disastrous policy to keep their shareholders quiet by giving them dividends which the financial condition of the company did not really justify. And, Sir, have we paid our shareholders so bad a dividend this year? I would ask the House to remember that not only are we paying our interest charges amounting to over 20 crores of rupees but we are paying to general revenues in the country no less than 685 lakhs of rupees—a gross contribution of 685 lakhs of rupees—and it seems to me that that is for the first year of working of this new system a very good dividend. It has been suggested that we should go further, that we should dissipate the small reserve, the nucleus of a reserve, that we are just beginning to build up, by reducing the third class fares. The Honourable Pandit Madan Mohan Malaviya referred to the increase of these fares in 1920, 1921 and 1922 as additional taxation. Sir, I do not think the Honourable Pandit could have read his Acworth Committee's Report, for the increase in fares in 1921-22 was based on a definite recommendation of the Acworth Committee, who pointed out that that increase was long overdue. It is not taxation at all. The Railway Department are in the position of selling certain services. Now the cost of these services has gone up. But why? If they have gone up, it is no good saying that we are increasing taxation, that our increase of fares is absolutely unjustifiable. The Honourable Pandit I think forgot that there had been the great war. Now let me give just one instance to show that our increase of rates at any rate in one instance is not unjustified. I happen to have this instance in my head because I quoted it the other day at the meeting of the Associated Chambers of Commerce in Calcutta. (Pandit Madan Mohan Malaviya: "What is the proportion of increase due to higher salaries?") At the Associated Chambers of Commerce it was put to me that we ought to reduce our long-distance coal freights, and I looked up the thing. I did not give them the figures in the terms of pies per maund per mile; I thought the best way I could present those figures was to give them the actual coal freights from Jharia to certain upcountry stations—Cawnpore, Lahore, Karachi, Bombay, Ahmedabad, I think those are the stations I took. Now I gave the coal freights to these selected places, coal freights in 1919 and at the present time, and these freights

[Sir Charles Innes.]

showed an increase of 30 per cent. Moreover, those freights had been in force, had remained unchanged from 1905 to 1919. Thus the fact is that we are now charging 30 per cent. more than we were charging in 1905. And I was able to ask the members of that body, the Associated Chambers of Commerce, which includes many captains of industry in India, I was able to ask them whether they could get up and lay their hands on their heart and say whether they sold their goods at prices only 30 per cent. in excess of the prices of 1905, and they were silent. I am sure that everyone here would be silent if I asked them whether they could say that they were selling their goods at prices only 30 per cent. in excess of those in 1905? I brought out this point, because there is a great deal of misconception about high railway freights on coal because it is the most important article we are carrying on our Railways, and I was able to show by figures that our freights to those particular places were only 30 per cent. in excess of what they were 19 years ago. The actual prices at the pit's mouth have risen by something like 150 per cent. Now we are the largest users of coal in India. We use in the Railways something like six million tons of coal a year, and in spite of the immense increase in the price of coal, we have been able to keep our increase down to 30 per cent. in coal freights, and I believe it is the same in most of our railway freight rates. I believe the average increase in our freights is about 25 per cent. and the average increase in third class passenger fares is about a third, and yet everybody must admit that our running costs—whether on the things we import, or on the things we buy in India—have gone up enormously since the war, and so I do hope that people will get rid of their suspicion that our fares are unduly high. I am quite prepared to admit, especially as regards fares, and goods freights too for that matter, I should like to show a reduction. But we are working with the full approval and consent of this House; we are making an attempt to run our Railways now more on commercial lines. Is there any business man in this House who is prepared to say that a reserve which represents a fraction of one per cent. of our capital at charge, which represents 4 per cent. of our gross earnings this year, is too much? Sir Campbell Rhodes told you that it was hardly worth talking about. Surely when we have started with this scheme, the right thing to do is to build up our reserves and at the same time to go on with that work which we do propose to take up provided the Railway Finance Committee agrees with us, I mean the work of making special arrangements in order to increase the number of third class carriages. Supposing we have on our reserves a little bigger sum. When we are perfectly satisfied that we have got accommodation to carry increased traffic, then will be the time for us to take up the question of making reductions in third class passenger fares. The reduction would not be worth making unless it would bring in increased traffic, and we must be sure that, when that increased traffic comes, we shall be able to cope with it. But our position now is just the opposite. We know that if that increased traffic did come on we should not be able to carry it, and therefore the reduction in third class fares would merely mean a dead loss which we could not afford. Sir Campbell Rhodes suggested that the amount of our contribution was too high, and Mr. Jamnadas Mehta also took the same point. Well, Sir, I am prepared to admit that it is a rather big contribution to take from our commercial lines, namely, 685 lakhs in one year. My private opinion is that it is probably a bit too high, but at the same time we felt—I am not complaining for a moment—we in the Railway Board felt, we attached so much importance to the reform of separa-

tion that we were prepared to pay the price, and we stand by our bargain. Time alone can show whether or not the contribution is too high. But I would point out to Sir Campbell Rhodes and to Mr. Jamnadas Mehta that this convention is not fixed, it is not unalterable for ever. It is definitely understood that the convention in the first instance is purely experimental, and that after a term of years, it will have to be reconsidered, and when we do come to reconsider it, then the House will have an opportunity of deciding whether or not they are taking too much out of the commercial lines. Of course, if they are taking too much, then in a way they are defeating their own object. If their object is to improve services and reduce the freights and fares, then the more you take out of us the less comes back to us for distribution in that direction, but that, as I say, is a question which can be left over until we revise and reconsider the present convention in the light of the experience we gain during the currency of that convention.

Sir Campbell Rhodes also raised another important question. He wanted an explicit statement as to the position of Agents under the new régime. I am afraid, Sir, Sir Campbell Rhodes did not work up his case with that care which we are accustomed to see in the speeches he makes, because in the Administration Report for 1923-1924, we did try to make an explicit statement of the attitude which we tried to adopt towards Agents in this new régime. We said that:

"the new method of dealing with work and fulfilling the obligations and responsibilities of the Railway Department which have accompanied the adoption of the present organisation is in accord with the underlying recommendations of the Acworth Committee and is endorsed by the recommendations made by the Inchcape Committee in paragraphs 33 to 35 of their Report. . . ."

The Inchcape Committee said that:

"the Agents should be made responsible for the administration, working and financial results of their railways and should be free to conduct their undertakings on a commercial basis."

The passage is a long one, and I will not weary the House by reading it in full. But I will commend it to the attention of my Honourable friend Sir Campbell Rhodes. We are constantly trying to get rid of what we think is superfluous work in the Railway Board and superfluous references to the Railway Board. We are trying to give the Agents a freer hand in all matters of detail, though in all matters of railway principle and railway policy we naturally do keep control up here, that is, in matters of standardization, programmes and the like. That is our policy at the present moment, and I do not think that Railway Agents have anything to fear either from the Railway Member or from the Railway Board. But of course the matter is not entirely in the hands of the Railway Member or the Railway Board. The matter is complicated, among other things, by the existence of this Assembly, and as some Honourable Members noted in the course of their speeches, whatever we may propose in the Railway Board, that may be altered by a strong expression of views on the part of the Assembly. But I do not wish to go again into that very controversial matter. I should however just like to refer to what Mr. Jamnadas Mehta said on that point. He laid down a principle which seems to me to be the correct solution. He said that the line of demarcation between the Assembly's duties and the railway administration was a very clear one, and that the Assembly ought definitely to refrain from interfering with matters of petty administrative detail and should confine itself to questions of policy and finance.

Mr. V. J. Patel (Bombay City; Non-Muhammadan Urban): That is when you are responsible to the House, and not at present.

The Honourable Sir Charles Innes: Mr. Mehta did not say that. I should like to say that I think that the principle laid down by him is absolutely sound. That is all I meant when the other day I suggested in this House that it would be well advised if it refrained from interfering with details of administration. I did not mean in any way to cast any aspersions upon the wisdom or dignity of this Assembly at all. I was really basing my observations upon known experience in other countries of the world, and that experience has always taught the representative Assembly that, if they do trespass beyond the sphere which they really ought to confine themselves to, and if they do interfere with the details of railway management, they invariably end by making their own railways a charge upon the State. However, I don't propose to say anything more upon that subject to-day.

Sir Campbell Rhodes also made a reference to branch line policy. That question is one of those questions which we will deal with in greater detail later on in the week but I just want to dispute the correctness of a remark made by Sir Campbell Rhodes. He said that in my speech introducing this Budget I made a rather cavalier reference to private enterprise. I deny that I did anything of the sort. I merely made a statement of fact. I said I was quite certain that our new policy in this matter would not lead to any slowing down of construction and I pointed to the fact that we had either on our programme or actually under construction lines that would cost us 44 crores of rupees, and I pointed out that these lines were going to cost us four times as much as all the capital raised by branch lines companies since the branch line terms were invented in 1890, that is 34 years ago. That I presume is what Sir Campbell Rhodes called my cavalier reference to private enterprise. Sir Campbell Rhodes also objected to our system of guarantees by Local Governments. Now, Sir, Local Governments unfortunately for Sir Campbell Rhodes hold a different opinion from the Honourable Member. The Local Governments have generally approved of this new policy. It has already led to the construction of two new lines and we have got several other applications for the construction of lines for Local Governments under these guarantees under consideration at the present moment.

Then again, to finish with the Honourable Member from Bengal, he raised the question of the Howrah Bridge. I must say I admire his ingenuity in bringing the question of the Howrah Bridge into the Railway Budget. He referred to a veiled threat by the Chief Commissioner in the Council of State. And he then went on to say that Bengal expected the Railway Board to do its duty in this matter and to be alive to its responsibility in regard to a bridge over the Hooghly at Calcutta. Well, Sir, we do take the very greatest interest in this bridge and we have done our best to assist in financing this bridge. I think that a Bill has been introduced in the Council which contains certain clauses which could not have been entered in that Bill without the previous sanction of the Governor General. But, Sir, though I appreciate the implied compliment in the Honourable Member's remark, namely, that if you want anything done you must go to the Railway Board, I must confess I do think that this question of the Howrah Bridge is a question primarily for settlement at Calcutta and by the Bengal Legislative Council. Here, Sir, we have a city which

pace the Honourable Members opposite claims to be the second city in the Empire. They have got one bridge over the river which bisects their town in half. That bridge is in a very dangerous condition and it seems to me that it is up to the second city in the Empire to find the means to put a proper structure over their bridge with the least possible delay.

I come now, Sir, to Mr. Ramachandra Rao's suggestions about procedure. Personally, I am in entire sympathy with his suggestion that we should try to get some continuity of personnel upon the Railway Finance Committee because it is perfectly true, as the Honourable Member said himself, that the Members of that Committee should soak themselves in railway matters and the longer they are on it the more useful they are likely to be to the Railway Board. We recognised that when we were discussing the establishment of the Committee and we did have some idea of making that very proposal to the House. But precedents are against it. It is an established practice in this House that the Standing Finance Committee and the Public Accounts Committee should be re-elected from year to year and we did not think it advisable to traverse this precedent in any way. But I think that the Honourable Finance Member will agree that there is a great deal to be said for the suggestion and the Honourable Member may rest assured that we will consider it. As regards the Railway Advisory Committees, he complained that there was not enough information about them. Well, I should just like to explain that the constitution of these Railway Advisory Committees, before they were constituted, was considered very carefully with the Central Advisory Committee and that our suggestions, which we communicated to all Railway Administrations, on the subject were based upon the recommendations of the Central Advisory Council. We stated that they should be composed as follows:

- 2 members nominated by the Local Government;
- 3 representatives of the Legislative Council of the Local Government in whose jurisdiction the headquarters of the railway was situated;
- These members should be selected to represent rural interests, and the travelling public;
- 1 member of the local municipality or corporation; and
- 5 members representing industries, commerce and trade.

That is the suggestion we sent out to Railway Administrations regarding the constitution of these bodies. But the Honourable Member also complained that he did not know enough about the work done by these bodies. Well, we made a suggestion which I think has been carried out by almost every Agent that the proceedings of the Railway Advisory Committee should always be sent to the press, and I myself have frequently seen reports of them in the press. I also think that we place copies of the proceedings of these Committees in the Library. If we do not already do so, I will see that that is done in the future. And Mr. Ramachandra Rao also raised a very important question about subsidiary transport facilities. That I agree is a question of great importance but we will no doubt discuss it in greater detail when we come to Mr. Ranganaswami Iyengar's motion regarding district boards railways on Demand No. 1. I may mention that we have had a reference from the Government of Madras on that very subject which we are now considering.

[Sir Charles Innes.]

I do not propose to follow my Honourable friend, Mr. Neogy, into his disquisition about State *versus* Company management. I have already made more speeches on that particular subject than I would care to remember at the present moment. But I do wish to say one thing in regard to what Mr. Neogy said on this subject. Mr. Neogy said that he was afraid that State management was not being tried under the best auspices at the present time in India because he believed that the Railway Member, that is myself, was a disbeliever in State management, and he believed that the Railway Board were also disbelievers in State management. Well, Sir, Mr. Neogy frequently talks about the mentality of the Honourable the Commerce Member. I must say that I do not think Mr. Neogy understands the mentality of any Englishman or any Scotsman for that matter—I being a Scot. That policy is the accepted policy of the Government of India. I am the servant of the Government of India—the Railway Board is the servant of the Government of India, and since that policy is laid down for us, it is for us to work that policy to the very best of our ability. And that is what we do. I must say I was rather hurt at his remark. I know how hard we are working in the Railway Board. I know how hard Mr. Hindley and Mr. Sim and the other members of the Railway Board work. And we work merely because it is our job and the House may depend upon it, whatever our private feelings in the matter may be, we shall do our very best to make this State management a success. I would also like to explain that I have got no feelings against State management as such. In fact, quite privately, I think I should like State management because I should be able to have my own way more. But the reason why some of us are so distrustful of State management is the experience of State management in other countries. As I have said, every democratic country in the world has made a mess of State management and that is why we are afraid of it in India. That is why we welcome so much this separation of railway finance from general finance. As the House will see from the Budget that I am putting forward, it does not interfere or weaken its control over the Budget in any way at all but it does mark a new point of view towards Railways. It shows that the House regards Railways as a commercial proposition to be run as such, and we take very great comfort from that fact. I do hope that Mr. Neogy will be under no illusions on this point in future and that he will be under no suspicion that because we are distrustful about State management, therefore we do our best to make a mess of it.

Mr. Joshi asked me a direct question about wagons. He wanted some assurance that we are making proper use of our wagons, and that we should not buy new wagons unnecessarily. I should just like to give him the following figures. On Class I Railways in America every wagon moves on an average 26.68 miles a day. In India, on the East Indian Railway, every wagon moves on an average 41 miles per day, on the Great Indian Peninsula Railway, it moves on an average 46 miles per day, on the North Western Railway 37 miles per day, and on the Madras and Southern Mahratta Railway 46 miles per day. Those figures show that we are getting a better user from our wagons in India at the present time than they are getting in America.

Mr. Jamnadas Mehta, to whose speech I have already referred, said that he wanted more time for the work of the Railway Finance Committee

and more meetings. All I can say on that subject is this, that by the time my Honourable friend Mr. Sim has done with Mr. Jannadas Mehta and the Railway Finance Committee this time next year, I am quite sure that he will not complain of not having had enough work, because I am quite sure that Mr. Sim will make the fullest possible use of the Railway Finance Committee throughout the year. I have already said in my introductory speech that though we wanted to spread the Budget work over a longer period this year, we could not do so. We had to cram it into the last month. We will do our very best to spread it over a longer period next year than this year.

The Honourable Member also raised the question of the relations of the Railway Board with the Secretary of State. The question of further delegation from the Secretary of State to the Railway Board has already been taken up. We delayed addressing the Secretary of State until we got the separation through. I hope we shall be in a position to address him very shortly upon this subject.

I do not propose to take up the points he raised about the allocation between capital and revenue because these again are points which are covered by motions which he himself has put down on the paper. But I should like to challenge what the Honourable Member said about the provision for third class passengers having dwindled down to very small proportions. It is very difficult to say that any particular improvement is destined for any particular class of passengers, as the Honourable Member himself indicated when he went through our list. The amenities for third class passengers, he pointed out, will not be confined to third class passengers. Of course they will not. But more than 90 per cent. of our passengers are third class and naturally they will get most value out of these amenities. But the point that I would like to make is this. We are spending a great deal of money at the present time—we have been for some years past—in improving and extending the capacity of our Railways. When you extend the capacity of your Railways, it means that you can run more trains. When you can run more trains it will mean that you will be relieved from what is said to be one of the worst grievances of the third class passenger, namely, the congestion in third class carriages. If you look at it in that way, you will find that a very large proportion of our expenditure on rehabilitation, though it is impossible to ear-mark it specifically for third class passengers, will benefit the third class passengers probably more than any other classes of passenger. The Honourable Member referred to the very heavy responsibility that lies on me in this matter. I am accustomed to responsibility. I have had it for quite a long time now, and when in September next year I shake the dust off India for good and retire to my little cottage at home, and when the chapter is written about the improvement of amenities for the third class passenger, I shall not fear comparison with the record of any of my predecessors in the Railway Department, for I believe that in the last five years we have done more for the third class passenger than in any previous five years of railway history. I do not claim credit for it myself. I am quite prepared to admit that I acted on the spur of this Assembly. But at any rate I believe that to be a fact.

I will not follow Mr. Bipin Chandra Pal in his remarks about the extension of railways. My own belief is that it is right to extend your railways, provided you can get the money, wherever you see the prospect of building a remunerative railway. I should like the Honourable

[Sir Charles Innes.]

Member to bear in mind that before we decide to embark upon the construction of any railway, we examine with the greatest possible care the financial prospects of that railway. We did not construct unremunerative lines except for very special and exceptional reasons, and it is in regard to unremunerative railways that the guarantee from Local Governments comes in. Most of the railways in our programme are railways in which we are satisfied that the construction will be remunerative and I have no fears myself in regard to this policy at all. I am perfectly sure that it is the right thing for India to do. I am perfectly sure that building railways and more railways whenever we can see remunerative lines is the best way of improving India's trade and India's industries.

Mr. Pal asked that Indians may be trained in railway workshops not only for railway work but also for ordinary engineering work. I think I am correct in saying that under the system of technical training which is now in force in Calcutta, the railway workshops both at Lilloah and Kanchrupara are used for the practical training of apprentices whether they are apprentices coming in for railway work or not, and I should like also to explain to him that the Chandausi School is merely a transportation school. We have other arrangements for training men for engineering and other branches and we have our proposals now in regard to training men for the loco and carriage and wagon departments. As I explained in my introductory speech, these proposals have just been worked out by the Railway Board and I hope to discuss them before this session is over with the Central Advisory Committee. We are dealing not merely with the transportation or rather the traffic department but we are dealing with every department of railway work.

I do not think that I have anything more to say, but I should like to make just one brief reference to the Honourable Pandit Madan Mohan Malaviya's speech. As far as I can judge from his speech, the Honourable Pandit's acquaintance with the literature of Indian Railways ends with the Incheape Committee Report of 1922-23. He did not seem to have studied with that care which I should have expected from the Pandit our own Administration Report for 1923-24. If he had that report he would have saved himself from making many serious misstatements. For instance, he would have found that we have carried out the recommendations of the Incheape Committee in regard to excessive staff by effecting during 1923-24 a reduction in staff amounting to Rs. 84 lakhs.

I think, Sir, that is all I have got to say. I thank those Honourable Members of the House who have made kindly references to this first Budget which I have been privileged to present. I am quite sure myself that we are going to get more and more advantage every year from this new procedure. This is the first time that the Railway Department have ever been able to put before this House a connected statement of their case. Before this year we merely put before the House a large mass of figures and then we stood by while the House was picking holes in those figures. In this year we have tried to put before the House a connected statement of the Railway case, and the discussion to-day has been useful in that it has raised many questions of general policy which cannot suitably be brought up during the demands for grants.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 24th February, 1925.